



**SONOMA VALLEY HEALTH CARE DISTRICT  
BOARD OF DIRECTORS  
REGULAR MEETING AGENDA  
Thursday, October 4, 2012  
6:00 p.m. Public Session**

**Location: Community Meeting Room  
177 First Street West, Sonoma, CA 95476**

| AGENDA ITEM   | RECOMMENDATION |               |
|---|----------------|---------------|
| <b>MISSION STATEMENT</b><br><i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>   |                |               |
| <b>1. CALL TO ORDER</b>   | Hohorst        |               |
| <b>2. PUBLIC COMMENT SECTION</b><br><i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration. At all times please use the microphone.</i> | Hohorst        |               |
| <b>3. CONSENT CALENDAR:</b><br>A. Board Regular Meeting Minutes 9.06.12<br>B. Quality Committee Minutes 8.22.12<br>C. Medical Staff Appointments and Reappointments 9.26.12   | Hohorst        | Inform/Action |
| <b>4. CEO INCENTIVE COMPENSATION GOALS 2012-2013</b>  | Hohorst        | Inform/Action |
| <b>5. NOTICE OF VACANCY FOR SVHCD BOARD COMMITTEES</b>  | Hohorst        | Inform/Action |
| <b>6. PHYSICIAN OFFICE PARTNERSHIP</b>  | Cohen          | Inform        |
| <b>7. JOB DESCRIPTIONS FOR BOARD CHAIR AND BOARD MEMBER</b>   | Carruth        | Action        |
| <b>8. BOARD COMMITTEE SELECTION PROCESS</b>   | Carruth        | Action        |
| <b>9. CORRESPONDENCE PROCEDURES TO THE GOVERNOR AND LEGISLATORS</b>   | Carruth        | Inform/Action |
| <b>10. RESOLUTION NO. 313 GO BOND TAX RATE</b>  | Reid           | Inform/Action |
| <b>11. FINANCIAL REPORT:</b><br>A. August 2012 Financial Report<br>B. Resolution Corporate Credit Card  | Reid           | Inform/Action |
| <b>12. ADMINISTRATIVE REPORT:</b><br>A. Dashboard for August 2012<br>B. South Lot Development Update  | Mather         | Inform        |

| AGENDA ITEM   | RECOMMENDATION   |  |
|---|--|--|
| <b>13. OFFICER &amp; COMMITTEE REPORTS:</b><br>A. Chair Report<br>B. Quality Committee <ol style="list-style-type: none"> <li>1. Reducing Waste Through Resource and Utilization Management</li> <li>2. Infant Security Policy</li> <li>3. Humidity and Temperature Monitoring Policy</li> <li>4. Ice Machine Maintenance Policy</li> </ol> C. Governance Committee <ol style="list-style-type: none"> <li>1. Governance Committee Charter</li> <li>2. Conflict of Interest Code</li> <li>3. 2012 Compliance Plan/Confidentiality Acknowledgement</li> </ol> D. JPA/Northern California Health Care Authority | Hohorst<br>Carruth/Lovejoy<br><br><br><br>Carruth<br><br><br><br>Hohorst | Inform<br>Inform/Action<br><br><br><br><br><br><br>Inform/Action<br><br><br><br>Inform |
| <b>14. ADJOURN:</b><br><i>The next regularly scheduled meeting of the SVHCD Board will be held on Thursday, November 1, 2012.</i>   |  |  |

3.A.

MINUTES

9.6.12



**SONOMA VALLEY HEALTH CARE DISTRICT  
BOARD OF DIRECTORS  
REGULAR MEETING MINUTES  
Thursday, September 6, 2012  
Community Meeting Room**

| <b>Board Members Present</b>   | <b>Board Members Absent</b> | <b>Administrative Staff Present</b>   |
|--|-----------------------------|---|
| Peter Hohorst, Chair<br>Madolyn Agrimonti<br>Bill Boerum<br>Kevin Carruth<br>Sharon Nevins |                             | Kelly Mather, CEO<br>Leslie Lovejoy, Chief Quality and Nursing Officer<br>Paula Davis, Chief Human Resources Officer<br>Michelle Donaldson, Assistant Administrator and Director of Surgery<br>Jeannette Tarver, Director of Finance<br>Fe Sendaydiego, Director of Information Systems<br>Mark Kobe, Director of Nursing |

| <b>AGENDA ITEM</b>   | <b>DISCUSSION</b>  | <b>CONCLUSIONS/<br/>ACTION</b> | <b>FOLLOW-UP/<br/>RESPONSIBLE<br/>PARTY</b> |
|--|--|--------------------------------|---|
| <b>MISSION AND VISION STATEMENTS</b>   | <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i><br><br><i>The vision of the SVHCD is that: SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i> |                                |   |
| <b>1. CALL TO ORDER</b>  | 6:08 p.m.  |                                |   |
| <b>2. PUBLIC COMMENT ON CLOSED SESSION</b>   | There was no public comment.   |                                |   |
| <b>4. REPORT OF CLOSED SESSION</b>   | Mr. Hohorst reported that there was nothing to report from the closed session.   |                                |   |
| <b>5. ACTION ON SEVERSON GOVERNMENT CLAIM</b>  | Mr. Hohorst reported a claim was submitted against a procedure at SVH. The Board felt the information provided was not supported well enough to accept, therefore, it was rejected and would be returned to the claimant to either present a better claim or accept that their claim was rejected.   |                                |   |
| <b>6. PUBLIC COMMENT</b><br><i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the</i> | There was no public comment.   |                                |   |

| AGENDA ITEM  | DISCUSSION   | CONCLUSIONS/<br>ACTION   | FOLLOW-UP/<br>RESPONSIBLE<br>PARTY |
|--|--|--|------------------------------------|
| <p><i>public will be invited to make comments at the time the item comes up for Board consideration. At all times please use the microphone.</i></p>   |  |  |                                    |
| <p><b>7. CONSENT CALENDAR:</b><br/> A. Special Board Meeting Minutes 7.30.12<br/> B. Board Study Session Minutes 8.2.12<br/> C. Board Regular Meeting Minutes 8.2.12<br/> D. Special Board Meeting Minutes 8.16.12<br/> E. Special Board Meeting Minutes 8.30.12<br/> F. Quality Committee Minutes 7.25.12<br/> G. JPA/Northern California Health Care Authority Meeting Minutes 8.17.12<br/> H. Medical Staff Appointments and Reappointments 8.22.12</p> |  | <p><b>MOTION:</b> by Agrimonti; second by Nevins to approve Items A through H on the Consent Calendar and carried. All in favor; none opposed.</p>   |                                    |
| <p><b>8. NEW AUDIT COMMITTEE MEMBER APPOINTED</b></p>  | <p><i>Peter Hohorst, Chair</i></p>   | <p><b>MOTION:</b> by Boerum; second by Carruth to approve adding an agenda item for appointing Pam Gibson, as the new Audit Committee member and carried. All in favor; none opposed.</p> <p><b>MOTION:</b> by Hohorst; second by Carruth to appoint Pam Gibson as the new Audit Committee member and carried. All in favor; none opposed.</p> |                                    |
|  | <p>Mr. Hohorst announced an urgent agenda item was needed to be discussed and was not submitted on time in the initial agenda.</p> |  |                                    |

| AGENDA ITEM   | DISCUSSION   | CONCLUSIONS/<br>ACTION  | FOLLOW-UP/<br>RESPONSIBLE<br>PARTY |
|---|--|---|------------------------------------|
|   | He recommended appointing Pam Gibson, as the new Audit Committee member.   |   |                                    |
| <b>9. SVH CHIEF EXECUTIVE OFFICER PERFORMANCE EVALUATION AND CONTRACT TERMS</b> | <i>Peter Hohorst, Chair</i>  | <b>MOTION:</b> by Agrimonti; second by Nevins to approve the bonus earned per metric calculation of \$30,974, a base salary increase of 3% which was \$8,190 effective July 1, 2012, which equals the salary of \$281,190. An extension of the existing contract for two more years to July 2015. All in favor; none opposed. |                                    |
|   | <p>Mr. Hohorst commended on the exceptional job performance of SVH’s CEO, along with the rest of the Board Members whom unanimously agreed. Each Board Member gave a brief and positive comment on her tremendous contributions with the transformation and culture she brought to the Hospital and developed a very good relationship with the community.</p> <p>Mr. Boerum further explained the evaluation process that he and Ms. Agrimonti conducted on the performance appraisal. A survey was performed by seven participants, which were the Board Members, Chief of the Medical Staff, who represented the physicians, and the CEO of Marin General Hospital.</p> <p>Mr. Boerum added with regard to the salary increase, bonus, and extension of the CEO’s contract, the Board very carefully made a peer group comparisons within this field that was available, as well as looking at other salaries of nearby district hospital CEOs. The 3% salary increase was based on the context and performance. The bonus earned was calculated by real metrics that was tracked. The decision to extend SVH’s CEO contract for two more years was her great talent and exceedingly high performance.</p> <p>He concluded that this Board is an elective Board representing the community with an obligation to make sure the Hospital has the right type of executive to award the performance and extend the contract.</p> <p>Mr. Carruth also added the Board looked at comparable salaries and bonuses in Northern and Southern California rural and non-rural hospitals within the range or on the low end of the range that showed the salary increase and bonus was</p> |   |                                    |

| AGENDA ITEM  | DISCUSSION   | CONCLUSIONS/<br>ACTION  | FOLLOW-UP/<br>RESPONSIBLE<br>PARTY |
|--|--|---|------------------------------------|
|  | reasonable.  |   |                                    |
| <b>10. ELECTRONIC HEALTH RECORD (EHR) UPDATE</b>             | <i>Fe Sendaydiego and Mark Kobe</i>  |   |                                    |
|  | Ms. Sendaydiego and Mr. Kobe gave an update on the Electronic Health Record.   |   |                                    |
| <b>11. JOB DESCRIPTIONS FOR BOARD CHAIR AND BOARD MEMBER</b> | <i>Kevin Carruth</i>   |   |                                    |
|  | <p>Mr. Carruth explained that the job descriptions were not ready for a motion/vote so that the Board and the public would have the opportunity to review before approval.</p> <p>He recommended bringing it back at next month's meeting.</p>   |   |                                    |
| <b>12. RESOLUTION NO. 312 HONORING CAROLYN STONE</b>         | <i>Peter Hohorst, Chair</i>  | <b>MOTION:</b> by Nevins; seconded to approve Resolution No. 312 honoring Carolyn Stone and carried. All in favor; none opposed |                                    |
|  | <p>Mr. Hohorst presented a Resolution to Ms. Carolyn Stone, former SVH Foundation Board Chair, honoring her distinguished service of 27 years and outstanding contributions to SVH. With events such as: "Magic of Christmas", "Celebration of Women Luncheon", and "Dancing with the Stars". These events and other fundraising activities had raised over \$7 million for the Hospital during Ms. Stone's tenure, including significant purchases of medical equipment and free services at the Women's Health and Wellness Center that were funded by the Foundation.</p> <p>After receiving the Resolution, Ms. Stone commented on the poor treatment she and the former Foundation Board members received from the CEO of SVH and two SVHCD Board Members with documented incidents that took place.</p> <p>She stated that the SVH Foundation Board requested the Board Chair to communicate with the SVHCD Board Members that a policy was needed to implement a positive and long-term solution to the Board and SVH CEO's problem. If this request was not put into action, the documents would be released to the public. Ms. Stone asked the Board Chair and Board Members if they had any comment, which they did not. She then handed the documents to the press, who was present at the meeting.</p> |   |                                    |
| <b>13. PUBLIC CONTRACT CODE § 20133 – DISCUSSION</b>         | <i>Peter Hohorst, Chair</i>  |   |                                    |

| AGENDA ITEM  | DISCUSSION   | CONCLUSIONS/<br>ACTION | FOLLOW-UP/<br>RESPONSIBLE<br>PARTY |
|--|--|------------------------|------------------------------------|
| <b>REGARDING EXPIRATION OF CALIFORNIA STATE CONTRACTING CODE ON DESIGN-BUILD CONSTRUCTION PROJECTS</b> |  |                        |                                    |
|  | <p>Mr. Carruth informed that the statute for the design-build construction projects expires on 12/31/13, which meant SVH would continue to have design-build authority that the Hospital had been using on the major project. As a project delivery methodology, SVH would have to go back and get the sunset lifted and settle for five years. SVH is the only district hospital in the state of California that has design-build authority.</p> <p>He recommended adding this at next month's Governance Committee meeting agenda to discuss further.</p>  |                        |                                    |
| <b>14. FINANCIAL REPORT</b>  | <i>Jeannette Tarver</i>  |                        |                                    |
| A. July 2012 Financial Report  | <p>Ms. Tarver reported that the patient volumes on discharges, patient days, and SNF patient days were under budget. The SNF patient days were under budget more, due to the budgeting on a two-year average when fiscal year July 2011 was high. Total operating revenue was over budget by 1%, due to Napa State Hospital's uninsured volume. Operating expenses were under budget by almost \$100,000. The net income before capital campaign was over budget by \$29,000. Net income was almost \$31,000 over budget by \$69,000.</p> <p>Ms. Mather added SVH was right on the volumes and had a better than expected month on the revenues.</p>   |                        |                                    |
| <b>15. ADMINISTRATIVE REPORT</b>   | <i>Kelly Mather, CEO</i>   |                        |                                    |
| A. Dashboard for July 2012   | <p>Ms. Mather informed that SVH would receive the EHR "meaningful use" dollars through reimbursement. The Hospital would be reimbursed \$4.5 million within two years. \$1.3 million this year and the remaining balance next year. Philanthropic support and donations have increased. The Hospital received another \$200,000 in donations. To date, the capital campaign had raised \$4.3 million.</p> <p>On the Phase I construction, the parking lot is complete. The project was still on track for the September 2013 opening.</p> <p>She announced changes were made in Marketing. The Hospital had consolidated services with MGH. The marketing leader of MGH, who started on September 10, 2012, would work one day a week at SVH to assist in taking the marketing and public relations position to the next level.</p> <p>Service excellence was back up to 52<sup>nd</sup> percentile. Patient satisfaction would be</p> |                        |                                    |



| AGENDA ITEM  | DISCUSSION  | CONCLUSIONS/<br>ACTION | FOLLOW-UP/<br>RESPONSIBLE<br>PARTY |
|--|---|------------------------|------------------------------------|
|  | measured based on the discharge date. Outpatient volumes had continued to increase and would also be reporting on community hours, due to “Relay for Life”, which had almost 400 hours reported.  |                        |                                    |
| B. South Lot Update  | <p>Ms. Mather presented the “Medical Office Building and Wellness Center Project Vision” and would share with the community leaders. The medical office building is the number one priority to be built following the Wellness Center (medical fitness center). The medical fitness center would have physical therapy, occupational therapy, speech therapy, and cardiac rehab in the same location where the medical professionals would be working with the exercise professionals and nutritionists. The Wellness Center would focus on seniors and individuals with illnesses.</p> <p>She mentioned this would be brought back at next month’s meeting, if the developers have moved forward with a potential term sheet and would discuss further.</p> <p>Mr. Hohorst also commented on the meeting with the community concerning the parking lot where their main concern was the amount of parking spaces. The City appeared to be receptive in leaving Hays Street as a one lane, 25 foot wide street, but would require a general plan amendment. An amended general plan would be required anyway from residential to public use. Nevertheless, the general consensus from the community was positive.</p> |                        |                                    |
| <b>16. OFFICER &amp; COMMITTEE REPORTS:</b>                        | <i>Peter Hohorst, Chair</i>   |                        |                                    |
| A. Chair Report<br>1. District Board Members and November Election | Mr. Hohorst announced SVHCD had four vacancies for District Board Members and only four persons filed for those vacancies. Therefore, the hospital district saved \$30,000 with nothing on the ballot and the candidates’ filing fees were refunded.  |                        |                                    |
| B. Quality Committee   | <i>Leslie Lovejoy</i>   |                        |                                    |
|  | <p>Ms. Lovejoy gave a brief update on last month’s Quality Committee meeting.</p> <p>Mr. Carruth suggested putting together an annual report for the Quality Committee.</p>   |                        |                                    |
| C. JPA/Northern California Health Care Authority                   | <i>Bill Boerum</i>  |                        |                                    |
|  | Mr. Boerum announced the Northern California Health Care Authority would meet in Healdsburg on September 18 at 6:00 p.m. with a full Board meeting.   |                        |                                    |
| <b>17. ADJOURN</b>   | 7:27 p.m.   |                        |                                    |

3.B.

QC MINUTES

8.22.12



**SONOMA VALLEY HEALTH CARE DISTRICT**  
**QUALITY COMMITTEE**  
**REGULAR MEETING MINUTES**  
**Wednesday, August 22, 2012**  
**Schantz Conference Room**

| <b>Committee Members Present</b>                                       | <b>Committee Members Absent</b> | <b>Community Members Present</b> | <b>Administrative Staff Present</b>  |
|--|---------------------------------|----------------------------------|--|
| Kevin Carruth, Chair<br>Sharon Nevins<br>Dr. Paul Amara<br>Jane Hirsch | Dr. Jerome Smith                | Dr. Howard Eisenstark            | Dr. Robert Cohen, Chief Medical Officer<br>Leslie Lovejoy, Chief Quality & Nursing Officer<br>Mark Kobe, Director of Nursing |

| <b>AGENDA ITEM</b>  | <b>DISCUSSION</b>   | <b>CONCLUSIONS/<br/>ACTION</b>  | <b>FOLLOW-UP/<br/>RESPONSIBLE<br/>PARTY</b> |
|---|---|---|---|
| <b>MISSION AND VISION STATEMENTS</b>  | <p><i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p> <p><i>The vision of the SVHCD is that: SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i></p> |   |   |
| <b>1. CALL TO ORDER</b>   | 5:04 p.m.   |   |   |
| <b>2. PUBLIC COMMENT SECTION ON CLOSED SESSION</b>  | There was no public comment.  |   |   |
| <b>4. REPORT OF CLOSED SESSION</b>  |   | <b>MOTION:</b> by Nevins; second by Hirsch to forward the Credentialing Report to the Board and carried. All in favor; none opposed |   |
| <b>5. PUBLIC COMMENT</b><br><i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this</i> | Dr. Howard Eisenstark, Community Member, commented that he would like to start attending the Quality Committee meetings going forward.  |   |   |

| AGENDA ITEM   | DISCUSSION  | CONCLUSIONS/<br>ACTION   | FOLLOW-UP/<br>RESPONSIBLE<br>PARTY   |
|---|---|--|--|
| <p><i>time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration. At all times please use the microphone.</i></p> |   |  |  |
| <p><b>6. CONSENT CALENDAR:</b><br/> A. Prior Meeting Minutes 7.25.12<br/> B. Tracking Report for Uncorrected Items</p>  | <p>Mr. Carruth recommended leaving the record on Item A as written unapproved, as there was no quorum to vote from the July 2012 meeting.</p>   | <p><b>MOTION:</b> by Hirsch; second by Nevins to leave the record on Item A as written unapproved and carried. All in favor; none opposed.</p> <p><b>MOTION:</b> by Carruth; second by Nevins to approve the Tracking Report and carried. All in favor; none opposed</p> |  |
| <p><b>7. QUALITY REPORT</b></p>   | <p><i>Leslie Lovejoy</i></p>  |  |  |
|   | <p>Ms. Lovejoy reported the priorities for this month are to create the culture of safety training program. Part of the Hospital’s strategic initiative this year was to build a more transparent culture, especially on patient safety. Also presented were AHRQ survey results earlier this year, which included a program, provided by Institute for Healthcare Improvement (IHI) called “Good Catch”. It changes the “near miss” idea that would have affected a patient, but didn’t and rewards employees and physicians for identifying things that happened.</p> <p>The rollout for leadership training would take place at the Leadership Development Institute in October and train all of the staff in November and December at SVH, including working with the physicians. The Culture of Safety survey would be redone in January 2013. In terms of regulatory compliance, the central sterile project was due to be finished on August 15, but would be completed by August 31. SVH was in OSHPD permitting for the Occupational Health and Human Resource. Also, the OSHPD and licensing approval for the emergency repair of the broken water pipes in SNF and in the Phase 1 new construction, licensing was signed off on taking out an emergency exit in the lab and replacing it with emergency egress plan. Ms. Lovejoy also mentioned one of the biggest challenges was the transition</p> |  | <p>Lovejoy to present waste management and Kobe to update on EHR and meaningful use at next month’s meeting.</p> |

| AGENDA ITEM  | DISCUSSION  | CONCLUSIONS/<br>ACTION | FOLLOW-UP/<br>RESPONSIBLE<br>PARTY |
|--|---|------------------------|------------------------------------|
|  | <p>to EHR and finding some of the data. However, SVH showed improvement in July.</p> <p>She discussed the AMI (Acute Myocardial Infarction) Core Measure Report where the Hospital had scored 100% for second quarter on the key measures. The measures showed heart attack patients who received aspirin within 24 hours of arrival at the hospital; aspirin prescribed at discharge; medicines prescribed for LVSD (left ventricular systolic dysfunction); and Beta Blockers prescribed at discharge. SVH could exceed state and national benchmarks in all of these measures.</p> <p>Ms. Lovejoy further explained the components of the AMI report which are: Heart Failure; Community Acquired Pneumonia; Surgical Care Infection Prevention; Stroke; Immunization, Emergency Department; HOP AMI/Chest Pain; HOP Surgery; and HOP Emergency Department.</p> <p>Lastly, she explained the value-based purchasing calculator, which is a tool for core measures.</p> |                        |                                    |
| <b>8. SECURITY MANAGEMENT – INFANT SECURITY CODE PINK POLICY</b> | <i>Leslie Lovejoy</i>   |                        |                                    |
|  | <p>Ms. Lovejoy reported that the Safety Committee had decided to combine Code Pink (infant abduction) and Code Purple (child abduction) in the same policy. She also added that there would be two drills a year and waiting to get final approval. Upon approval, the Hospital would then educate the staff.</p> <p>Mr. Carruth recommended revisiting and revising the policy with minor wording changes.</p>   |                        |                                    |
| <b>9. CLOSING COMMENTS</b>                                       | <i>Kevin Carruth</i>  |                        |                                    |
|  | There was no closing comment.   |                        |                                    |
| <b>10. ADJOURN</b>   | 6:04 p.m.   |                        |                                    |

4.

2012 - 2013  
CEO INCENTIVE  
COMPENSATION  
GOALS



**Meeting Date:** October 4, 2012

**Prepared by:** Peter Hohorst, Board Chair

**Agenda Item Title:** Recommended CEO Objectives for 2012-13

**Recommendation:**

That the attached CEO Goals for 2012-13 be adopted for performance evaluation and bonus calculation.

**Background:**

The District's CEO contract provides for a possible 15% bonus, subject to the establishment of performance criteria and measurement of performance based on this criteria. A bonus level of 10% is earned if the base goal (level 3) is achieved. A bonus level of 13% is achieved at level 4 and a bonus level of 15% is achieved at the stretch goal of level 5.

Seven criteria are recommended for 2012-2013.

Inpatient Satisfaction (10%): Base Goal 87%, Level 4, 88%, Stretch Level 5, 89%

During the past fiscal year Inpatient Satisfaction, as measured by Press Ganey, averaged 86.9% (see attached chart).

Outpatient Satisfaction (10%): Base Goal 90%, Level 4, 91%, Stretch Level 5, 92%

During the past fiscal year Outpatient Satisfaction, as measured by Press Ganey, averaged 89.3% (see attached chart).

Clinical Outcomes (20%): Base Goal, 100% rating for 3 of the 12 months  
Level 4, 100% rating for 6 of the 12 months  
Stretch Level 5, 100% rating for all 12 months

Clinical Outcomes are measured by Medicare and are used to determine Medicare's reimbursement rate. Hospitals are penalized for Low scores. During the past fiscal year, a 100% rating was achieved in 4 of the 12 months.

Staff Satisfaction (10%): Base Goal, 60<sup>th</sup> percentile  
Level 4, 62<sup>nd</sup> percentile  
Stretch Level 5, 65<sup>th</sup> percentile

Staff Satisfaction is measured annually by a Press Ganey survey. The survey includes all full and part time employees. It does not include temporary agency personnel. The 2012 survey had a mean score of 74.7% which equated to the 58<sup>th</sup> percentile.

Financial Viability, EBIDA (25%): Base Goal 8.6%, Level 4, 9.1%, Stretch Level 5, 9.5%

EBIDA is Earnings before Interest, Depreciation and Amortization. The 2012-2013 budgeted EBIDA is \$4.1 million (8.6%). Achievement of the budgeted EBIDA will generate \$779,000 for Capital Improvements. Each 0.5% improvement above the base budget will generate an additional \$235,000. The EBIDA used for this calculation will exclude donations, as donations are not included in the budgeted EBIDA.

Outpatient Revenue (15%): Base Goal, 3% increase over 2011-12  
Level 4, 4% increase over 2011-12  
Stretch Level 5, 5% increase over 2011-12

The budgeted outpatient revenue for 2012-13 of \$21,675,000 represents no increase over fiscal 2011-12. The base goal of a 3% increase would require beating the budget by \$650,000. This increase would be a significant and important contribution to increasing net income above the budgeted level.

Community Benefit Outreach (10%): Base Goal 100 hours during the year  
Level 4, 150 hours during the year  
Stretch Level 5, 200 hours during the year

These goals represent a significant amount of personal time dedicated to community activities.

**Consequences of Negative Action/Alternative Actions:**

Ever since Peter Drucker expounded over 50 years ago on the benefits of management objectives for improving performance, organizations that have used this approach have improved their chances of success. SVH is no exception.



**Financial Impact:**

Achievement of all of these objectives at the Stretch 5 Level will generate a bonus of \$42,178 for the CEO. The District will benefit by generating at least \$1 million for capital spending. Patient satisfaction will be at an all time high.

**Selection Process and Contract History:**

None

**Board Committee:**

Governance Committee

**Attachment:**

FY 2012-13 CEO Goals

Inpatient Satisfaction performance 2011-12

Outpatient Satisfaction performance 2011-12



## FY 2012-13 CEO GOALS

**Level 3: 10% Salary Incentive Compensation**

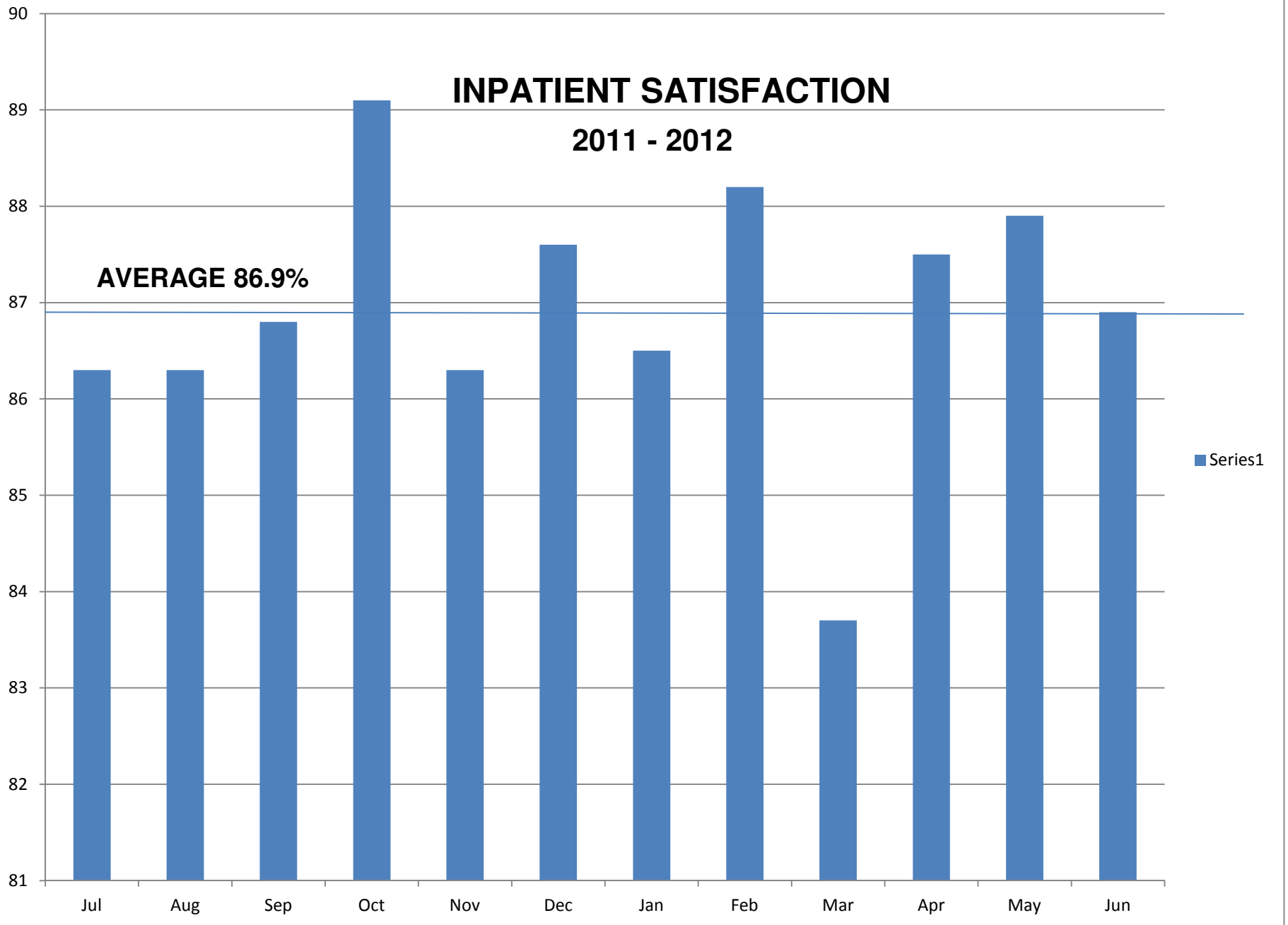
**Level 4: 13% Salary Incentive Compensation**

**Level 5: 15% Salary Incentive Compensation**

| PERFRMANCE GOAL                 | OBJECTIVE                          | METRIC  | ACTUAL RESULT for FY 2012                            | GOAL LEVEL  |
|---------------------------------|------------------------------------|---|--|---|
| <b>Service Excellence (10%)</b> | High Inpatient Satisfaction        | Press Ganey Overall Inpatient Score Rolling Average         | 86.9%  | > 89 % = 5<br>> 88% = 4<br>> 87% = 3<br>> 86% = 2<br>< 85% = 1  |
| <b>Service Excellence (10%)</b> | High Out-Patient Satisfaction      | Press Ganey monthly mean score                              | Outpatient 91.7%<br>Surgery 91.5%<br>Emergency 88.9% | >92% = 5<br>>91% = 4<br>>90% = 3<br>>89% = 2<br>>88% = 1  |
| <b>Quality (20%)</b>            | Excellent Clinical Outcomes        | Value Based Purchasing Clinical Score by the end of FY 2012 | 100%   | 100% for 12 mos = 5<br>100% 6/12 mos = 4<br>100% 3/12 = 3<br>>90% = 2<br><90% = 1   |
| <b>People (10%)</b>             | Highly Engaged and Satisfied Staff | Press Ganey Annual Staff Satisfaction Score                 | 74.7% mean score at 58 <sup>th</sup> percentile      | >65 <sup>th</sup> = 5<br>> 62 <sup>nd</sup> = 4<br>> 60 <sup>th</sup> = 3<br>> 55 <sup>th</sup> = 2<br>< 55 <sup>th</sup> = 1 |
| <b>Finance (25%)</b>            | Financial Viability                | YTD EBIDA   | 8%   | >9.5% = 5<br>>9.1%=4<br>>8.6% = 3<br>>7.5%=2<br><7.5=1  |
| <b>Growth (15%)</b>             | Outpatient Volumes                 | 3% increase (outpatient revenue over prior year)            | 4.5%   | >5% = 5<br>>4%=4<br>>3% = 3<br>>2%=2<br><2%=1   |
| <b>Community (10%)</b>          | Community Benefit Hours            | Personal hours of time spent on community benefit outreach  | 60   | >200 = 5<br>>150 = 4<br>>100 = 3<br><100 = 2<br><50 = 1   |

# INPATIENT SATISFACTION 2011 - 2012

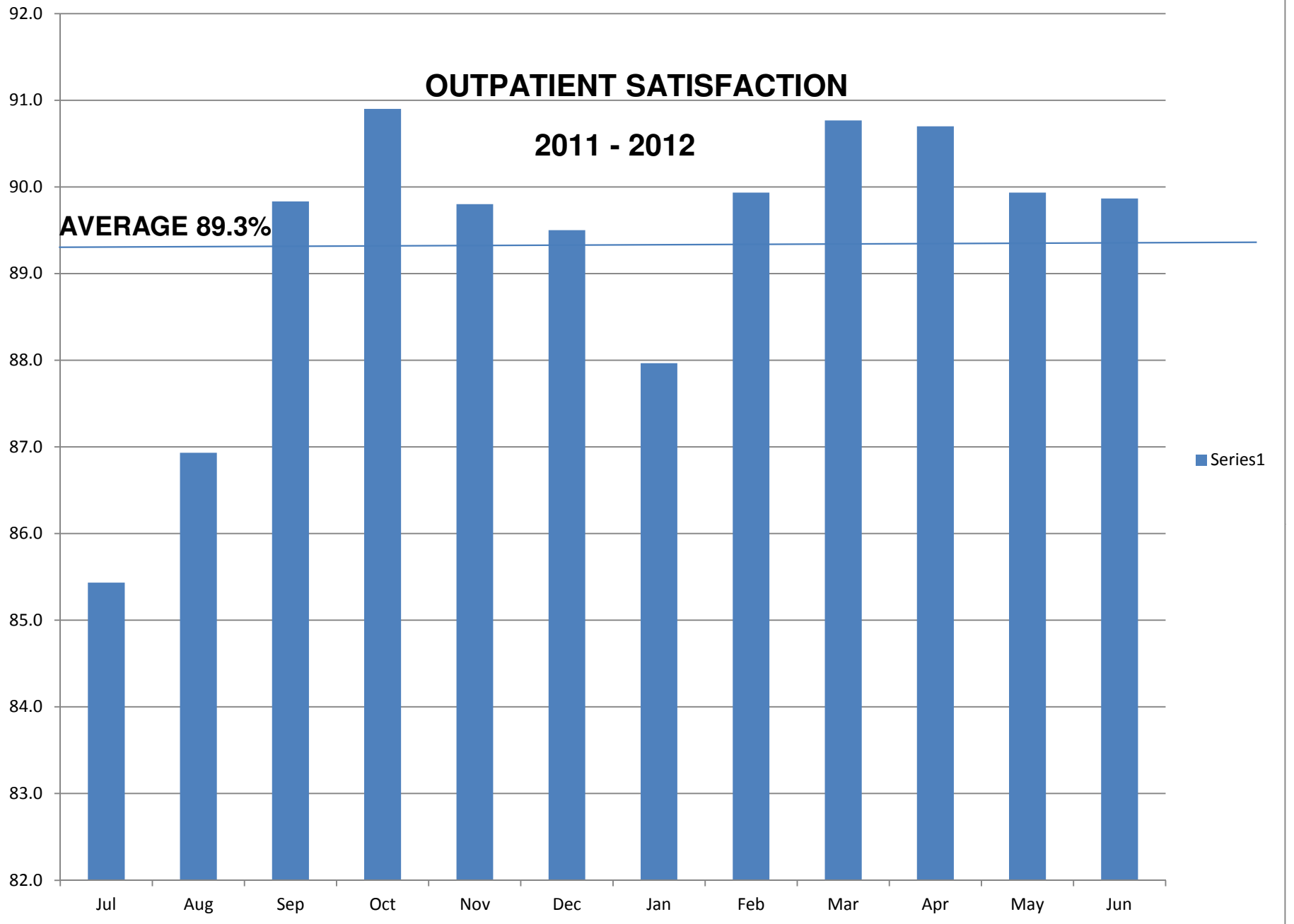
**AVERAGE 86.9%**



# OUTPATIENT SATISFACTION

2011 - 2012

AVERAGE 89.3%



5.

**NOTICE OF VACANCY  
FOR SVHCD  
BOARD COMMITTEES**



FOR IMMEDIATE RELEASE

Date: October 1, 2012  
Subject: SVHCD Board Committees Seek New Members  
Contact: Vivian Woodall 707.935.5005

### **Sonoma Valley Health Care District Board Committees Seek New Members**

The Board of Directors for the Sonoma Valley Health Care District announced it is seeking new members for the following Board Committees: Citizens Bond Oversight Committee, Finance Committee, and Quality Committee. Peter Hohorst, Board Chair, said that “we want residents from all corners of our District--which runs from Sears Point up the Sonoma Valley through Glen Ellen--to be involved with the hospital. We all know that the Sonoma Valley Hospital is our only hospital and it is critical to every one of us, our families and our friends, as well as Sonoma’s many visitors. Everything about the hospital continues to improve. The quality of patient care and the patient experience have improved dramatically, construction is now underway for our bond funded Emergency Room and surgical suites, our financial bottom line is stronger, and we are engaged in a successful fundraising campaign. To ensure we continue on this successful path, we are reaching out for people who will bring their special talents, energy and time to help the hospital. Having the active involvement of District residents is one more way we ensure that Sonoma Valley Hospital remains viable and provides the best possible care every day.”

The Citizens Bond Oversight Committee (CBOC) is looking for one voting member and three non-voting alternates. The CBOC functions as the District’s steward of the 2008 Bond measure assuring citizens that the funds are spent for the purposes intended. Citizens with an interest in the financial health of the hospital, including those who have experience with government bonds, as well as those who want to ensure the hospital continues to use the bonds as approved by the voters, are encouraged to apply. Meetings are scheduled quarterly on the third Thursday of the month at 5 PM—the first meeting for new members will be on January 17, 2013. It is anticipated that the CBOC’s work will be completed by June 2014.

The Finance Committee is in need of two voting members. The Finance Committee assists the Board in all aspects of its oversight of the District's financial affairs. Residents with an interest in sharing their expertise in fields such as health care finance, business, banking, commercial real estate, real estate development, and accounting, as well as those who have a special interest in the financial affairs of the hospital, are encouraged to apply. Meetings are scheduled on the fourth Tuesday of the month at 5 PM.

The Quality Committee is looking for one voting member and three non-voting alternates. The Quality Committee serves as the steward for overall quality improvement. Not only can persons who have a background in medicine and health care bring beneficial expertise, but those who have experience and knowledge about quality control, quality assurance and customer service in other fields can be equally valuable, including but not limited to airline pilots, lawyers, insurance professionals, manufacturing experts, and specialized academics. Those who have an interest in ensuring we provide high quality medical care and exceptional patient experiences are encouraged to apply. Meetings are scheduled on the fourth Wednesday of the month at 5 PM.

All of these committees meet at Sonoma Valley Hospital. Non-voting alternates are strongly encouraged and expected to attend and actively participate in all their committee's meetings. As voting member vacancies occur, the future voting committee members will come from the ranks of the non-voting alternates.

Interested persons who live within the District may obtain an application at the Hospital's Administration Office, 347 Andrieux Street, Sonoma, California 95476, weekdays from 8 AM to noon and 1 PM to 4:30 PM, or e-mail Gina Studebaker at [gstudebaker@svh.com](mailto:gstudebaker@svh.com).

Completed applications with resumes/CV may be delivered to the hospital in person during normal business hours or mailed to the address listed above. All applications should be received no later than the close of business (4:30 p.m.) on Thursday, October 17th.

A Special Board meeting will be held the evening of Wednesday, November 7<sup>th</sup>, to interview all the applicants and select the new committee members and alternates.

## **NOTICE OF VACANCY**

Interested persons are hereby notified that pursuant to Government Code Section 1780 there are vacancies on the following:

### **SONOMA VALLEY HEALTH CARE DISTRICT BOARD COMMITTEES**

#### **Citizens Bond Oversight Finance Quality**

##### **Citizens Bond Oversight:**

Require one (1) voting member and three (3) non-voting alternates. The meetings are scheduled quarterly on the third Thursday of the month.

***Mission: Its function as the steward of the District by assuring the citizens of the District that the funds from the 2008 Bond measure are being spent for the purposes intended.***

**(Please note: The Committee work should be completed by June 30, 2014.)**

##### **Finance:**

Require two (2) voting members. The meetings are scheduled on the fourth Tuesday of the month.

***Mission: To assist the Board in its oversight of the District's financial affairs.***

##### **Quality:**

Require one (1) voting member and three (3) non-voting alternates. The meetings are scheduled on the fourth Wednesday of the month.

***Mission: Serves as the steward for overall quality improvement for the District.***

Non-voting alternates are strongly encouraged and expected to attend and actively participate in all their committee meetings. Future voting committee members will come from the non-voting alternates.

All meetings are held at Sonoma Valley Hospital.

Interested persons', who are registered to vote within the District, may obtain an application at Sonoma Valley Hospital, Administration Office, 347 Andrieux Street, Sonoma, California 95476 during weekdays from 8:00 a.m. to 12:00 p.m. and 1:00 p.m. to 4:30 p.m. or email Gina Studebaker at [gstudebaker@svh.com](mailto:gstudebaker@svh.com).

Completed applications with resumes/CV may be delivered to the Hospital in person during normal business hours or mailed at the address listed above. All applications should be received no later than the close of business (4:30 p.m.) on Wednesday, October 31, 2012.

A special Board meeting will be held in November to interview potential candidates.



6.

PHYSICIAN OFFICE  
PARTNERSHIP

# WE'RE EXPANDING.....

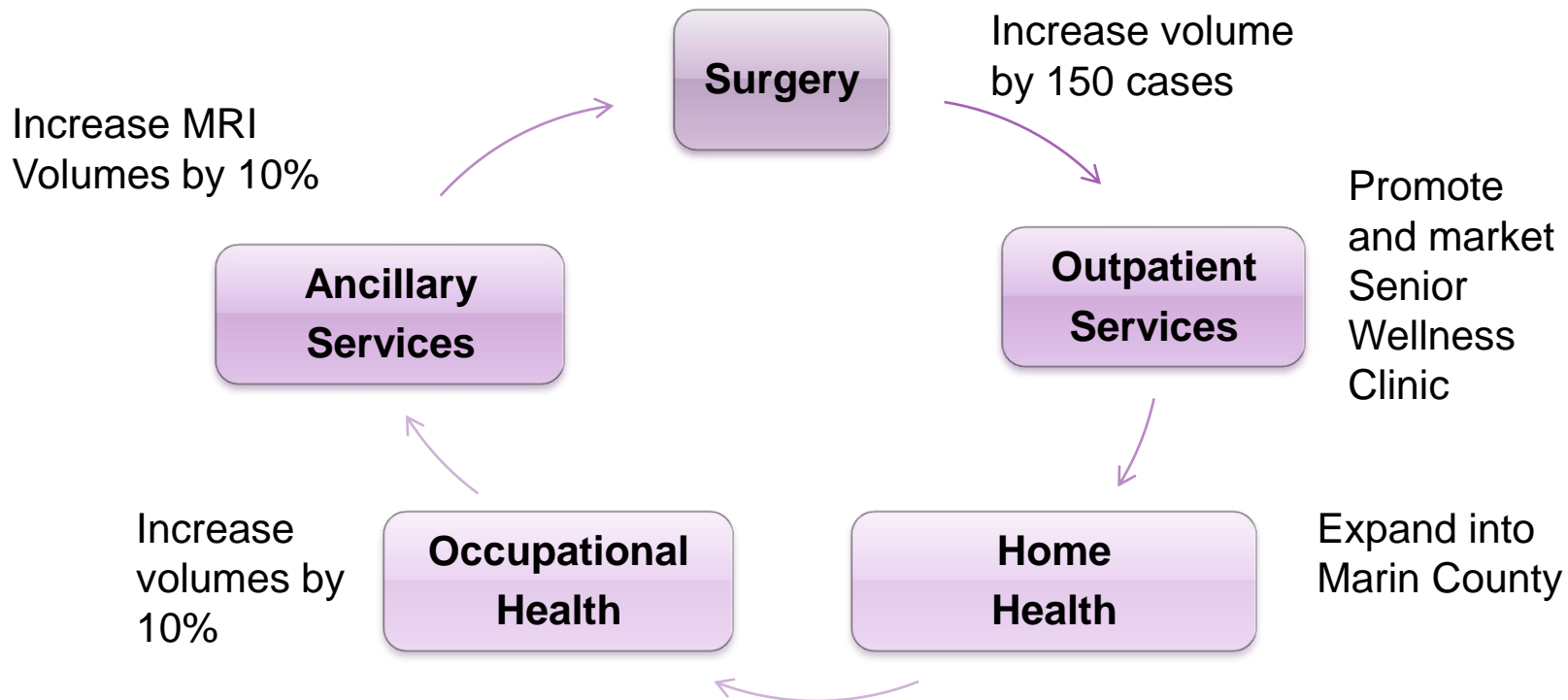


# FOR YOU!!!

# *Healing Here at Home: How Your Referrals Can Help*

Healthcare is changing and partnerships with the local physicians are needed.

We want to become the preferred hospital for our community.



# ***Healing Here at Home: Our Services***

***Objective:*** *To increase our relationships with local physician offices by providing the highest level of friendly, accurate, available services we can by incorporating partnerships and education.*

## **Focused programs and services**

### **Departments**

- Information Systems-Dr. Cohen
- Laboratory-Lois Valenzuela
- Radiology-Jackie Lyons
- Surgery-Michelle Donaldson
- Outpatient Services-Chelsey Holdsworth
- Admitting-Lisa Duarte
- Home Health-Lisa O'Hara

# *Healing Here at Home: Laboratory Services*

- **Physician requisitions:**

The new requisitions will be updated with some added tests

- **Muir Lab interface:**

The most frequently ordered reference lab tests have been interfaced.

- **EHR for physician offices:**

If you have or anticipate getting an EHR, please contact us.

- **Lab draw station update & remodel:**

As part of our effort to make the SVH laboratory a more patient centered environment, we are planning a redesign for our draw stations which will give the patient more privacy and a more personalized experience. This is a project which will utilize our existing space differently.

- **Wait times:**

We have been tracking wait times for about 3 months. The average time from arrival at the lab window to the blood draw is 8 minutes.

# *Healing Here at Home: Radiology Services*

- ◉ **MRI referrals**

Same day/next day appointments if auths are not needed

- ◉ **Upcoming X-ray Room**

Construction (will be down to one room; may consider taking appts for X-ray during construction times)

- ◉ **Cheat Sheet**

Contrast and Authorization cheat sheet for CT and MRI

# *Healing Here at Home: Surgical Services*

## ➤ Women's Health Service Line

### ➤ Starting with Urodynamics

- a minimally invasive procedure that assists in the diagnosis of incontinence in women

## ➤ Healing Hospital Model

### ➤ With pre- and post-operative massage, guided imagery and streamlined Nurse Navigator

- a patient centered experience that guides the patient with a Nurse Navigator. Incorporating ways to relieve anxiety and pain reduction for pre- and post-op patients

## ➤ Bariatric Service Line

### ➤ Total 27 cases, great quality outcomes!!

- a surgical procedure that may eliminate diabetes, migraines, gastric reflux, urinary incontinence, osteoarthritis and many other diseases

# ***Healing Here at Home: Admitting***

- ◉ **What is the Admitting Department doing to take better care of your patients:**
- ◉ **Standing Orders & Pre Registration**  
Able to capture more accurate demographic/insurance information  
Will keep standing order on file so it is always available for the patient when they come to register
- ◉ **A better Pre Registration process than in the past**  
Decreasing patient wait times  
Tracking wait times daily  
Better staffing throughout the day
- ◉ **Private Pay/Prompt Pay Discounts**  
60% reduced from total charges  
Additional 10% if paid within 21 days of 1<sup>st</sup> statement
- ◉ **How Can You Help?**  
Encourage patients to Pre Register for standing orders by calling 935-5025 between the hours of 8 am and 2:30 pm.  
Ensure that orders are filled out completely before giving them to your patients or faxing them to Admitting.



# ***Healing Here at Home: Outpatient Services***

## **Physical Therapy**

- **New Facility- 19312 Sonoma Hwy behind the Fitness Factory  
3600 square feet  
State-of-the-art equipment  
Current wait times-One week**
- **How can you help?**
- **If possible, schedule ahead for post operative patients**

## **Occupational Health**

- **Workers Comp for all work related injuries**
- **Full service clinic in the hospital**
- **Monday through Friday 8 am to 12 pm and 1 pm to 5 pm**
- **Travel Medicine**
  - Member of International Society for Travel Medicine**
  - Customized for your patient's destination**
  - All required vaccines available**

# *Healing Here at Home: Home Care Services*

- ◉ **Quality of the care provided**

Home Care Elite Award

- ◉ **Services we provide**

RN-not just task specific; education and medication teaching

PT-gait training, home exercise program, safety

ST-swallowing management, cognitive retraining

OT-ADL mobility, energy conservation, home evaluation

MSW-long term planning, crisis intervention, resource assistance

HHA-assistance with personal care

- ◉ **Face-to-face requirement**

Medicare

LIP required to see patient

Reason home care ordered

- ◉ Thank you for your referrals and responding to faxes/orders promptly

# QUESTIONS?



# THANK YOU

7.

JOB DESCRIPTIONS  
FOR  
BOARD CHAIR AND  
BOARD MEMBER



**Meeting Date:** September 6, 2012

**Prepared by:** Paula Davis, CHRO

**Agenda Item Title:** Position Description – Chair and Board Member

**Recommendation:**

It is recommended by Kevin Carruth and Peter Hohorst, Governance Committee members, that the two position descriptions of Board Chair and Board Member be distributed as an information item for review and discussion at the September 6 Board meeting with consideration of issues or concerns or action item at the October 4 Board meeting.

**Background:**

There have been no descriptions of these positions in the SVH Board Orientation packet to date. Kevin Carruth obtained these descriptions from an official internet site for consideration. The descriptions were reviewed and approved by the Governance Committee on August 27, 2012.

**Consequences of Negative Action/Alternative Actions:**

Should there be issues or concerns regarding these specific position descriptions, other examples may be available from additional internet sites for further consideration.

**Financial Impact:**

None

**Selection Process and Contract History:**

Kevin Carruth provided the position descriptions from a reliable internet site pertaining to Board information.

**Board Committee:**

Governance

**Attachment:**

Position Description, Board Chairperson and Position Description, Board Member

**DRAFT**

**POSITION DESCRIPTION,  
BOARD CHAIRPERSON**

**Responsibilities and Expectations**

1. **Leadership.** Guides and directs the governance process, centering the work of the board on the organization's mission, vision and strategic direction.
2. **Agendas.** Establishes agendas for Board meetings, in collaboration with the CEO.
3. **Meeting management.** Presides over Board meetings in a manner that encourages participation and information sharing while moving the board toward timely closure and prudent decision-making.
4. **Committee direction.** Works with committee chairpersons to align the work of board committees with the District's Strategic Plan, including its vision and goals.
5. **CEO relationship.** Serves as the board's central point of official communication with the CEO. Develops a positive, collaborative relationship with the CEO, including acting as a sounding board for the CEO on emerging issues and alternative courses of action. Stays up-to-date about the organization and determines when an issue needs to be brought to the attention of the full board or a committee.
6. **CEO performance appraisal.** Leads the processes of CEO goal-setting, performance evaluation and compensation review, consistent with Board policy.
8. **Board conduct.** Sets a high standard for board conduct by modeling, articulating and upholding rules of conduct set out in board bylaws and policies. Intervenes when necessary in instances involving conflict-of-interest, confidentiality and other board policies.
9. **Board learning and development.** Leads the development of the board's knowledge and capabilities by playing a central role in orientation of new board members, mentoring and ensuring continuing education for the entire board.
10. **Succession planning.** Participates in the recruitment of new board members.
11. **Self-evaluation.** Provides for an effective, objective board self-evaluation process and supports implementation of recommendations for improvement. Seeks feedback on his or her performance as chairperson.

**DRAFT**

**POSITION DESCRIPTION:  
Sonoma Valley Health Care District  
Board Member**

**Legal Duties**

The board has three legal duties:

- **A duty of obedience** to the charitable purpose of the organization, a duty that should be demonstrable in all the board's decisions.
- **A duty of loyalty**, to act based on best interests of the organization and the wider community it serves, not the narrow interests of an individual or stakeholder group
- **A duty of care**, to be diligent in carrying out the work of the board by preparing for meetings, attending faithfully, participating in discussions, asking questions, making sound and independent business judgments, and seeking independent opinions when necessary.

**Roles**

The role of the board is to govern, not manage, the organization. To that end, the board carries out four roles:

- Establish the ends and goals of the organization
- Make policies and decisions to support those ends
- Oversees performance and exercise accountability for results
- Build relationships with the organization's key stakeholders.

**Responsibilities of the Board**

- **Provide for excellent management.** Select, support, advise and evaluate the chief executive officer.
- **Establish executive compensation.** Establish a compensation program for senior management and approve annual compensation for the CEO.
- **Establish policies.** Approve and periodically review major policies affecting the organization and the operation of the board.
- **Approve strategic direction and monitor performance.** Approve a mission, vision and strategic direction for the health system; approve a strategic plan; review and approve major transactions and significant new programs and services; and monitor organizational performance against goals.

8.

# BOARD COMMITTEE SELECTION PROCESS





|  |             |
|--|-------------|
| SUBJECT:                                 | POLICY #    |
| <b>Board Committee Selection Process</b> | PAGE 1 OF 1 |
| DEPARTMENT:                              | EFFECTIVE:  |
| APPROVED BY:                             | REVISED:    |

**Procedure:**

1. The Board Clerk will notify the Committee of its need for additional active (voting) or alternate (non-voting) members based upon the Committee charter and any vacant positions. Current Board Committees include: Finance Committee, Quality Committee, Citizens Bond Oversight Committee, and Audit Committee.
2. The Committee Chair will notify Hospital Administration of the need to fill vacant positions.
3. Hospital Administration will solicit written applications for Committee members by preparing an advertisement and/or press release for publication in local newspapers based on selection criteria from the Committee's charter and containing pertinent information.
4. Committee candidates will be directed to Hospital Administration to obtain an information package and application form. Candidates will then submit an application form and current resume/CV to the Board Clerk.
5. Candidate applications will be received and date stamped by the Board Clerk.
6. Committee candidate interviews will be scheduled at a regular or special Board meeting at a time and date to be determined by the Board Chair.
7. Committee candidates will be interviewed, selected, and appointed by the Board, and then prioritized as to active (voting) or alternate (non-voting) status.
8. The Board Clerk will ensure that newly appointed Committee members are added to the distribution list to receive notices of meetings.

9.

CORRESPONDENCE  
PROCEDURES  
TO THE  
GOVERNOR AND  
LEGISLATORS



September 5, 2012

The Honorable Edmund G. Brown, Jr.  
California State Governor  
State Capitol  
Sacramento, CA 95814

**SUBJECT: SB 1246 (Hernandez) – REQUEST FOR VETO**

Dear Governor Brown:

Sonoma Valley Hospital, which employs nearly 450 employees, respectfully asks for your veto on **SB 1246 (Hernandez)**. We are very concerned about this bill which would impose additional rigorous penalties and regulatory oversight for staffing ratio and patient classification system (PCS) non-compliance, and hospital licensing violations. The California Department of Public Health (CDPH) already routinely monitors hospital compliance with these regulations. These regulations are considered standard for care, and we are required to conform to them and be subject to surveillance and review during routine periodic inspections. This bill would add redundant and costly duplication of CDPH oversight duties.

Of greatest concern, however, is a provision that would impose non-immediate jeopardy penalties for all hospital licensing violations. CDPH has not yet developed complete non-immediate jeopardy penalty criteria. Implementing regulations without specific criteria would impose unfair and inequitable distribution of penalties among the state hospitals. CDPH should undertake due diligence to develop definitive criteria by which to measure licensing deficiencies that can be applied fairly and justly as required by law.

The bill would also require direct-care nurses appointed to their hospital PCS committee to be selected by the collective bargaining agent. Again, licensing regulations already mandate that hospitals have a PCS committee with at least half the staff RN members appointed by the nursing service administrator to, at minimum, annually review PCS. This is another example of unnecessary duplication in regulatory oversight functions.

In review, we oppose the following provisions of this bill, and request that present regulations be followed and future regulations be developed under due process to provide fairness and equitability across California hospitals.

- 1) Mandated review of nurse-staffing ratios and hospital PCS at every periodic CDPH facility inspection.
- 2) Fines and penalties for licensing violations that do not constitute an immediate jeopardy to patients.

The Honorable Edmund G. Brown, Jr.  
California State Governor  
September 5, 2012  
Page 2

- 3) The requirement that direct-care nurses appointed to the hospital PCS committee be selected by the collective bargaining agent if the hospital is represented.

For the reasons listed above and on the previous page, Sonoma Valley Hospital respectfully asks for your veto on SB 1246.

Sincerely,

A handwritten signature in black ink that reads "Kelly Mather" with a stylized flourish at the end.

Kelly Mather  
President and CEO

cc: Connie Delgado, California Hospital Association, via fax at (916) 554-2275



August 1, 2012

The Honorable Luis Alejo  
California State Assembly  
State Capitol, Room 2197  
Sacramento, CA 95814

**Re: Assembly Bill 2180 (Alejo): Removal of Opposition**

Dear Assemblyman Alejo:

The Sonoma Valley Health Care District (dba Sonoma Valley Hospital) is pleased to remove our opposition to Assembly Bill 2180, as amended on June 20, 2012.

As amended, AB 2180 requires an employment agreement with a hospital administrator (CEO) to include all "material terms and conditions agreed to," including: compensation, deferred compensation, retirement benefits, severance or continuing compensation after termination of the agreement, vacation pay and other paid time off for illness or personal reasons, and other employment benefits that differ from those available to other full-time employees.

While most District Hospitals currently maintain written agreements with their administrators, Sonoma Valley Health Care District believes this bill creates a uniform approach which fosters good governance and increased transparency for Districts and the communities in which they serve.

We would like to thank you and your staff for resolving previous concerns with the measure. Please contact me at (707) 935-5005 should you have any questions or comments regarding this matter.

Sincerely,

Kelly Mather  
President and Chief Executive Officer

Cc: Members, Senate Governance & Finance Committee  
Members, Senate Health Committee  
Brian Weinberger, Governance & Finance Committee Consultant  
Vincent Marchand, Health Committee Consultant  
Ryan Eisberg, Governance & Finance Republican Consultant  
Joe Parra, Health Republican Consultant



June 18, 2012

The Honorable Lois Wolk, Chair  
Senate Governance & Finance Committee  
State Capitol, Room 5114  
Sacramento, CA 95814

**Re: Assembly Bill 2180 (Alejo): Oppose**

Dear Senator Wolk:

The Sonoma Valley Health Care District (dba Sonoma Valley Hospital) Board of Directors unanimously voted at their June 13, 2012, meeting to respectfully oppose AB 2180, which significantly limits a district hospital's ability to recruit and retain quality senior executives and medical staff to run the Hospital. The Board of Directors also authorized me to communicate this position to you.

Sonoma Valley Hospital (SVH) is non-profit district hospital located in the Sonoma Valley, with an 83-bed capacity, full spectrum of medical services, and a 24-hour Emergency Department. Physicians are the lifeline of our hospital and we take pride in providing the full spectrum of medical care and offer specializations in Women's Health, Orthopedics, Urology, Oncology, Hematology, Medical Imaging, and quality care from birth through end of life. SVH is affiliated with Marin General Hospital in Marin County through a management services agreement. This partnership has helped SVH develop financial stability by enhancing clinical affiliations and continuing to recruit top providers to Sonoma.

AB 2180 would prohibit district hospitals from providing to any employee a payment contingent upon severance or retirement, or a lump sum payment, including one based on service or merit, a contribution to more than one retirement plan, or any other retirement benefit, unless the district makes those options available to all employees. The requirement to provide such options to all employees is fiscally infeasible and would shift fiscal priorities from healthcare services to employee compensation.

In addition, Sonoma Valley Health Care District has significant concerns that AB 2180 will remove the recruitment and retention mechanisms of district hospitals to compete with private, non-profit and other public hospitals, which may include state hospitals. As many district hospitals are located in rural areas, these hospitals find the only tool they have to recruit strong leadership is by offering competitive compensation packages.

The Honorable Lois Wolk, Chair  
Senate Governance & Finance Committee  
June 18, 2012  
Page Two

In many areas, district hospitals are the sole provider of healthcare services, including emergency services. AB 2180 threatens the livelihood of those hospitals. These districts are public assets and, like any other public asset, they must be maintained by strong leadership to keep that public asset in the community.

Further, AB 2180 may shift the balance of the total compensation package for hospital executives to a higher base salary in order to stay competitive. However, most district hospitals lack the financial means to pay a higher base salary and therefore will not be able to fill in the gaps of lost retirement, severance and bonus incentives for hospital executives. This measure will create a severe inequity between competitive hospitals.

AB 2180 will undoubtedly have multiple overwhelming negative impacts on the management of district hospitals and could limit access to care in the communities they serve. For these reasons, Sonoma Valley Health Care District respectfully opposed this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelly Mather". The signature is fluid and cursive, with the first name "Kelly" written in a larger, more prominent script than the last name "Mather".

Kelly Mather  
President and Chief Executive Officer

cc: The Honorable Luis Alejo  
Members, Senate Governance & Finance Committee  
Brian Weinberger, Committee Consultant  
Ryan Eisberg, Republican Consultant

10.

**RESOLUTION NO. 313  
GO BOND TAX RATE**



**SONOMA VALLEY HEALTH CARE DISTRICT**

**RESOLUTION NO. 313**

**RESOLUTION SETTING THE TAX RATE FOR THE 2012-2013  
FISCAL YEAR FOR THE PAYMENT OF INTEREST ON THE SONOMA  
VALLEY HEALTH CARE DISTRICT (SONOMA COUNTY, CALIFORNIA)  
GENERAL OBLIGATION BONDS, ELECTION OF 2008, SERIES A (2009)**

WHEREAS, by resolution, adopted by the Board of Directors (the "Board") of the Sonoma Valley Health Care District (the "District") on October 4, 2012, the Board determined and declared that public interest and necessity demanded the need to raise moneys for the expansion, improvement, acquisition, construction, equipping and renovation of health facilities of the District (the "Project"), and the Board called a mailed ballot election to be held within the boundaries of the District in accordance with the California Elections Code;

WHEREAS, a special municipal election was held in the District on August 2008 and thereafter canvassed pursuant to law;

WHEREAS, at such election there was submitted to and approved by the requisite two-thirds (2/3) vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for the purpose of raising money for the Project in the maximum aggregate principal amount of \$35,000,000, payable from the levy of an *ad valorem* tax against all taxable property in the District;

WHEREAS, pursuant to Chapter 4 of Division 23 (commencing with section 32300) of the California Health and Safety Code (the "Act"), the District is empowered to issue general obligation bonds;

WHEREAS, the District sold, on January 27, 2009, an initial series of bonds for the purpose of raising funds needed for the Project and for other authorized costs in the aggregate principal amount of \$12,000,000, identified as the "Sonoma Valley Health Care District (Sonoma County, California) General Obligation Bonds, Election of 2008, Series A (2009)" (the "Bonds"); and

WHEREAS, the District sold on August 1, 2010, an additional series of bonds for the purpose of raising funds needed for the Project and for other authorized costs in the aggregate principal amount of \$23,000,000 identified as the "Sonoma Valley Health Care District (Sonoma County, California) General Obligation Bonds, Election of 2008, Series B (2010)" (the "Bonds"); and

WHEREAS, the County has requested that the District provide to the County the tax rate required for Fiscal Year Fiscal Year 2012-2013 to pay interest on the Bonds and to provide a reasonable reserve;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF SONOMA VALLEY HEALTH CARE DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

*Section 1. Recitals.* All of the recitals herein are true and correct. To the extent that the recitals relate to findings and determinations of the Board, the Board declares such findings or determinations to be made thereby.

*Section 2. Tax Rate; Remittance.*

(a) Based upon the County's estimate of assessed valuation of all secured property in the District (\$6,875,075,463), the tax rate required to assure payment of the principal of, interest on and a reasonable reserve for the Bonds for Fiscal Year 2012-2013 is \$27.30 per \$100,000 of assessed valuation. It is the intent of the District to provide to the County, by resolution, the tax rate required to assure payment of the principal of, interest on and a reasonable reserve for the Bonds for Fiscal Year 2013-2014 and each Fiscal Year thereafter, so long as the Bonds remain outstanding. However, in the event the District fails to provide a tax rate in any year, the County is directed to apply the most recently provided tax rate in such year.

(b) The District hereby delegates to the County Board of Supervisors the authority to annually levy and collect the annual *ad valorem* property taxes required for the payment of the principal of and interest on the Bonds.

(c) The District hereby requests that such amounts, as collected, be remitted directly to The Bank of New York Mellon Trust Company, N.A., the District's paying agent for the Bonds.

*Section 3. Request for Necessary County Actions.* The County Board of Supervisors and the County Auditor-Controller-Treasurer-Tax Collector, and other officials of the County, are hereby directed to take whatever action that may be necessary pursuant to law to provide for the levy and collection of a property tax on all taxable property within the District at the tax rate specified in Section 2(a) above.

*Section 4. General Authority.* The Chair, the Secretary, the Chief Executive Officer and the Chief Financial Officer, and their respective designees, are each hereby authorized, empowered and directed in the name and on behalf of the District to take any and all steps which they or any of them might deem necessary or appropriate in order to give effect to this resolution.

Section 5. Effective Date. This resolution shall take effect immediately on and after its adoption.

\* \* \* \* \*

PASSED AND ADOPTED this 4th day of October, 2012, by the following vote:

AYES:

NAYS:

ABSENT:

---

Chair, Board of Directors  
Sonoma Valley Health Care District

ATTEST:

---

Secretary, Board of Directors  
Sonoma Valley Health Care District

11.

AUGUST 2012  
FINANCIAL REPORT

**Sonoma Valley Hospital  
Sonoma Valley Health Care District  
August 31, 2012 Financial Report**

District Board  
October 4, 2012

# August's Patient Volumes

|  | <b>Actual</b>  | <b>Budget</b>  | <b>Variance</b> | <b>Prior Year</b> |
|--|----------------|----------------|-----------------|-------------------|
| <b>Acute Discharges</b>                            | <b>117</b>     | <b>114</b>     | <b>3</b>        | <b>115</b>        |
| <b>Acute Patient Days</b>                          | <b>432</b>     | <b>403</b>     | <b>29</b>       | <b>372</b>        |
| <b>SNF Patient Days</b>                            | <b>682</b>     | <b>630</b>     | <b>52</b>       | <b>470</b>        |
| <b>Outpatient Gross Revenue<br/>(in thousands)</b> | <b>\$9,014</b> | <b>\$8,490</b> | <b>\$524</b>    | <b>\$7,569</b>    |
| <b>Surgical Cases</b>                              | <b>138</b>     | <b>132</b>     | <b>6</b>        | <b>125</b>        |

# Summary Statement of Revenues and Expenses Month of August 31, 2012

|  | <u>Actual</u> | <u>Budget</u> | <u>Variance</u> | <u>Percentage</u> | <u>Prior Year</u> |
|--|---------------|---------------|-----------------|-------------------|-------------------|
| 1 <b>Total Operating Revenue</b>               | \$ 3,986,975  | \$ 3,784,395  | \$ 202,580      | 5%                | \$ 3,867,739      |
| 2 <b>Total Operating Expenses</b>              | \$ 4,312,179  | \$ 4,288,491  | \$ (23,688)     | -1%               | \$ 4,064,463      |
| 3 <b>Operating Margin</b>                      | \$ (325,204)  | \$ (504,096)  | \$ 178,892      | 35%               | \$ (196,724)      |
| 4 <b>NonOperating Rev/Exp</b>                  | \$ 449,887    | \$ 459,942    | \$ (10,055)     | -2%               | \$ 292,811        |
| 5 <b>Net Income Prior to Capital Campaign</b>  | \$ 124,683    | \$ (44,154)   | \$ 168,837      | 382%              | \$ 96,087         |
| 6 <b>Capital Campaign Contribution</b>         | \$ 2,683      | \$ 47,500     | \$ (44,817)     | 94%               | \$ -              |
| 7 <b>Net Income with Capital Campaign</b>      | \$ 127,366    | \$ 3,346      | \$ 124,020      | 3,707%            | \$ 96,087         |
| 8 <b>EBIDA before Capital Campaign Cont.</b>   | \$ 361,086    | \$ 211,210    | \$ 149,876      |                   | \$ 305,968        |
| 9 <b>EBIDA Before Capital Campaign Cont. %</b> | 9%            | 6%            | 3%              |                   | 8%                |
| 10 <b>EBIDA</b>                                | \$ 363,769    | \$ 258,710    | \$ 105,059      |                   | \$ 305,968        |
| 11 <b>EBIDA Percentage</b>                     | 9%            | 7%            | 2%              |                   | 8%                |
| 12 <b>Net Income without GO Bond Activity</b>  | \$ 3,810      | \$ (124,976)  | \$ 128,786      |                   | \$ (27,517)       |

# Summary Statement of Revenues and Expenses Year to Date August 31, 2012

|  | <u>Actual</u> | <u>Budget</u>  | <u>Variance</u> | <u>Percentage</u> | <u>Prior Year</u> |
|--|---------------|----------------|-----------------|-------------------|-------------------|
| 1 <b>Total Operating Revenue</b>               | \$ 7,822,896  | \$ 7,594,185   | \$ 228,711      | 3%                | \$ 7,722,836      |
| 2 <b>Total Operating Expenses</b>              | \$ 8,569,066  | \$ 8,643,927   | \$ 74,861       | 1%                | \$ 8,120,222      |
| 3 <b>Operating Margin</b>                      | \$ (746,170)  | \$ (1,049,742) | \$ 303,572      | 29%               | \$ (397,386)      |
| 4 <b>NonOperating Rev/Exp</b>                  | \$ 899,987    | \$ 919,884     | \$ (19,897)     | -2%               | \$ 613,058        |
| 5 <b>Net Income Prior to Capital Campaign</b>  | \$ 153,817    | \$ (129,858)   | \$ 283,675      | 218%              | \$ 215,672        |
| 6 <b>Capital Campaign Contribution</b>         | \$ 4,433      | \$ 95,000      | \$ (90,567)     | -95%              | \$ -              |
| 7 <b>Net Income with Capital Campaign</b>      | \$ 158,250    | \$ (34,858)    | \$ 193,108      | 554%              | \$ 215,672        |
| 8 <b>EBIDA before Capital Campaign Cont.</b>   | \$ 626,859    | \$ 380,870     | \$ 245,989      |                   | \$ 635,970        |
| 9 <b>EBIDA Before Capital Campaign Cont. %</b> | 8%            | 5%             | 3%              |                   | 8%                |
| 10 <b>EBIDA</b>                                | \$ 631,292    | \$ 475,870     | \$ 155,422      |                   | \$ 635,970        |
| 11 <b>EBIDA Percentage</b>                     | 8%            | 6%             | 2%              |                   | 8%                |
| 12 <b>Net Income without GO Bond Activity</b>  | \$ (93,295)   | \$ (386,502)   | \$ 293,207      |                   | \$ (31,537)       |





**To:** SVH Finance Committee  
**From:** Rick Reid, CFO  
**Date:** September 25, 2012  
**Subject:** Financial Report for the Month Ending August 31, 2012

Presented below are the results and analysis for the month ending August 31, 2012.

**Overall Results for July 2012**

Overall for August, SVH has net income of \$127,366 on budgeted income of \$3,346, for a favorable difference of \$124,020. Total net revenue was over budget by \$153,462. This brought the total operating revenue to \$3,986,975 or \$202,580 over budget. Expenses were \$4,312,179 on a budget of \$4,288,491 or \$23,688 over budget. The EBIDA prior to the Capital Campaign donations for the month was \$361,086 or 9.1%.

**Patient Volumes**

|                    | ACTUAL  | BUDGET  | VARIANCE | PRIOR YEAR |
|--------------------|---------|---------|----------|------------|
| Acute Discharges   | 117     | 114     | 3        | 115        |
| Acute Patient Days | 432     | 403     | 29       | 372        |
| SNF Patient Days   | 682     | 630     | 52       | 470        |
| OP Gross Revenue   | \$9,014 | \$8,490 | \$524    | \$7,569    |
| Surgical Cases     | 138     | 132     | 6        | 125        |

**Net Operating Revenues**

Net operating revenues for August were \$4.0 million on a budget of \$3.8 million or \$202,580 over budget.

Inpatient Net Revenue:

- Medicare discharges over budget by 8, the impact was \$93,934, offset by an unfavorable rates of (\$1,512)
- Medi-Cal patient days over budget by 28, the impact was \$97,464, with an unfavorable rate variance of (\$1,153)
- Other patient days over budget by 4, the impact was \$36,032, with a favorable rate of \$19,424
- Commercial patient days under budget by 25, and an unfavorable rate for a total impact of (\$149,450)

Skilled Nursing Home:

- Volume was over budget by 52 days and patient acuity was under budget, net impact \$753

Outpatient:

- Reimbursement was over budget by \$339,602 due to outpatient volume

Home Care:

- Volume was over budget by 91 visits or \$28,507 over budget

Other Income:

- Other income was over budget by \$49,118 due to the receipt of BETA dividend of \$43,251

**Expenses**

August's expenses were \$4.3 million on a budget of \$4.3 million or over budget by (\$23,688).

The following is a summary of the operating expense variances for the month of August:

- Total productivity FTE's were over budget at 284, on a budget of 278. Total salaries and Agency Fees over budget by a total of (\$28,475) due to volume.
- Employee benefits were over budget by (\$71,500). Paid time off is over budget by (\$50,490) due to spread of the budget.
- Professional Fees were under budget by \$34,649 due to lower charges by the Emergency Room physicians and less outside consulting by Administration.
- Supplies were under budget by \$52,150, Lab expenses were under budget by \$21,802 due to volume and Surgery expenses were under budget by \$21,052 due to surgery case mix .
- Purchase services were over budget by (\$66,875) due to payments related to the Electronic Health Record.
- Other expenses were under budget by \$36,297, due to reduced spending in Administration.

**Capital Campaign Summary:**

For the month of August the Hospital received \$2,683 in capital campaign donations. The total amount received from the Capital Campaign to date is \$2,049,788. The funds are included on line 16, Specific Funds on the Balance Sheet. Included on line 16 is also \$21,743 for miscellaneous restricted funds.



### Other Outpatient Volume Comparison

These comparisons are for actual FY 2013 compared to actual FY 2012. These are not budget comparisons.

### Outpatient & ER Visits

|      | OP Visits |      |        |       | ER – Inpatient |      |        |       | ER - Outpatient |      |        |       |
|------|-----------|------|--------|-------|----------------|------|--------|-------|-----------------|------|--------|-------|
|      | 2013      | 2012 | Change | %     | 2013           | 2012 | Change | %     | 2013            | 2012 | Change | %     |
| July | 4091      | 4304 | -213   | -5.0% | 109            | 114  | -5     | -4.4% | 729             | 772  | -43    | -5.6% |
| Aug  | 4392      | 4692 | -300   | -6.4% | 106            | 105  | 1      | .9%   | 778             | 718  | 60     | 8.4%  |
| YTD  | 8483      | 8996 | -513   | -5.7% | 215            | 219  | -4     | -1.8% | 1507            | 1490 | 17     | 1.1%  |
|      |           |      |        |       |                |      |        |       |                 |      |        |       |

### Outpatient Procedures

|                      | August 2012 | August 2011 | Change | FY 2013 | FY 2012 | Change |
|----------------------|-------------|-------------|--------|---------|---------|--------|
| Labor & Delivery     | 1           | 0           | 1      | 1       | 0       | 1      |
| ACU                  | 1           | 4           | -3     | 2       | 5       | -30    |
| Clinical Lab         | 1380        | 1507        | -127   | 2694    | 2974    | -280   |
| ECHO                 | 41          | 63          | -22    | 103     | 118     | -15    |
| EKG                  | 124         | 148         | -24    | 271     | 288     | -17    |
| Medical Imaging      | 537         | 667         | -130   | 1076    | 1271    | -195   |
| Mammography          | 242         | 286         | -44    | 445     | 508     | -63    |
| Nuclear Medicine     | 21          | 23          | -2     | 48      | 42      | 6      |
| MRI                  | 81          | 74          | 7      | 145     | 163     | -18    |
| Ultrasound           | 275         | 266         | 9      | 514     | 515     | -1     |
| CT Scanner           | 190         | 190         | 0      | 344     | 363     | -19    |
| Wound Care           | 92          | 111         | -19    | 155     | 208     | -53    |
| Offsite PT           | 921         | 864         | 57     | 1725    | 1598    | 127    |
| Occ. Health          | 344         | 367         | -23    | 659     | 728     | -69    |
| Speech Therapy       | 10          | 25          | -15    | 26      | 47      | -21    |
| Offsite Occ. Therapy | 132         | 97          | 35     | 275     | 168     | 107    |
| Total                | 4392        | 4692        | -300   | 8483    | 8996    | -513   |

**Sonoma Valley Health Care District**  
**Statement of Revenue and Expenses**  
**Comparative Results**  
**Current Month August 2012**

|                               |   | This Year    |              | Variance    |       | Last Year    |
|-------------------------------|---|--------------|--------------|-------------|-------|--------------|
|                               |   | Actual       | Budget       | \$          | %     | Actual       |
| <b>Volume Information</b>     |   |              |              |             |       |              |
| 1                             | Acute Discharges                              | 117          | 114          | 3           | 3%    | 115          |
| 2                             | SNF Days                                      | 682          | 630          | 52          | 8%    | 470          |
| 3                             | Home Care Visits                              | 1,052        | 950          | 102         | 11%   | 962          |
| 4                             | Gross O/P Revenue (000's)                     | 9,014        | 8,490        | 524         | 6%    | 7,569        |
| <b>Financial Results</b>      |   |              |              |             |       |              |
| Net Fee For Service Revenue   |   |              |              |             |       |              |
| 5                             | Acute Inpatient                               | \$ 1,513,553 | \$ 1,418,814 | 94,739      | 7%    | \$ 1,445,564 |
| 6                             | SNF   | 371,686      | 370,933      | 753         | 0%    | 289,669      |
| 7                             | Outpatient and Emergency                      | 2,160,855    | 1,821,253    | 339,602     | 19%   | 1,916,622    |
| 8                             | Home Care                                     | 252,171      | 223,664      | 28,507      | 13%   | 182,279      |
| 9                             | Charity Care Provision                        | (21,000)     | (37,125)     | 16,125      | 43%   | (30,000)     |
| 10                            | Bad Debt                                      | (645,000)    | (321,840)    | (323,160)   | *     | (250,000)    |
| 11                            | Prior Period Adjustments                      | -            | -            | -           | 0%    | -            |
| 12                            | Total Net Revenue                             | \$ 3,632,265 | \$ 3,475,699 | 156,566     | 5%    | \$ 3,554,134 |
| 13                            | Risk contract revenue                         | \$ 293,554   | \$ 296,658   | (3,104)     | -1%   | \$ 302,416   |
| 14                            | Net Hospital Revenue                          | \$ 3,925,819 | \$ 3,772,357 | 153,462     | 4%    | \$ 3,856,550 |
| 15                            | Other Operating Revenue                       | \$ 61,156    | \$ 12,038    | 49,118      | *     | \$ 11,189    |
| 16                            | Total Operating Revenue                       | \$ 3,986,975 | \$ 3,784,395 | 202,580     | 5%    | \$ 3,867,739 |
| Operating Expenses            |   |              |              |             |       |              |
| 17                            | Salary and Wages and Agency Fees              | \$ 1,940,198 | \$ 1,911,723 | (28,475)    | -1%   | \$ 1,818,107 |
| 18                            | Employee Benefits                             | 775,711      | 704,211      | (71,500)    | -10%  | 664,299      |
| 19                            | Total People Cost                             | \$ 2,715,909 | \$ 2,615,934 | (99,975)    | -4%   | \$ 2,482,406 |
| 20                            | Med and Prof Fees (excl Agency)               | \$ 358,635   | \$ 393,284   | 34,649      | 9%    | \$ 550,132   |
| 21                            | Supplies                                      | 397,082      | 449,232      | 52,150      | 12%   | 482,244      |
| 22                            | Purchased Services                            | 453,091      | 386,216      | (66,875)    | -17%  | 181,474      |
| 23                            | Depreciation                                  | 173,159      | 199,672      | 26,513      | 13%   | 151,027      |
| 24                            | Utilities                                     | 82,504       | 82,610       | 106         | 0%    | 61,004       |
| 25                            | Insurance                                     | 19,375       | 20,374       | 999         | 5%    | 20,041       |
| 26                            | Interest                                      | 33,233       | 25,681       | (7,552)     | -29%  | 28,843       |
| 27                            | Other   | 79,191       | 115,488      | 36,297      | 31%   | 107,292      |
| 28                            | Operating expenses                            | \$ 4,312,179 | \$ 4,288,491 | (23,688)    | -1%   | \$ 4,064,463 |
| 29                            | Operating Margin                              | \$ (325,204) | \$ (504,096) | 178,892     | 35%   | \$ (196,724) |
| Non Operating Rev and Expense |   |              |              |             |       |              |
| 30                            | Electronic Health Records & Misc. Rev.        | \$ 146,943   | \$ 147,250   | (307)       | 0%    | \$ 3,789     |
| 31                            | Donations                                     | -            | -            | -           | 0%    | 2,500        |
| 32                            | Professional Center/Phys Recruit              | -            | -            | -           | 0%    | (122)        |
| 33                            | Physician Practice Support-Prima              | (65,630)     | (65,630)     | -           | 0%    | (74,460)     |
| 34                            | Parcel Tax Assessment Rev                     | 245,018      | 250,000      | (4,982)     | -2%   | 237,500      |
| 35                            | GO Bond Tax Assessment Rev                    | 153,567      | 158,333      | (4,766)     | -3%   | 153,615      |
| 36                            | GO Bond Interest                              | (30,011)     | (30,011)     | -           | 0%    | (30,011)     |
| 37                            | Total Non-Operating Rev/Exp                   | \$ 449,887   | \$ 459,942   | (10,055)    | -2%   | \$ 292,811   |
| 38                            | Net Income / (Loss) prior to Capital Campaign | \$ 124,683   | \$ (44,154)  | 168,837     | 382%  | \$ 96,087    |
| 39                            | Capital Campaign Contribution                 | \$ 2,683     | \$ 47,500    | \$ (44,817) | -94%  | \$ -         |
| 40                            | Net Income / (Loss) w/ Capital Camp. Cont.    | \$ 127,366   | \$ 3,346     | \$ 124,020  | 3707% | \$ 96,087    |
| 41                            | Net Income w/o GO Bond Activity               | \$ 3,810     | \$ (124,976) | 128,786     | 103%  | \$ (27,517)  |

**Sonoma Valley Health Care District**  
**Statement of Revenue and Expenses**  
**Comparative Results**  
**For the Period Ended August 2012**

|  | This Year    |                | Variance  |      | Last Year<br>Actual |
|--|--------------|----------------|-----------|------|---------------------|
|  | Actual       | Budget         | \$        | %    |                     |
| <b>Volume Information</b>                        |              |                |           |      |                     |
| 1 Acute Discharges                               | 232          | 233            | (1)       | 0%   | 243                 |
| 2 SNF Days                                       | 1,315        | 1,355          | (40)      | -3%  | 1,126               |
| 3 Home Care Visits                               | 1,989        | 1,892          | 97        | 5%   | 1,916               |
| 4 Gross Outpatient Revenue (000's)               | \$ 17,167    | \$ 16,550      | 617       | 4%   | \$ 14,979           |
| <b>Financial Results</b>                         |              |                |           |      |                     |
| Net Fee For Service Revenue                      |              |                |           |      |                     |
| 5 Acute Inpatient                                | \$ 2,912,937 | \$ 2,896,262   | 16,675    | 1%   | \$ 2,763,690        |
| 6 SNF  | 729,097      | 797,406        | (68,309)  | -9%  | 705,042             |
| 7 Outpatient and Emergency                       | 4,027,865    | 3,556,509      | 471,356   | 13%  | 3,759,912           |
| 8 Home Care                                      | 458,651      | 445,723        | 12,928    | 3%   | 370,982             |
| 9 Charity Care Provision                         | (28,400)     | (74,371)       | 45,971    | 62%  | (32,000)            |
| 10 Bad Debt Expense                              | (965,000)    | (644,736)      | (320,264) | -50% | (650,000)           |
| 11 Prior Period Adjustments                      | 0            | 0              | -         | 0%   | 0                   |
| 12 Total Net Revenue                             | 7,135,150    | 6,976,793      | 158,357   | 2%   | 6,917,626           |
| 13 Risk Contract Revenue                         | 613,164      | 593,316        | 19,848    | 3%   | 781,126             |
| 14 Net Hospital Revenue                          | 7,748,314    | 7,570,109      | 178,205   | 2%   | 7,698,752           |
| 15 Other Operating Revenue                       | 74,582       | 24,076         | 50,506    |      | 24,084              |
| 16 Total Operating Revenue                       | \$ 7,822,896 | \$ 7,594,185   | 228,711   | 3%   | \$ 7,722,836        |
| Operating Expenses                               |              |                |           |      |                     |
| 17 Salary and Wages and Agency Fees              | \$ 3,849,972 | \$ 3,873,988   | 24,016    | 1%   | \$ 3,658,649        |
| 18 Employee Benefits                             | 1,404,477    | 1,412,166      | 7,689     | 1%   | 1,294,657           |
| 19 Total People Cost                             | 5,254,449    | 5,286,154      | 31,705    | 1%   | 4,953,306           |
| 20 Med and Prof Fees (excl Agency)               | 734,691      | 786,568        | 51,877    | 7%   | 931,640             |
| 21 Supplies                                      | 961,365      | 920,212        | (41,153)  | -4%  | 909,465             |
| 22 Purchased Services                            | 835,383      | 763,788        | (71,595)  | -9%  | 574,654             |
| 23 Depreciation                                  | 346,776      | 399,344        | 52,568    | 13%  | 302,979             |
| 24 Utilities                                     | 170,827      | 165,220        | (5,607)   | -3%  | 137,224             |
| 25 Insurance                                     | 38,750       | 40,748         | 1,998     | 5%   | 41,125              |
| 26 Interest                                      | 66,244       | 51,362         | (14,882)  | -29% | 57,298              |
| 27 Other   | 160,581      | 230,531        | 69,950    | 30%  | 212,531             |
| 28 Operating Expenses                            | \$ 8,569,066 | \$ 8,643,927   | 74,861    | 1%   | \$ 8,120,222        |
| 29 Operating Margin                              | \$ (746,170) | \$ (1,049,742) | 303,572   | 29%  | \$ (397,386)        |
| Non Operating Rev and Expense                    |              |                |           |      |                     |
| 30 Electronic Health Records & Misc. Rev.        | 294,099      | 294,500        | (401)     | 0%   | 8,819               |
| 31 Donations                                     | -            | -              | -         | 0%   | 2,500               |
| 32 Professional Center/Phys Recruit              | -            | -              | -         | 0%   | (670)               |
| 33 Physician Practice Support-Prima              | (131,260)    | (131,260)      | -         | 0%   | (119,800)           |
| 34 Parcel Tax Assessment Rev                     | 490,036      | 500,000        | (9,964)   | -2%  | 475,000             |
| 35 GO Bond Tax Assessment Rev                    | 307,134      | 316,666        | (9,532)   | -3%  | 307,230             |
| 36 GO Bond Interest                              | (60,022)     | (60,022)       | -         | 0%   | (60,021)            |
| 37 Total Non-Operating Rev/Exp                   | 899,987      | 919,884        | (19,897)  | -2%  | 613,058             |
| 38 Net Income / (Loss) prior to Capital Campaign | 153,817      | (129,858)      | 283,675   | *    | 215,672             |
| 39 Capital Campaign Contribution                 | 4,433        | 95,000         | (90,567)  | -95% | -                   |
| 40 Net Income / (Loss) w/ Capital Camp. Cont.    | 158,250      | (34,858)       | 193,108   | 554% | 215,672             |
| 41 Net Income w/o GO Bond Activity               | (93,295)     | (386,502)      | 293,207   | 76%  | (31,537)            |

Sonoma Valley Health Care District  
Balance Sheet  
For The Period Ended  
As of August 31, 2012

|  | <u>Current Month</u> | <u>Prior Month</u>   | <u>Prior Year</u>    |
|--|----------------------|----------------------|----------------------|
| <b>Assets</b>                          |                      |                      |                      |
| Current Assets:                        |                      |                      |                      |
| 1                                      | \$ 1,721,263         | \$ 1,950,055         | \$ 2,067,631         |
| 2                                      | 339,459              | 276,368              | 892,813              |
| 3                                      | 9,146,081            | 8,564,047            | 6,918,249            |
| 4                                      | 5,440,549            | 6,239,456            | 9,055,293            |
| 5                                      | (2,819,731)          | (2,312,739)          | (1,826,446)          |
| 6                                      | 954,637              | 769,053              | 612,351              |
| 7                                      | -                    | -                    | -                    |
| 8                                      | 890,431              | 861,455              | 866,401              |
| 9                                      | 676,779              | 665,177              | 1,964,247            |
| 10                                     | <u>\$ 16,349,468</u> | <u>\$ 17,012,872</u> | <u>\$ 20,550,539</u> |
| 11                                     | \$ 186,028           | \$ 186,028           | \$ 253,213           |
| 12                                     | 10,898,541           | 11,026,196           | 7,778,348            |
| 13                                     | 15,776,640           | 14,246,346           | 9,272,497            |
| 14                                     | 17,729,962           | 18,978,373           | 22,601,805           |
| 15                                     | (3,639)              | 36,839               | 36,060               |
| 16                                     | 2,071,531            | 2,068,848            | 31,792               |
| 17                                     | 447,507              | 449,168              | 428,182              |
| 18                                     | <u>\$ 63,456,038</u> | <u>\$ 64,004,670</u> | <u>\$ 60,952,436</u> |
| <b>Liabilities &amp; Fund Balances</b> |                      |                      |                      |
| Current Liabilities:                   |                      |                      |                      |
| 19                                     | \$ 5,683,376         | \$ 5,307,766         | \$ 4,316,113         |
| 20                                     | 3,340,704            | 3,093,024            | 3,023,436            |
| 21                                     | 142,852              | 857,115              | 1,002,554            |
| 22                                     | 104,198              | 147,144              | 1,733,008            |
| 23                                     | 1,155,160            | 1,172,081            | 83,734               |
| 24                                     | 3,972,140            | 4,370,724            | 3,911,150            |
| 25                                     | 1,542,287            | 1,531,487            | 1,293,799            |
| 26                                     | 212,223              | 212,223              | -                    |
| 27                                     | <u>\$ 16,152,940</u> | <u>\$ 16,691,564</u> | <u>\$ 15,363,794</u> |
| 28                                     | \$ 38,077,931        | \$ 38,215,302        | \$ 38,830,657        |
| Fund Balances:                         |                      |                      |                      |
| 30                                     | \$ 7,079,391         | \$ 6,954,711         | \$ 6,709,442         |
| 31                                     | 2,145,776            | 2,143,093            | 48,543               |
| 32                                     | <u>\$ 9,225,167</u>  | <u>\$ 9,097,804</u>  | <u>\$ 6,757,985</u>  |
| 33                                     | <u>\$ 63,456,038</u> | <u>\$ 64,004,670</u> | <u>\$ 60,952,436</u> |

**Sonoma Valley Hospital**  
**Statistical Analysis**  
**FY 2013**

|  | ACTUAL  | BUDGET  |
|--|---------|---------|
|  | Aug-12  | Aug-12  |
| <b>Statistics</b>                                  |         |         |
| <b>Acute</b>                                       |         |         |
| Acute Patient Days                                 | 432     | 403     |
| Acute Discharges                                   | 117     | 114     |
| SNF Days   | 682     | 630     |
| HHA Visits   | 1,052   | 950     |
| Emergency Room Visits                              | 884     | 793     |
| Gross Outpatient Revenue (000's)                   | \$9,014 | \$8,490 |
| Equivalent Patient Days                            | 2,509   | 2,376   |
| Births   | 16      | 14      |
| Surgical Cases - Inpatient                         | 40      | 38      |
| Surgical Cases - Outpatient                        | 98      | 94      |
| Total Surgical Cases                               | 138     | 132     |
| Medicare Case Mix Index                            | 1.40    | 1.40    |
| <b>Income Statement</b>                            |         |         |
| Net Revenue (000's)                                | 3,926   | 3,772   |
| Operating Expenses (000's)                         | 4,312   | 4,288   |
| Net Income (000's)                                 | 127     | 3       |
| <b>Productivity</b>                                |         |         |
| Total Operating Expense Per Equivalent Patient Day | \$1,719 | \$1,805 |
| Productive FTEs                                    | 284     | 278     |
| Non-Productive FTE's                               | 37      | 30      |
| Total FTEs   | 321     | 308     |
| FTEs per Adjusted Occupied Bed                     | 4.53    |         |
| <b>Balance Sheet</b>                               |         |         |
| Days of Expense In General Operating Cash          | 13      |         |
| Net Days of Revenue in AR                          | 50      |         |

| ACTUAL  |         |         |         |         |         |         |         |         |         |         |         |         |  |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|
| Jul-12  | Jun-12  | May-12  | Apr-12  | Mar-12  | Feb-12  | Jan-12  | Dec-11  | Nov-11  | Oct-11  | Sep-11  | Aug-11  | Jul-11  |  |
| 396     | 354     | 363     | 436     | 435     | 399     | 448     | 455     | 449     | 456     | 552     | 372     | 444     |  |
| 115     | 107     | 116     | 129     | 128     | 145     | 125     | 130     | 133     | 134     | 136     | 115     | 128     |  |
| 633     | 688     | 729     | 618     | 672     | 567     | 662     | 685     | 543     | 633     | 567     | 470     | 656     |  |
| 937     | 941     | 989     | 997     | 1,023   | 950     | 967     | 913     | 911     | 1,024   | 881     | 962     | 954     |  |
| 838     | 810     | 863     | 717     | 783     | 692     | 791     | 741     | 739     | 787     | 800     | 823     | 886     |  |
| \$8,153 | \$7,667 | \$8,120 | \$7,880 | \$8,707 | \$7,983 | \$8,640 | \$7,838 | \$7,863 | \$7,493 | \$7,667 | \$7,569 | \$7,409 |  |
| 2,202   | 2,355   | 2,362   | 2,236   | 2,451   | 2,214   | 2,412   | 2,374   | 2,115   | 2,281   | 2,272   | 1,956   | 2,341   |  |
| 9       | 15      | 6       | 23      | 11      | 10      | 9       | 17      | 19      | 11      | 17      | 18      | 16      |  |
| 41      | 28      | 37      | 38      | 37      | 31      | 33      | 43      | 43      | 39      | 43      | 30      | 36      |  |
| 82      | 92      | 99      | 99      | 117     | 84      | 99      | 89      | 101     | 87      | 83      | 95      | 92      |  |
| 123     | 120     | 136     | 137     | 154     | 115     | 132     | 132     | 144     | 126     | 126     | 125     | 128     |  |
| 1.61    | 1.50    | 1.64    | 1.36    | 1.29    | 1.40    | 1.32    | 1.47    | 1.39    | 1.44    | 1.52    | 1.25    | 1.38    |  |
| 3,822   | 4,832   | 3,741   | 3,739   | 3,925   | 3,867   | 3,924   | 4,247   | 3,668   | 3,746   | 4,000   | 3,857   | 3,842   |  |
| 4,257   | 5,278   | 4,686   | 4,413   | 4,372   | 4,160   | 4,230   | 4,584   | 3,973   | 4,245   | 4,312   | 4,064   | 4,056   |  |
| 31      | 889     | 343     | (14)    | 24      | 36      | 23      | (13)    | 16      | (164)   | 53      | 96      | 120     |  |
| \$1,933 | \$2,241 | \$1,984 | \$1,974 | \$1,784 | \$1,879 | \$1,746 | \$1,931 | \$1,878 | \$1,861 | \$1,898 | \$2,116 | \$1,765 |  |
| 281     | 285     | 285     | 274     | 271     | 272     | 266     | 274     | 256     | 283     | 280     | 272     | 271     |  |
| 41      | 34      | 28      | 28      | 28      | 26      | 35      | 27      | 39      | 30      | 34      | 37      | 36      |  |
| 322     | 318     | 313     | 302     | 303     | 299     | 300     | 302     | 295     | 314     | 314     | 309     | 306     |  |
| 4.53    | 4.05    | 4.11    | 4.05    | 3.84    | 3.80    | 3.84    | 3.94    | 4.19    | 4.26    | 4.14    | 4.90    | 4.06    |  |
| 14      | 13      | 15      | 20      | 16      | 20      | 25      | 23      | 23      | 29      | 27      | 18      | 22      |  |
| 50      | 48      | 47      | 46      | 45      | 44      | 45      | 45      | 43      | 40      | 42      | 40      | 32      |  |





**Sonoma Valley Hospital**  
**Statement of Cash Flows**  
**For the Period Ended**

|  | <u>Current Month</u>    | <u>Year To Date</u>     |
|--|-------------------------|-------------------------|
| <b>Operating Activities</b>  |                         |                         |
| Net Income (Loss)  | 127,366                 | 158,250                 |
| <b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b> |                         |                         |
| Depreciation and amortization  | 173,159                 | 346,777                 |
| Net changes in operating assets and liabilities:   |                         |                         |
| (Increase)/Decrease Patient accounts receivable - net  | (75,042)                | (317,764)               |
| (Increase)/Decrease Other receivables and other assets   | 614,984                 | 1,477,748               |
| (Increase)/Decrease Prepaid expenses   | (11,602)                | (107,299)               |
| (Increase)/Decrease in Inventories   | (28,976)                | (26,294)                |
| (Decrease)/Increase in Deferred revenues   | (415,505)               | (592,261)               |
| (Decrease)/Increase in Accounts payable, accrued expenses  | (133,922)               | 39,519                  |
| <b>Net Cash Provided/(Used) by operating activities</b>  | <u>250,462</u>          | <u>978,676</u>          |
| <b>Investing Activities</b>  |                         |                         |
| Net Purchases of property, plant and equipment - Other Fixed Assets                                | (45,504)                | (1,501,623)             |
| Net Purchases of property, plant and equipment - GO Bond Purchases                                 | (1,530,294)             | (304,029)               |
| Net Proceeds and Distributions from investments  | 40,478                  | 40,478                  |
| Net Book Value of Assets Disposed  | -                       | -                       |
| Change in Restricted Funds   | -                       | -                       |
| Change in Limited Use Cash   | 1,182,637               | 968,689                 |
| (Payment)/Refund of Deposits   | -                       | -                       |
| <b>Net cash Provided/(Used) by investing activities</b>  | <u>(352,683)</u>        | <u>(796,485)</u>        |
| <b>Financing Activities</b>  |                         |                         |
| Proceeds (Repayments) from Borrowings - Banks & Carriers   | (126,571)               | (251,777)               |
| Proceeds (Repayments) from Borrowings - Other  |                         |                         |
| Net Intercompany Borrowings/(Repayments)   |                         |                         |
| Change in Post Retirement Obligations & Other Net Assets   | -                       | -                       |
| Net Equity Transfers to related entities (Cash and Non-Cash)                                       |                         |                         |
| <b>Net cash Provided/(Used) by financing activities</b>  | <u>(126,571)</u>        | <u>(251,777)</u>        |
| <b>Net increase/(Decrease) in cash and cash equivalents</b>  | <u>(228,792)</u>        | <u>(69,586)</u>         |
| Cash and Equivalents at beginning of period  | <u>1,950,055</u>        | <u>1,790,849</u>        |
| <b>Cash and Equivalents at August 31, 2012</b>   | <u><u>1,721,263</u></u> | <u><u>1,721,263</u></u> |

**Cash Flow Projection  
Sonoma Valley Hospital**

**Updated: 09/19/12**

|  | <b>Aug-12<br/>Actual</b> | <b>Sep-12<br/>Projected</b> | <b>Oct-12<br/>Projected</b> | <b>Nov-12<br/>Projected</b> | <b>Dec-12<br/>Projected</b> | <b>Jan-13<br/>Projected</b> | <b>Feb-13<br/>Projected</b> | <b>Mar-13<br/>Projected</b> | <b>Apr-13<br/>Projected</b> | <b>May-13<br/>Projected</b> | <b>Jun-13<br/>Projected</b> | <b>Jul-13<br/>Projected</b> | <b>Aug-13<br/>Projected</b> |
|--|--------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Operating Activities</b>                      |                          |                             |                             |                             |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Net Income                                       | 127,363                  | 121,192                     | 66,402                      | 73,701                      | 92,035                      | 54,788                      | 105,267                     | 186,631                     | 111,032                     | 153,805                     | 52,768                      | 52,768                      | 52,768                      |
| Add: Depreciation & Amortization                 | 173,159                  | 201,661                     | 201,661                     | 201,661                     | 201,661                     | 201,661                     | 201,661                     | 201,661                     | 201,661                     | 201,661                     | 201,661                     | 301,661                     | 301,661                     |
| Decrease (Inc) in Net Accts Receivable           | (75,042)                 | 245,183                     | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           |
| Dec (Inc) in Inventories/Other Rec'v & Assets    | 626,486                  | 607,000                     | (143,000)                   | 1,947,000                   | (63,000)                    | 607,000                     | 714,115                     | 7,000                       | (143,000)                   | 197,000                     | (4,826,007)                 | -                           | 882,115                     |
| Decrease (Inc) in Prepaid Expenses               | (11,602)                 | 159,820                     | 159,820                     | 159,820                     | 159,820                     | 159,820                     | 159,820                     | 159,820                     | 159,820                     | 159,820                     | 159,820                     | 159,820                     | 159,820                     |
| Increase (Dec) in Accounts Payable               | 375,610                  | (1,508,314)                 | (327,367)                   | (705,546)                   | (478,723)                   | (461,603)                   | 13,782                      | (13,444)                    | (223,369)                   | (8,485)                     | (1,669)                     | -                           | -                           |
| Increase (Dec) in Payroll Accruals               | 247,680                  | 760,350                     | 430,549                     | (1,242,900)                 | 340,949                     | 352,949                     | 28,979                      | 340,949                     | 246,959                     | (1,136,910)                 | 234,959                     | 256,949                     | 346,949                     |
| Increase (Dec) in Accrued Expenses               | (42,946)                 | 65,021                      | 112,579                     | 28,979                      | 22,979                      | 34,979                      | 28,979                      | 22,979                      | 34,979                      | 28,979                      | 22,979                      | (61,021)                    | 28,979                      |
| Increase (Dec) in Deferred Revenue               | (415,505)                | (384,885)                   | (398,584)                   | (398,584)                   | (398,584)                   | (398,584)                   | (398,584)                   | (398,584)                   | (398,584)                   | (398,584)                   | 4,384,424                   | (398,584)                   | (398,584)                   |
| Increase (Dec) in Interest Payable               | (714,263)                | 142,853                     | 142,853                     | 142,853                     | 142,853                     | 142,853                     | (714,265)                   | 142,853                     | 142,853                     | 142,853                     | 142,853                     | (714,265)                   | 142,670                     |
| Increase (Dec) in Other Liabilities              | -                        | (212,223)                   | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           |
| <b>Net Cash Provided By Operating Activities</b> | <b>290,940</b>           | <b>197,658</b>              | <b>244,913</b>              | <b>206,985</b>              | <b>19,990</b>               | <b>693,863</b>              | <b>139,754</b>              | <b>649,864</b>              | <b>132,351</b>              | <b>(659,861)</b>            | <b>371,788</b>              | <b>(402,672)</b>            | <b>1,516,378</b>            |
| <b>Capital and Related Financing Activities</b>  |                          |                             |                             |                             |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Purchase of Capital Equipment/CIP                | (1,575,798)              | (600,000)                   | (600,000)                   | (1,000,000)                 | (1,000,000)                 | (1,100,000)                 | (1,100,000)                 | (1,100,000)                 | (3,100,000)                 | (3,100,000)                 | (3,100,000)                 | (15,000)                    | (964,000)                   |
| New Financing                                    | -                        | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           |
| Transfers from Bond Fund                         | 1,248,411                | 600,000                     | 600,000                     | 1,000,000                   | 1,000,000                   | 1,000,000                   | 1,000,000                   | 1,000,000                   | 3,000,000                   | 3,000,000                   | 3,000,000                   | -                           | -                           |
| Repayments of Long-Term Debt                     | (126,571)                | (150,798)                   | (150,798)                   | (150,798)                   | (150,798)                   | (150,798)                   | (150,798)                   | (150,798)                   | (150,798)                   | (150,798)                   | (150,798)                   | (150,798)                   | (150,798)                   |
| Transfers From (To) Restricted/Trustee Funds     | (65,774)                 | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           |
| <b>Net Cash Used in Financing Activities</b>     | <b>(519,732)</b>         | <b>(150,798)</b>            | <b>(150,798)</b>            | <b>(150,798)</b>            | <b>(150,798)</b>            | <b>(250,798)</b>            | <b>(250,798)</b>            | <b>(250,798)</b>            | <b>(250,798)</b>            | <b>(250,798)</b>            | <b>(250,798)</b>            | <b>(165,798)</b>            | <b>(1,114,798)</b>          |
| <b>Net Increase (Decrease) in Operating Cash</b> | <b>(228,792)</b>         | <b>46,860</b>               | <b>94,115</b>               | <b>56,187</b>               | <b>(130,808)</b>            | <b>443,065</b>              | <b>(111,044)</b>            | <b>399,066</b>              | <b>(118,447)</b>            | <b>(910,659)</b>            | <b>120,990</b>              | <b>(568,470)</b>            | <b>401,580</b>              |
| <b>Operating Cash Balances</b>                   |                          |                             |                             |                             |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Cash At Beginning of Period                      | 1,950,055                | 1,721,263                   | 1,768,123                   | 1,862,238                   | 1,918,425                   | 1,787,617                   | 2,230,682                   | 2,119,638                   | 2,518,704                   | 2,400,257                   | 1,489,598                   | 1,610,588                   | 1,042,118                   |
| Change   | (228,792)                | 46,860                      | 94,115                      | 56,187                      | (130,808)                   | 443,065                     | (111,044)                   | 399,066                     | (118,447)                   | (910,659)                   | 120,990                     | (568,470)                   | 401,580                     |
| Cash At End of the Period                        | 1,721,263                | 1,768,123                   | 1,862,238                   | 1,918,425                   | 1,787,617                   | 2,230,682                   | 2,119,638                   | 2,518,704                   | 2,400,257                   | 1,489,598                   | 1,610,588                   | 1,042,118                   | 1,443,698                   |
| <b>Statistics</b>                                |                          |                             |                             |                             |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Days Cash on Hand (Operating Only)               | 13                       | 14                          | 14                          | 15                          | 14                          | 18                          | 17                          | 20                          | 19                          | 12                          | 13                          | 8                           | 11                          |
| Days in Net Accounts Receivable                  | 50                       | 47                          | 47                          | 47                          | 47                          | 47                          | 47                          | 47                          | 47                          | 47                          | 47                          | 47                          | 47                          |
| Days in Accounts Payable                         | 90                       | 90                          | 85                          | 70                          | 60                          | 50                          | 50                          | 50                          | 45                          | 45                          | 45                          | 45                          | 45                          |

- Notes:  
 \* Maintain cash between \$1.7 million & \$2 million  
 \* Hold off major capital spending to January, unless cash improves  
 \* Pay back Napa State starting in October  
 \* Reduce days in Accounts Payable to 45 by year end  
 \* Maintain days in Accounts Receivable at 47

**CORPORATE RESOLUTION**

I, the undersigned, hereby certify to First National Bank of Omaha ("Bank") that I am Secretary of \_\_\_\_\_ ("Corporation"), located in \_\_\_\_\_, and that I have been duly elected and am presently serving in that capacity. I further certify that the following resolutions have been duly adopted by the Board of Directors, or other governing body, of the Corporation and such resolutions are in full force and effect as of the date hereof and have not been revoked or rescinded as of this date:

RESOLVED that:

1. The First National Bank of Omaha Commercial Card Agreement ("Agreement") is approved.
2. The official(s) designated below ("Authorized Official(s)") is/are duly elected and holding the office shown, authorized to borrow money on behalf and in the name of the Corporation, execute any notes, drafts, agreements and other documents and instruments, pledge and encumber property of the Corporation (including, without limitation, bank accounts), and name the individuals at the Corporation who shall be authorized to instruct First National Bank of Omaha to issue credit cards to one or more employees of the Corporation, and the signatures below are the genuine signatures of such persons.

Authorized Official(s):

|                       |                |                    |
|-----------------------|----------------|--------------------|
| _____<br>Printed Name | _____<br>Title | _____<br>Signature |
| _____<br>Printed Name | _____<br>Title | _____<br>Signature |
| _____<br>Printed Name | _____<br>Title | _____<br>Signature |
| _____<br>Printed Name | _____<br>Title | _____<br>Signature |

3. The resolutions shall continue to be in full force and effect until express written notice of its/their rescission, modification or termination has been received by the Bank. Any and all prior resolutions received and certified by the Bank shall continue to have full force and effect until the Bank receives such written notice. Any rescission, modification or termination of a resolution must be accompanied by written notification to the Bank.

IN WITNESS WHEREOF, I have subscribed my name to this document and affixed the seal of the Corporation on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

(SEAL)

\_\_\_\_\_  
Signature of Secretary

\_\_\_\_\_  
Printed Name

12.

**ADMINISTRATIVE  
REPORT**



**To: Sonoma Valley Healthcare District Board of Directors**  
**From: Kelly Mather**  
**Date: 9/27/12**  
**Subject: Administrative Report**

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**Summary:**

**We have had two profitable months in a row and are ahead of budget. August was a strong month for volumes. We spent the month of September reorganizing a few functions in marketing, communication, and fundraising. In addition, we had two regulatory surveys. One survey was a surprise visit from JCAHO to validate that we complied with the action plan from June 2011. This random survey happens with 1% of hospitals surveyed. We passed this validation. The other survey was by California Department of Health to validate our Medication Error Reduction Plan was effective. This surveyor was here for 5 days and we did well.**

**Phase 1 Construction & Campus Expansion Plans**

The MRI is now in its new location, and we have broken ground on the New Wing. We are still on track to open in fall, 2013. There will be a Board study session on Phase 1 construction on October 9, 2012. The project is now approved at \$41.5 million. A Planning Commission study session for the South Lot development of an MOB and Wellness Center is scheduled for October 11, 2012. The developer has proved the attached new term sheet. Once the study session is completed, the Wiseman Company will send us their proposed final terms for consideration.

**Strategic Planning & Marketing**

The “Growth Team” put on a very well attended physician office staff luncheon and informational session on September 20<sup>th</sup>. The majority of the physician offices have been very supportive of the hospital. The increased connectivity through the Electronic Health Record is increasing efficiency and effectiveness for the physicians and their teams. Unfortunately, the Health Center has elected to stop using our lab until we can connect directly to their E H R. We are working on this project, along with other laboratory information upgrades with hopes for completion by November. We are encouraging Sonoma Valley employer groups to consider offering Western Health Advantage as a health insurance option to their employees.

**Leadership and Organizational Results (Dashboard)**

As you can see from the August Dashboard, our results for inpatient satisfaction are holding steady at the 50<sup>th</sup> percentile. The big news is that the outpatient satisfaction moved from the low 90s to 94.2%. The Value Based Purchasing clinical score took a dip in August, due to nursing missing a patient discharge instruction and, again, corrected. Leaders are now having conversations with staff to inspire our middle performers to move to high performers and re-recruit our high performers. We had the most surgeries we’ve ever had in August this year. Two new community outreach programs have been added, which include leaders reading with 1<sup>st</sup> – 3<sup>rd</sup> graders each week and 9 leaders becoming mentors for Seniors at Sonoma Valley High. In addition, I taught wellness to the 9<sup>th</sup> graders this month.



## AUGUST 2012 DASHBOARD

| PERFORMANCE GOAL          | OBJECTIVE                           | METRIC   | ACTUAL RESULT  | GOAL LEVEL  |
|---------------------------|-------------------------------------|--|--|---|
| <b>Service Excellence</b> | High In-Patient Satisfaction        | Press Ganey percentile ranking of current mean score   | Inpatient<br>85.6 mean at 52nd percentile                            | >70th = 5 (stretch)<br>>60th = 4<br><b>&gt;50th = 3 (Goal)</b><br>>40th = 2<br><40th=1                    |
|                           | High Out-Patient Satisfaction       | Press Ganey monthly mean score                         | Outpatient 94.2%<br>Surgery 91.9 %<br>Emergency 88.5%                | >93% = 5 (stretch)<br>>92%=4<br><b>&gt;91% =3 (Goal)</b><br>>90%=2<br><90%=1                              |
| <b>Quality</b>            | Excellent Clinical Outcomes         | Value Based Purchasing Clinical Score                  | 90%  | 100% for 12 mos= 5<br>100% 6/12 mos=4<br><b>100% 3/12 mos =3</b><br>>90%=2<br><80%=1                      |
| <b>People</b>             | Highly Engaged and Satisfied Staff  | Press Ganey percentile ranking of current mean score   | 2012 74.7% mean score at 58 <sup>th</sup> percentile (survey 1/2013) | >70 <sup>th</sup> = 5 (stretch)<br>>65th=4<br>>60th=3 (Goal)<br><b>&gt;55th=2</b><br><55 <sup>th</sup> =1 |
| <b>Finance</b>            | Financial Viability                 | YTD EBIDA  | 9%   | >10% (stretch)<br><b>&gt;9%=4</b><br>>8% (Goal)<br><7%=2<br><6%=1   |
|                           | Efficiency and Financial Management | FY 2013 Budgeted Expenses                              | \$8,569,066 (actual)<br>\$8.643,927 (budget)                         | <2% =5 (stretch)<br><b>&lt;1% = 4</b><br><Budget=3 (Goal)<br>>1% =2<br>>2% = 1                            |
| <b>Growth</b>             | Inpatient Volumes                   | 1% increase (acute discharges over prior year )        | 232 YTD FY 2013<br>243 YTD FY 2012                                   | <b>&gt;2% (stretch)</b> (Outpt)<br>>1%=4<br>>0% (Goal)<br><b>&lt;0%=2</b> (Inpt)<br><5%=1                 |
|                           | Outpatient Volumes                  | 2% increase (gross outpatient revenue over prior year) | \$17.16 million YTD<br>\$14.98 million in 2012                       |   |
| <b>Community</b>          | Community Benefit Hours             | Hours of time spent on community benefit activities    | > 200 hours in just 2 months   | >1000 = 5<br>>800 = 4<br>>600 = 3<br>>400 = 2<br><b>&gt;200 = 1</b>                                       |



## FY 2012 TRENDED RESULTS

| MEASUREMENT                              | Goal   | Jul<br>2012 | Aug<br>2012 | Sep<br>2011 | Oct<br>2011 | Nov<br>2011 | Dec<br>2011 | Jan<br>2012 | Feb<br>2012 | Mar<br>2012 | Apr<br>2012 | May<br>2012 | Jun<br>2012 |
|--|--------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Inpatient Satisfaction                   | >86%   | 86.3        | 85.6        | 86.8        | 89.1        | 86.3        | 87.6        | 86.5        | 88.2        | 83.7        | 87.5        | 87.9        | 86.9        |
| Outpatient Satisfaction                  | >92%   | 91.         | 94.2        | 92.4        | 93.5        | 89.7        | 92.2        | 90.5        | 90.5        | 91.6        | 91.7        | 91          | 90.9        |
| Surgery Satisfaction                     | >92%   | 90.2        | 91.9        | 90.7        | 91          | 94.2        | 92.2        | 91.5        | 93.7        | 92.9        | 91.5        | 90.1        | 90.5        |
| Emergency Satisfaction                   | >85%   | 87.3        | 88.2        | 86.4        | 88.2        | 85.5        | 84.1        | 81.9        | 85.6        | 87.8        | 88.9        | 88.7        | 88.2        |
| Value Based Purchasing<br>Clinical Score | >75    | 100         | 90          | 88.89       | 84.5        | 78.1        | 83.2        | 70          | 88.8        | 100         | 100         | 100         | 100         |
| Staff Satisfaction                       | 75%    | 75          | 72          | 72          | 72          | 72          | 72          | 72          | 75          | 75          | 75          | 75          | 75          |
| Turnover                                 | <12%   | 7.9         |             | 8.8         | 8.8         | 8.8         | 9.0         | 9.0         | 9.0         | 7.9         | 7.9         | 7.9         | 7.9         |
| EBIDA                                    | >8%    | 9           | 9           | 8           | 6           | 6           | 5           | 6           | 6           | 6           | 6           | 7           | 9           |
| Net Revenues                             | >3.9m  | 3.83        | 3.98        | 4.0         | 3.75        | 3.68        | 4.26        | 3.9         | 3.9         | 3.9         | 3.76        | 3.76        | 4.85        |
| Expense Management                       | <4.3m  | 4.2         | 4.3         | 4.3         | 4.2         | 3.9         | 4.5         | 4.2         | 4.1         | 4.3         | 4.4         | 4.7         | 5.2         |
| Net Income                               | >50    | 29          | 125         | 53          | -164        | 16          | -12         | 23          | 35          | 25          | -15         | 342         | 889         |
| Days Cash on Hand                        | >35    | 16          | 13          | 27          | 29          | 23          | 18          | 25          | 20          | 16          | 18          | 15          | 13          |
| A/R Days                                 | <55    | 50          | 50          | 57          | 57          | 58          | 61          | 63          | 57          | 59          | 59          | 59          | 60          |
| Total FTE's                              | <321   | 322         | 321         | 314         | 314         | 295         | 303         | 300         | 299         | 303         | 302         | 313         | 318         |
| FTEs/AOB                                 | <4.5   | 4.53        | 4.53        | 4.14        | 4.26        | 4.19        | 3.94        | 3.84        | 3.8         | 3.84        | 4.05        | 4.1         | 4.06        |
| Inpatient Discharges                     | >148   | 115         | 117         | 136         | 134         | 133         | 130         | 125         | 145         | 152         | 129         | 116         | 107         |
| Outpatient Revenue                       | \$7.5m | 8.1         | 9.0         | 7.7         | 7.5         | 7.8         | 7.83        | 8.6         | 8.0         | 8.7         | 7.8         | 8.1         | 7.7         |
| Surgeries                                | >130   | 123         | 138         | 126         | 126         | 144         | 132         | 132         | 115         | 154         | 137         | 136         | 120         |
| Home Health                              | >900   | 937         | 1052        | 982         | 881         | 1024        | 913         | 967         | 950         | 1023        | 997         | 989         | 941         |
| Births                                   | >15    | 9           | 16          | 17          | 11          | 19          | 17          | 9           | 10          | 11          | 23          | 6           | 15          |
| SNF days                                 | >630   | 633         | 682         | 567         | 633         | 543         | 685         | 662         | 567         | 672         | 618         | 729         | 688         |
| MRI                                      | >120   | 84          | 95          | 133         | 104         | 97          | 101         | 96          | 93          | 141         | 94          | 149         | 83          |
| Cardiology (Echos)                       | >70    | 78          | 56          | 88          | 85          | 88          | 71          | 93          | 75          | 92          | 74          | 77          | 68          |
| Laboratory                               | >12.5  | 12.6        | 12.9        | 14.9        | 13.5        | 14.2        | 12.8        | 13.4        | 12.8        | 14.0        | 14.5        | 12.5        | 12.6        |
| Radiology                                | >850   | 892         | 876         | 1139        | 1117        | 991         | 1023        | 1006        | 961         | 1011        | 1143        | 899         | 790         |
| Rehab                                    | >2587  | 2612        | 2798        | 2342        | 2890        | 2503        | 2240        | 2135        | 2526        | 2690        | 2674        | 2697        | 2520        |
| CT                                       | >356   | 304         | 326         | 299         | 324         | 318         | 358         | 323         | 336         | 278         | 293         | 419         | 301         |
| ER                                       | >775   | 838         | 823         | 800         | 787         | 739         | 741         | 791         | 804         | 783         | 717         | 863         | 810         |
| Mammography                              | >475   | 404         | 487         | 502         | 576         | 572         | 553         | 440         | 519         | 493         | 458         | 539         | 481         |
| Ultrasound                               | >300   | 312         | 352         | 370         | 338         | 345         | 307         | 319         | 336         | 319         | 336         | 314         | 321         |
| Occupational Health                      | >550   | 585         | 538         | 616         | 629         | 568         | 449         | 526         | 574         | 521         | 462         | 615         | 567         |

**SONOMA VALLEY HOSPITAL**  
**SOUTH LOT MEDICAL BUILDING**  
**DEVELOPMENT UPDATE AND PRELIMINARY TERMS**

**September 19, 2012**

**DEVELOPMENT UPDATE**

1. Two buildings, each with two floors –
  - a. 32,000 sf Medical Office Building
  - b. 26,000 sf Wellness Center
2. Provides parking for 235 cars, including the 22 car hospital requirement.
3. To be completed October, 2014.
4. Land and off-site improvement costs are high – \$3 million.
  - a. City requires improvements to Fourth Street West and to Hayes Street.
  - b. Environmental reviews estimated to cost \$200,000.
5. Because of these costs, Wellness Center financial feasibility is uncertain.
  - a. We will continue forward assuming that private financing or donor is available.
  - b. Bill Buchanan may be able to build Wellness Center at lower cost in which case Wiseman would deliver to him a finished pad.
  - c. Plan B will be to build MOB first and Wellness Center when funding arrives.
    - i. HOWEVER, will have to find interim funding for \$2.2 million of land, off-site and site costs that are attributable to Wellness Center.
6. City Planning Commission Study Session will be October 11 at 6:30 pm.
  - a. SVH to attend with Architect, Buchanan and Wiseman.
  - b. Goal is to secure their support for:
    - i. proposed use;
    - ii. proposed street improvements;
    - iii. and limited EIR.

**MEDICAL OFFICE BUILDING LEASE WITH OPTION TO PURCHASE**

1. 32,000 gross square foot, (30,000 rentable) two-story Medical Office Building.
2. SVH executes Master Lease for full building with right to sublease.
3. Ten year lease term commencing October 14, 2014.
4. Rental rate range - \$3.20 to \$3.50 per foot per month, Gross Lease.
  - a. Lease will specify the rental rate to be the LESSER of a percentage of total actual cost to create the building or \$3.50.
5. Landlord pays all operating expenses, except Tenant utilities and janitorial.
6. Annual CPI adjustments.
7. Landlord provides \$50 per square foot tenant improvement allowance.
8. SVH has option to purchase MOB at actual cost plus 15% upon completion.



## **LAND TRANSFER**

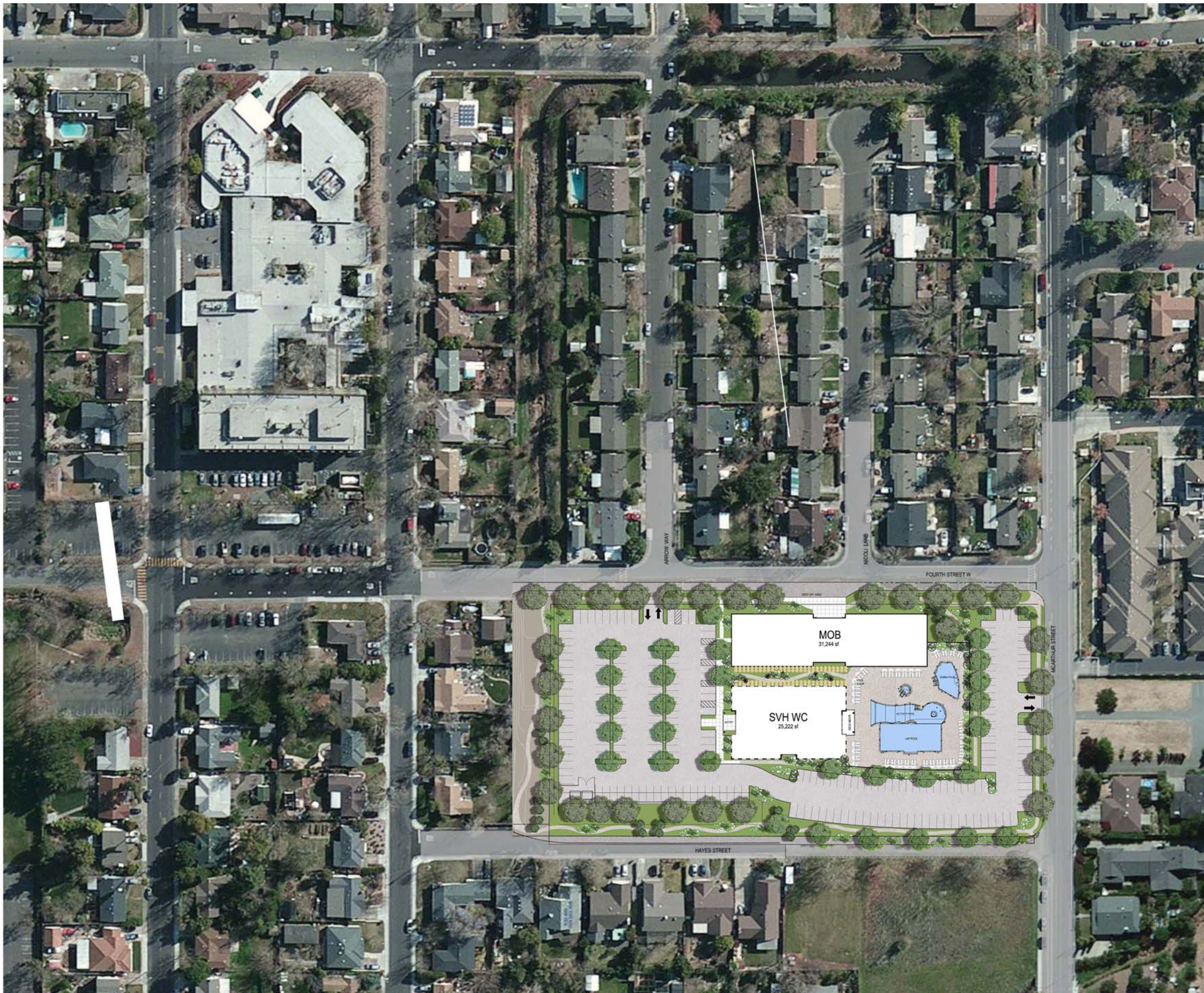
1. During the pre-construction development period (approximately one year) Wiseman will pay all costs to complete the design and secure all necessary government approvals:
  - a. Architecture;
  - b. Engineering;
  - c. EIR;
  - d. City fees;
  - e. Survey;
  - f. Consultants.
2. Wiseman will complete the purchase of the land from bank when government approvals are received and permits issued.
  - a. SVH will assign purchase option rights to Wiseman.
  - b. Wiseman will pay bank the same amount that SVH would have paid at that date.
3. In consideration of costs incurred by SVH to improve parking lot, SVH shall have access to 22 spaces in the parking lot in perpetuity.

## **MEMORANDUM OF UNDERSTANDING**

1. Memorandum expires October 8, 2012.
2. To be extended 60 days in order to complete design, due diligence and terms of agreement.



## MEDICAL OFFICE BUILDING AND WELLNESS CENTER



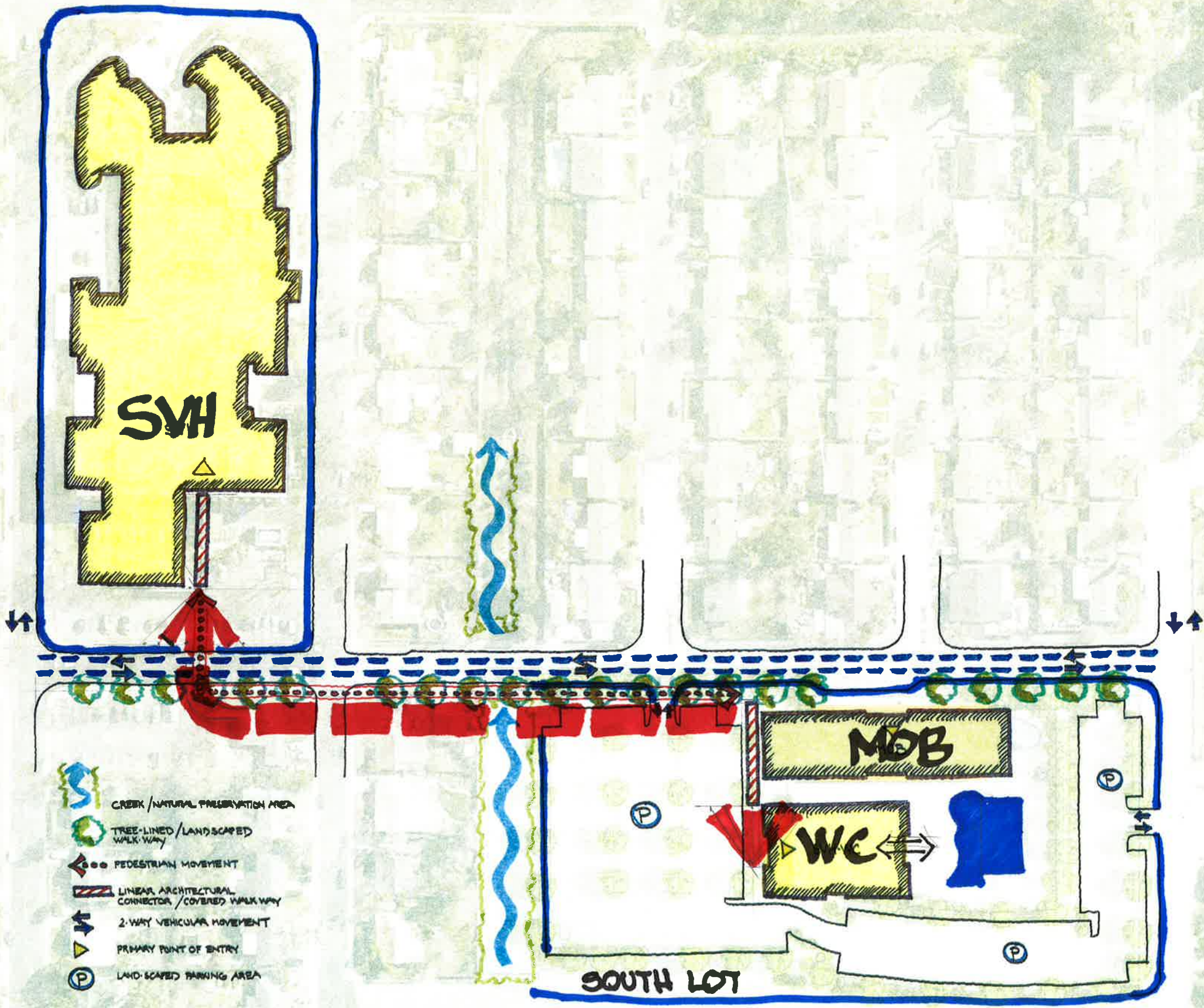
**brentonArchitects**  
 909 Montgomery St., Suite 2  
 San Francisco, CA 94133  
 415-546-3932 fax  
 415-546-1212 tel

**Aerial Plan (Existing Hospital and New Development )  
 Sonoma Valley Hospital MOB & MFC, Sonoma, CA**

07.31.12

30271.00





-  CREEK / NATURAL PRESERVATION AREA
-  TREE-LINED / LANDSCAPED WALKWAY
-  PEDESTRIAN MOVEMENT
-  LINEAR ARCHITECTURAL CONNECTOR / COVERED WALKWAY
-  2-WAY VEHICULAR MOVEMENT
-  PRIMARY POINT OF ENTRY
-  LAND-SCAPED PARKING AREA



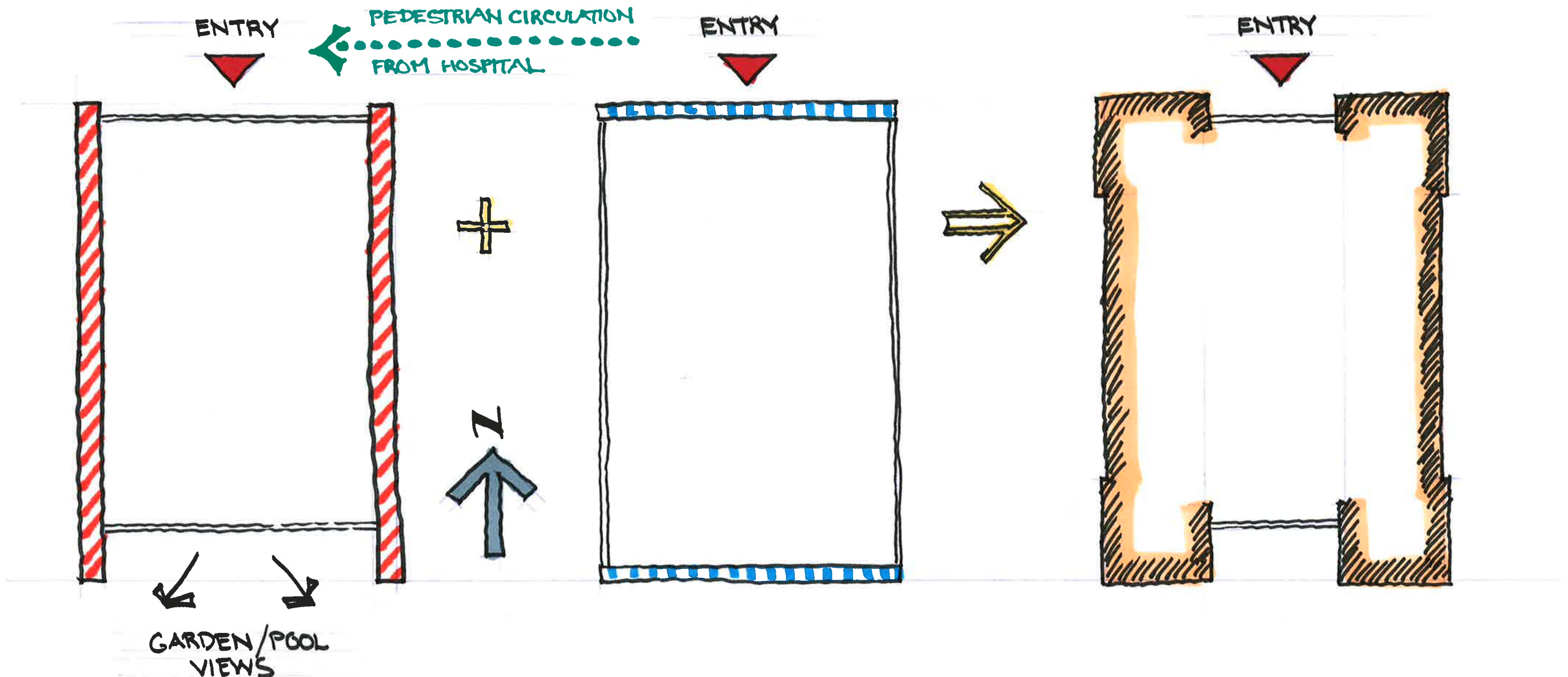


**breertonArchitects**  
 909 Montgomery St. Suite 260  
 San Francisco, CA 94133  
 tel: 415 546 1212  
 fax: 415 546 3932

**Sonoma Valley Hospital - Wellness Center**  
 Fourth & MacArthur Streets  
 Sonoma, CA

-  
 1" = 40'

Scheme F.1  
 15SEP2012



EXPOSURE + ENTRY

2-FRONT/PRIMARY FACADES

BUILDING FORM + MATERIALS



09.25.2012

NORTH ELEV. STONE ENDS  
W/STUCCO SIDES (A)



09.25.2012

SOUTH ELEVATION



MOB

WELLNESS CENTER

NORTH ELEV.

STONE + GLASS  
w/ STUCCO SIDES

(B)

09.25.2012



WELLNESS CENTER

MOB

SOUTH ELEVATION

09.25.2012



13.B.

QUALITY  
COMMITTEE



# **REDUCING WASTE THROUGH RESOURCE AND UTILIZATION MANAGEMENT**

**Presented: 9/26/12**

**Sonoma Healthcare District Board Quality  
Committee**

**Leslie Lovejoy, RN, PH.D.**

**Chief Quality & Nursing Officer**

# HOW DO WE ACHIEVE HIGH QUALITY CARE AT LOW COST?

- **Manage Utilization:** ensuring that the patient obtains the right level of care at the right time in the right location. The result is optimized evidence –based quality outcomes.
- **Manage Resources:** using lean principles and continuous performance improvement to identify waste throughout the organization and move to reduce waste through improved performance.
- **Manage Costs:** using operational benchmarks, creating strategic affiliations and contracting, and strategic planning to manage the overall cost of providing high quality patient care.



# MANAGE UTILIZATION: STRATEGIES

- Investment in the Case Management Transformation Initiative in 2011-2012.

Transforming the role of Case Managers

Adding a Case Manager Assistant Role

Computerized Interqual

Improved Partnership with Hospitalists



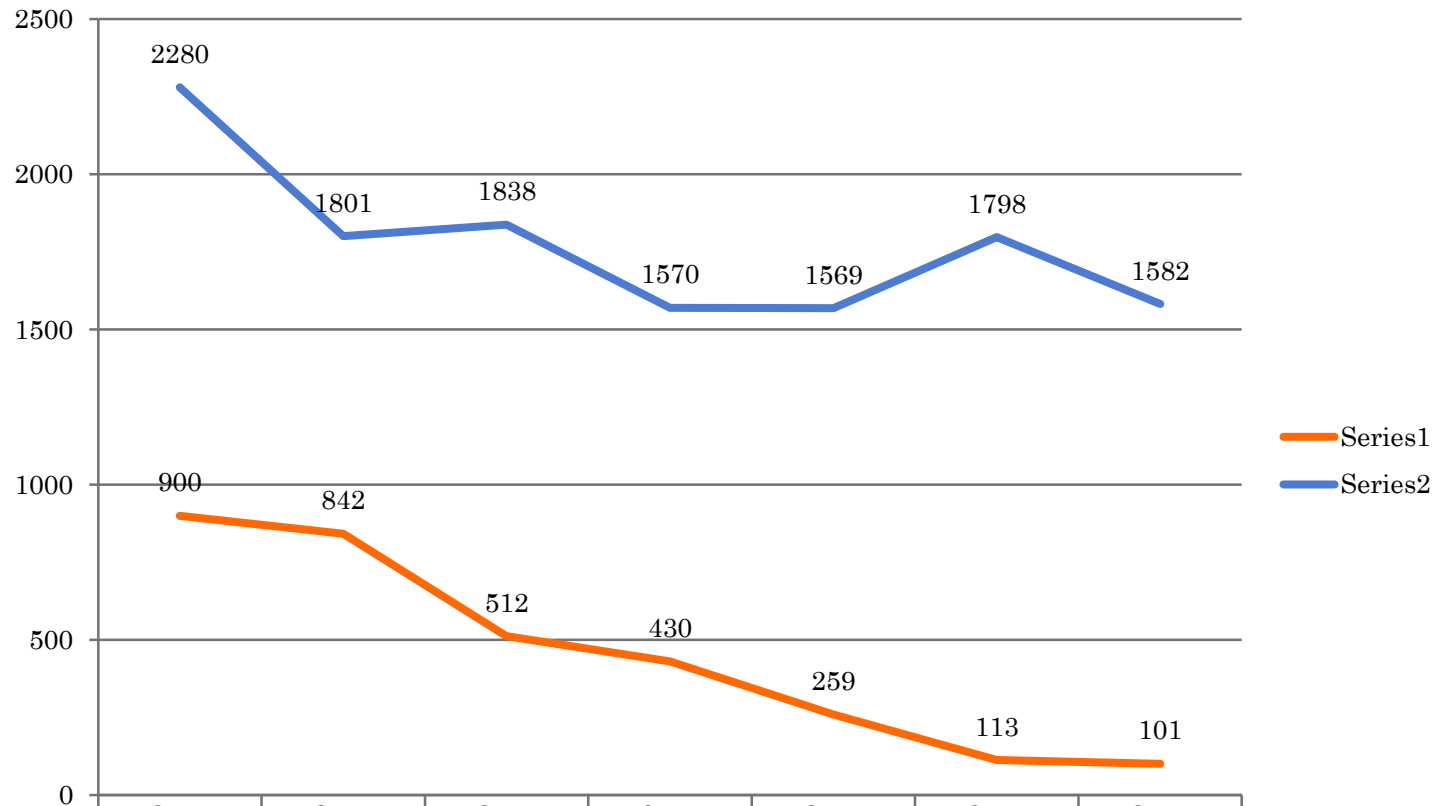
# RETURN ON INVESTMENT

- 2011 Medicare Average Length of Stay: 3.91  
Improved partnership and team collaboration ; use of estimated discharge date and time on white board; use of white boards to identify plan of care = healthy average length of stay.
- 2011 Average Case Mix Index: 1.50  
Even with an older patient population, physician documentation overall is good. Provided clinical documentation pocket guides to Hospitalists = good case mix index.



# RETURN ON INVESTMENT

## Medicare Excess Days by Patient Days



|         |      |      |      |      |      |      |      |
|---------|------|------|------|------|------|------|------|
| Series1 | 900  | 842  | 512  | 430  | 259  | 113  | 101  |
| Series2 | 2280 | 1801 | 1838 | 1570 | 1569 | 1798 | 1582 |



# MANAGE UTILIZATION CON'T

2012-13 Strategies:

Improving Observation Status Process

Implementing a pilot ED Case Management program

Readmission Interviews and Care Transition Team

Palliative Care Program

Business Office/Case Management RAC Audit performance improvement



# MANAGE RESOURCES: STRATEGIES

- 2011 Investment in Press Ganey Clinical Performer data software which provides real time data by patient on charges, resource utilization and physician practice patterns.
  - \* Ongoing Physician Performance Evaluations
  - \* Ability to develop Physician Group Dashboard Indicators & tie payment to performance
  - \* Ability for Leaders to understand, monitor and improve organizational performance. Tie core measures and utilization management to performance.





# MANAGE RESOURCES

## ○ Medicare Break-Even Project

Team Members: Pharmacy, Lab, Imaging, Case Management/Quality, Nurse Directors, Medical Staff, Finance & others as needed.

### Goals:

1. Reduce the use of MRI testing in the inpatient setting.
2. Implement best practice guidelines to reduce the need for and use of blood transfusions.
3. Identify and reduce the number of repetitive & potentially wasteful laboratory testing by physician.



# MANAGE RESOURCES: STRATEGIES CON'T

- Medicare Break Even Team

## Goals con't.:

4. Using the IHI Waste Identification tool, identify processes of care that need improving.
  - a. PICC Line process
  - b. Pre-op testing
  - c. Lab printing test results
  - d. ED to Acute throughput
  - e. Use of supplies
5. Reduce pharmaceutical costs
6. Comparing practice patterns by physician by DRG to identify opportunities for education and standardization.



# MANAGE COSTS: STRATEGIES

- Supplies – inventory standardization

Surgery:

1. Ballpark cost reduction-\$150,000-\$200,000 in pt chargeable and supplies from FY2011=FY2012.
2. Changed from single supply items to packs for majority of cases-reducing waste and supplies. We no longer open disposable items unless specifically asked for by the surgeon during the case.
3. Adding prices to everything so the surgeons, anesthesia and staff all know the costs of what they are using.

Materials Management:

1. Contracting with vendors if we utilize 80% of their products for a significant discount.
2. Renegotiation of contracts to reduce costs by 36K
3. Looking at supply lines to reduce costs
4. Reduced implants cost to 114K

- Environment: lighting, forms management



# OTHER STRATEGIES

- Keeping revenue

Core Measures performance for Value Based Purchasing; Preliminary Run Report score 1.02

Improving Patient Satisfaction

Addressing Readmissions:

Reducing pay-backs from RAC Audits

Ensuring 3-Day qualifying stay for patients being discharged to Skilled Nursing





SUBJECT: Security Management – Infant Security Code Pink

POLICY # 6

DEPARTMENT: Engineering

PAGE 1 OF 4

EFFECTIVE:

APPROVED BY: Safety Committee

REVISED: 2/23/2012

**PURPOSE:**

- Safeguard newborn infants and pediatric patients from removal from the facility by unauthorized individuals.
- To ensure that, in the event an infant or pediatric patient is missing, all hospital personnel and outside agencies are notified appropriately, with the goal being to locate and reunite the infant or pediatric patient with his/her family in the most expedient manner possible.

**DEFINITIONS:**

- Code Pink: Abduction of a newborn or child < 2 years old
- Code Purple: Abduction of a child > 2 years old

**POLICY:**

Only those staff members with proper valid nametags will care for or transport patients to other departments within the hospital. All parents or responsible party will be educated in the prevention of hospital abductions.

**RESPONSIBILITIES:**

OB Nursing Supervisor, Security Guard – except between 5 and 6 pm, Security and Safety Officer (Director of Facilities), and the Safety Committee are responsible for developing, implementing, and monitoring the Security management program.

**PROCEDURE:**

- A. All parents or responsible party are encouraged to stay with the pediatric patient and are welcomed along on any transfers.
- B. Educate the parents or responsible party in preventing hospital abduction.
  1. Be sure the parents or responsible party understand that they are not to give their baby/child to anyone not wearing a valid hospital nametag.



|  |                    |
|--|--------------------|
| SUBJECT: Security Management – Infant Security Code Pink | POLICY # 6         |
| DEPARTMENT: Engineering                                  | PAGE 2 OF 4        |
| APPROVED BY: Safety Committee                            | EFFECTIVE:         |
|  | REVISED: 2/23/2012 |

2. Be sure the parents or responsible party understands that they are not to leave their baby/child unsupervised at any time.
- C. Be alert to unusual behavior.
1. All personnel should be alert to unusual behavior they encounter such as the following:
    - a. Repeat visiting or hovering around the child’s door or repeat visiting to the nursery window “just to see the babies”
    - b. Close questioning about hospital procedure and layout of the department
    - c. Taking of unit scrubs or other means of hospital identification
    - d. Leaving the hospital by foot with baby
    - e. Unauthorized personnel or members of the public entering the child’s room.
  2. Anyone that exhibits the following behavior must be reported to the hospital.
    - a. The security person or nursing supervisor must ask for the person’s identification and interview the person about the reason for their presence or questions.
    - b. If the person becomes agitated, call 5-5-5-5 and announce “Code Grey” to location.
- D. In case of abduction, refer to “Code Pink and Purple” procedure below.

**Code Pink and Purple Procedure:**

1. Reporting an Abduction:
  - a. If you suspect someone of abducting an infant or child in the facility, immediately call the PBX Operator by dialing **5-5-5-5** and report a “**Code Pink / Purple To (location).**”
  - b. If possible give a description of any suspect(s).
  - c. Call 911 to report the abduction.
  - d. Continue the search for the missing infant or child until they are found or we are notified by the authorities to stop the search.
2. PBX Operator:
  - a. Announce over the PA system “**Code Pink / Purple, to (location)**”. Repeat announcement twice, and continue to repeat until the code has been cleared.
  - b. Request emergency help as directed by management.
3. Securing the Inside of the Hospital and Internal Perimeters:
  - a. Immediately secure the area where the suspected abduction took place. No visitors in or out of the area.



SUBJECT: Security Management – Infant Security Code Pink

POLICY # 6

DEPARTMENT: Engineering

PAGE 3 OF 4

EFFECTIVE:

APPROVED BY: Safety Committee

REVISED: 2/23/2012

- b. Upon hearing **Code Pink or Purple** announcement, all employees not immediately involved in patient care should proceed to the nearest exit and observe for suspicious persons (someone carrying a large bag or wearing bulky attire that could conceal an infant.) Do not attempt to detain suspicious persons, but explain the situation and ask to check bags and bulky attire for infant. Be prepared to give a description of the suspect to the authorities. If the suspect flees, follow the suspect (if it is safe to do so) and observe for make and model of car and license plate.
  - c. All hospital departments shall determine the exit(s) nearest to them, and plan to cover those exits. On nights, weekends, and holidays, priority should be given to the “tower” building stairwells and exits to the outside.
  - d. Once the perimeter is secured, every department must assign someone to check all rooms including bathrooms in their area for suspect.
  - e. Secure the area of the abduction as a crime scene until law enforcement arrives. Do not admit anyone to this area or remove any items that would be useful in an investigation from this area.
4. Securing the Exterior of Building:
- a. During regular hours, all Engineering personnel will proceed to the streets and parking lots to check vehicles exiting area. They will ask for permission to inspect interiors and trunks of vehicles as appropriate.
  - b. Record license plates and make/model of vehicles leaving area.
  - c. During off hours, Nurse Supervisor will assign personnel to this duty.
5. Working with the Family and the Public:
- a. As soon as possible, move the family of the abducted infant, but not their belongings, to a private room off the maternity unit. Assign a hospital staff member to accompany them at all times, protecting them from stressful contact with the media or other interference and providing care and support to the needs of the family.
  - b. Secure the crime scene until authorities arrive. Ensure that no one but the authorities enter the scene.
  - c. Provide the family with emergency crisis intervention through a behavioral health counselor, clergy or social services.
  - d. Secure all records/charts of the mother and infant.
  - e. Assign and brief the hospital spokesperson and inform and involve local media by requesting their assistance in accurately reporting the facts of the case and soliciting the support of the public.



|  |                    |
|--|--------------------|
| SUBJECT: Security Management – Infant Security Code Pink | POLICY # 6         |
| DEPARTMENT: Engineering                                  | PAGE 4 OF 4        |
| APPROVED BY: Safety Committee                            | EFFECTIVE:         |
|  | REVISED: 2/23/2012 |

- 6. Once Situation is Resolved
  - a. A critique with the Code Pink and Purple Response members will be held.
  - b. Recommendations will be included in the follow-up portion of the Notification Form.

**REFERENCE:**

The Joint Commission (TJC) EC.02.01.01 and EC.02.01.03

**ACCOUNTABILITY/RESPONSIBILITY FOR REVIEW:**

Security Officer/Director of Facilities, Safety Officer, and Safety Committee





SUBJECT: Humidity and Temperature Monitoring in Surgery and Birthplace Surgical Suites

POLICY # 101

PAGE 1 OF 2

DEPARTMENT: Engineering

EFFECTIVE: 6/25/2011

APPROVED BY: Sonoma Valley Hospital Safety Committee

REVISED: 3/8/2012

**Purpose:**

To provide appropriate methods of monitoring and adjusting Surgical Suite temperature and relative humidity levels.

**Background:**

A relative humidity that is too high can result in damp or moist supplies with added opportunity for mold growth and compromised sterile packaging. It can also contribute to excess perspiration when combined with high temperatures. A relative humidity that is too low can result in excessive bacteria-carrying dust within the surgical environment. Low humidity also contributes to static electricity charges.

**Policy:**

**Preventive Maintenance of the Operating Room HVAC System:** The Engineering Department shall implement appropriate preventive maintenance and monitoring practices to assure the HVAC system is functioning as designed. 2012 NFPA 99 requires operating room relative humidity to be between the ranges of 20% to 60%. Recommended temperature range is 68-73°F but considerations for adjustments to temperature include the comfort of the surgery team, excessive perspiration, and clinical needs of the patient or the procedure.

**Procedure:**

1. The Surgery and Birthplace Department staff shall be responsible for monitoring temperature and relative humidity levels on a daily basis when the surgical suites are in use.
2. Temperature and relative humidity levels shall be documented during stable times (first thing in the morning, before surgical cases).
3. The Engineering Department shall be notified immediately if the temperature or relative humidity levels are out of the acceptable range.
4. Facilities/Engineering shall respond promptly and appropriate corrective actions will be coordinated and/or completed by engineering personnel.
5. Corrected 'in range' temperature and relative humidity will be documented by Surgery Department or Birthplace staff prior to utilizing the surgical suite.
6. The temperature and humidity logs shall be maintained by the unit and reported to Engineering to be recorded as part of the compliance documentation and as a form of redundancy and best practices.
7. Other routine monitoring of HVAC functioning will be prescribed by the Utilities Management plan and approved by the Environment of Care Committee.

**Reference:**

1. *NFPA 99 2012 edition*
2. *ASHREA Standard 170*



SUBJECT: Humidity and Temperature Monitoring in Surgery and Birthplace Surgical Suites

POLICY # 101

PAGE 2 OF 2

DEPARTMENT: Engineering

EFFECTIVE: 6/25/2011

APPROVED BY: Sonoma Valley Hospital Safety Committee

REVISED: 3/8/2012

3. *CBC/Title 24*
4. Centers for Disease Control: *Guidelines for Environmental Infection Control in Health-Care Facilities*. MMWR June 6, 2003 / 52(RR10);1-42.

**Accountability/Responsibility for Review:**  
Sonoma Valley Hospital Safety Committee.



|                                     |  |
|-------------------------------------|--|
| SUBJECT: Ice Machine Maintenance    | POLICY # 102                               |
|                                     | PAGE 1 OF 1                                |
| DEPARTMENT: Engineering             | EFFECTIVE: 6/25/2011                       |
| APPROVED BY: Director of Facilities | REVISED: 11/3/2011<br>3/29/2012<br>9/27/12 |

**Purpose:**  
To provide appropriate ice machine cleaning, disinfection, and maintenance.

**Policy:**  
Ice Machines will be cleaned, disinfected, and maintained according to manufacturer’s guidelines. Environmental Services is responsible for daily cleaning of the ice machines with the exception of the cafeteria ice machine which is cleaned daily by Nutritional Services. Facilities/Engineering is responsible for the periodic disinfection, water testing, and ongoing preventative maintenance of all ice machines in the facility.

**Procedure:**  
Refer to the Follett Corporation Operation and Service manual for recommended cleaning and sanitizing instructions.

**Documentation:**  
The Engineering Preventative Maintenance Database generates a schedule for preventative maintenance based on the manufacturer’s instructions. All cleaning, disinfection, repairs, and maintenance issues are documented in the database by ice machine asset number for tracking and trending.

Daily ice machine (exterior) cleaning and disinfection is performed and documented by the Environmental Services Department.

**Accountability/Responsibility for Review:**  
Director of Facilities

13.C.

**GOVERNANCE  
COMMITTEE**



**Meeting Date:** October 4, 2012

**Prepared by:** Kevin Carruth, Governance Committee Chair  
Peter Hohorst, Board Chair

**Agenda Item Title:** Amend the Governance Committee (GC) Charter to Authorize the GC to Act on Behalf of the Board Regarding Certain Legislative Matters

**Recommendation:**

The Board shall approve the attached amended language for the GC Charter.

**Background:**

Periodically legislation (state or federal) is moving quickly and requires a prompt response from the District, either to support or oppose. When there is insufficient time to wait for the next Regular Board Meeting quick action is required, this delegation of authority will allow the GC to act on behalf of the Board. It will require retroactive reporting to the Board by the GC at the next Regular Board Meeting.

**Consequences of Negative Action/Alternative Actions:**

The Board, District, and CEO will not be in a position to provide input to influence pending legislation when is moving quickly and the District must act quickly in order to have its voice heard.

**Financial Impact:**

None

**Selection Process and Contract History:**

None

**Board Committee:**

The GC unanimously recommends approval.

**Attachment:**

Governance Committee Charter – see amended language, underlined with strike-out.



|  |                   |
|--|-------------------|
| SUBJECT: Governance Committee Charter    | POLICY #          |
| DEPARTMENT: Board of Directors           | PAGE 1 OF 5       |
| APPROVED BY: Board of Directors (1/5/12) | EFFECTIVE: 1/5/12 |
|  | REVISED:          |

**Purpose:**

Consistent with the Mission of the District the Governance Committee (GC) assists the Board to improve its functioning, structure, and infrastructure, while the Board serves as the steward of the District. The Board serves as the representative of the residents of the SVHCD by protecting and enhancing their investment in the SVH in ways that improve the health of the community collectively and individually. The Board formulates policies, makes decisions, and engages in oversight regarding matters dealing with ends, CEO performance, quality of care, and finances. The Board must ensure that it possesses the necessary capacities, competencies, structure, systems, and resources to fulfill these responsibilities and executive these roles. In this regard it is the Board’s duty to ensure that:

- Its configuration is appropriate;
- Necessary evaluation and development processes are in place;
- Its meetings are conducted in a productive manner;
- Its fiduciary obligations are fulfilled.

The GC shall assist the Board in its responsibility to ensure that the Board functions effectively. To this end the GC shall:

- Formulate policy to convey Board expectations and directives for Board action;
- Make recommendations to the Board among alternative courses of action;
- Provide oversight, monitoring, and assessment of key organizational processes and outcomes.
- Take action on behalf of the Board when prompt action is necessary regarding pending legislation (state or federal) that affects the District/Hospital. The Governance Committee Chair shall report such action, and provide copies of correspondence with legislators (state or federal), to the Board at the next regular Board meeting.

The Board shall use the GC to address these duties and shall refer all matters brought to it by any party regarding Board governance to the GC for review, assessment, and recommended Board action, unless that issue is the specific charge of another Board Standing Committee. The GC makes recommendations and reports to the Board, except for legislative issues requiring prompt action. It has no authority to make decisions or take actions on behalf of the District, except for legislative issues requiring prompt action.

**Policy:**



|  |                   |
|--|-------------------|
| SUBJECT: Governance Committee Charter    | POLICY #          |
|  | PAGE 2 OF 5       |
| DEPARTMENT: Board of Directors           | EFFECTIVE: 1/5/12 |
| APPROVED BY: Board of Directors (1/5/12) | REVISED:          |

**SCOPE AND APPLICABILITY**

This is a SVCHD Board Policy and it specifically applies to the Board, the Governance Committee and all other Standing Committees, the CEO, and the Compliance Officer.

**RESPONSIBILITY**

**Committee Structure and Membership**

- The GC, with input from the Standing Committees, shall review the composition of the Standing Committees annually for vacancies, including an assessment of the desired homogeneous and heterogeneous traits necessary for the Board to work together effectively. Examples of desired homogeneous traits include integrity, interest in, and commitment to the Hospital, interpersonal maturity, and willingness to devote the necessary time and effort, and the ability get along and work effectively with others; and heterogeneous traits include their relationship to the Hospital, experience, gender, ethnicity, and expertise. The GC shall assist the Board in having a well qualified, committed, interpersonally skilled, and diverse mix of Standing Committee members, reflective of the District.
- The GC, with input from the Standing Committees and the Board, shall identify the skill sets of the current members and the skills sets ideal for the Standing Committees as a whole, and present a matrix to the Board for its action and use when recruiting and screening potential Standing Committee members.

**Board Development**

- **New Member Orientation**
  - Design our Board’s new-member orientation process and reassess it bi-annually before elections.
- **Continuing Education of the Board**
  - Plan the two annual board retreats—one in and one away from Sonoma. Identify an annual training program addressing current issues of importance to the Board to be presented off-site in Sonoma for the Board, possibly including Standing Committee members, Medical Staff, selected hospital leaders, and others as deemed appropriate by the Board. Coordinate with other Standing Committees as appropriate to avoid duplication of effort.
  - Direct and oversee our Board’s continuing education and development activities for both the Board and its Standing Committees.
- **Board Self Assessment**
  - Direct and oversee the annual assessment of our Board, Standing Committees,



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| SUBJECT: Governance Committee Charter    | POLICY #          |
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|  | REVISED:          |

and individual Board members; reviewing these assessments; and making recommendations to the Board regarding ways in which its performance and contributions can be enhanced.

### Monthly Board Development

- Plan a systematic reading program for the Board, designed to increase Board knowledge in issues of interest and important to the District. The GC shall consult with the other Board members and the CEO in developing the program.

### Develop Policies and Recommend Decisions

- Draft policies and decisions regarding governance performance and submit them to the Board for deliberation and action.

### Oversight

- **Compliance**
  - Recommend quantitative measures to be employed by the Board to assess governance performance and contributions.
  - Conduct the annual review of governance performance measures and submit an analysis to the Board for deliberation and action.
- Conduct an annual assessment of all Board policies and decisions regarding governance performance.

### Legislation

- Review, draft, and/or recommend legislative proposals to the Board for deliberation and action.

Perform other tasks related to governance as assigned by the Board.

### Annual GC Calendar

- In April, in advance of the budget process, review the adequacy of financial and human resources currently allocated for the Board and its Standing Committees to meet their obligations and comply with their Charters. This includes but is not limited to the financial and human resources necessary to support the Board, for a Compliance Officer and related support funding, and Continuing Education Board retreat and local offsite, the annual Board self assessment, and new Board member orientation, and Board monthly development.
- Annually review and assess all board policies regarding governance, specifically including the GC and all other Standing Committee Charters, and make





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| SUBJECT: Governance Committee Charter    | POLICY #          |
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- recommendations to the Board for action in December.
- The CY GC work plan shall be submitted to the CEO no later than November for input and resource assessment and shall be submitted to the Board for action no later than December.
- The GC shall report on the status of its prior year’s work plan accomplishments by December.
- The GC shall establish the next CY meeting schedule no later than December.
- The CEO shall develop and provide a rolling 12 month calendar of all scheduled Regular and Special Board Meetings, Board Standing Committee meetings, and Standing Committee Work Plan due dates, update it monthly, and include it on each regular Board meeting Consent Calendar.
- The CEO shall develop and submit proposed legislative changes annually at the first meeting ~~after the~~ after the legislature has adjourned its regular session for the next calendar year—typically September, October at the latest. The GC shall make its recommendations to the Board for action no later than December.
- The GC shall annually review the District’s Code of Conduct and Compliance Program and report to the Board for its action no later than December.
- The CEO shall promptly submit to the GC all reports, assessments, audits by external organizations and the Hospital’s responses that are not submitted to the Audit Committee or the Quality Committee as required by their Charters. In those cases the GC shall determine the appropriate reviewing body and make that referral or conduct the review and referral to the Board itself.

**Even Numbered Year GC Calendar Years**

- Present the New Board Member Orientation Process to the Board for its review and action by August in even numbered years, in advance of the pending election.

**GC Membership**

The GC shall have 2 members. The GC shall be staffed by the Hospital’s CEO at the request of the GC Chair until there is a Compliance Director who shall attend all QC meetings. The CEO may attend all GC meetings and shall be a resource at the GC meetings upon request of the GC chair. GC membership is the Board Chair and the Board Secretary. Generally, the GC Chair shall be the Board Chair, at the Chair’s discretion.

**Frequency of QC Meetings**

The GC shall meet six times a year at minimum, unless there is a need for additional meetings. Meetings may be held at irregular intervals.



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| SUBJECT: Governance Committee Charter    | POLICY #          |
| DEPARTMENT: Board of Directors           | PAGE 5 OF 5       |
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|  | REVISED:          |

**Public Participation**

All GC meetings shall be announced and conducted pursuant to the Brown Act. The general public, patients, and their families and friends, Medical Staff, and Hospital staff are always welcome to attend and provide input. Other Board members may attend but may not comment as it may be a Brown Act violation.

**FREQUENCY OF REVIEW/REVISION**

The GC shall review the Charter annually, or more often if required. If revisions are needed, they will be taken to the Board for action.



**Meeting Date:** October 4, 2012

**Prepared by:** Kevin Carruth, Governance Committee Chair  
Peter Hohorst, Board Chair

**Agenda Item Title:** District Conflict of Interest Code

**Recommendation:**

The Board shall approve the attached Conflict of Interest Code for the District.

**Background:**

Hospital staff, working with District Counsel, has prepared the attached Conflict of Interest Code for the Board to consider adopting. From a Board policy perspective it will bring the District into compliance with the state's statutory reporting requirements. The CEO continues to be responsible for ensuring that Fair Political Practice Commission Form 700s are filled out by all parties as required and notifying the Board if there is any noncompliance with that requirement.

**Consequences of Negative Action/Alternative Actions:**

The Board and the District will not have a Conflict of Interest Code.

**Financial Impact:**

None

**Selection Process and Contract History:**

None

**Board Committee:**

The GC unanimously recommends approval.

**Attachment:**

SVHCD Conflict of Interest Code

**SONOMA VALLEY  
HEALTHCARE DISTRICT**

**CONFLICT OF INTEREST CODE  
(Incorporated here by Reference  
is 2 Cal. Code of Regs. 18730)  
AND  
APPENDIX**

**Adopted by the Board of Directors, (\_\_\_\_\_, 2012)**

The Political Reform Act (California Government code Sections 81000, et seq.) requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The California Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730, hereinafter “Regulation”) which contains the terms of a standard Conflict of Interest Code which can be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act. The Regulation further provides that incorporation of its terms by reference along with the designation of employees and the formulation of disclosure categories in an Appendix (Appendix A and B attached hereto) shall constitute the adoption and promulgation of a conflict of interest code within the meaning of Government Code Section 87300 or the amendment of a conflict of interest code within the meaning of Government Code Section 87307.

Therefore, the terms of the Regulation and any amendments to it, duly adopted by the Fair Political Practices Commission, are hereby incorporated by reference. The Regulation and the attached Appendix designating officials and employees and establishing disclosure categories constitute the Conflict of Interest Code of the Sonoma Valley Healthcare District, doing business as

Sonoma Valley Hospital.

Designated officials and employees and any person who manages the District's investments shall file statements of economic interests (Form 700) with the District. Such officers covered by this Code who are also public officials specified in Section 87200 of the Government Code, including those who manage public investments, shall file Form 700s pursuant to that Government Code provision as long as the categories of disclosure are the same or broader than those under this Code. The Form 700s will be available for public inspection and reproduction. (California Government Code Section 81008). Upon receipt of the statements of all designated officials and employees, the District shall make and retain a copy and forward the original of these statements to the County Clerk for the County of Sonoma.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Secretary, Board of Directors

# SONOMA VALLEY HEALTH CARE DISTRICT

## CONFLICT OF INTEREST CODE

### Appendix "A"

| <u>Designated Positions</u>   | <u>Disclosure Category</u> |
|---|----------------------------|
| Member of the Board of Directors  | 1                          |
| President and Chief Executive Officer   | 1                          |
| <del>VP Finance and</del> Chief Financial Officer                             | 2                          |
| <del>Controller</del> Director of Finance                                     | 2                          |
| <del>VP Operations/Patient Services</del> Chief Nursing Officer               | 2                          |
| <del>VP Business Development and Marketing</del> Director of Public Relations | 2                          |
| <del>VP Physician Relations/Clinical Development</del>                        | <del>2</del>               |
| <del>VP Development</del>   | <del>2</del>               |
| <del>Human Resources Director</del> Chief Human Resources Officer             | 2                          |
| Assistant Hospital Administrator  | 2                          |
| Director of Professional Services   | 2                          |
| Director of Nursing   | 2                          |
| <del>Materials Manager</del> Director of Materials Management                 | 2                          |
| <del>Chief Engineer</del> Director of Facilities                              | 3                          |
| Nutritional Services Manager  | 3                          |
| Consultants   | *                          |

\*Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The chief executive officer may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure

requirements described in this section. Such determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The chief executive officer's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

*Draft temporary notes:*

- *VP Finance and have been deleted from Chief Financial Officer title*
- *Controller title changed to Director of Finance*
- *VP Operations/Patient Services title changed to Chief Nursing Officer*
- *VP Business Development and Marketing title changed to Director of Public Relations*
- *VP Physician Relations/Clinical Development position deleted*
- *VP Development position deleted*
- *Chief Medical Officer position added*
- *Human Resources Director reclassified to Chief Human Resources Officer*
- *Assistant Hospital Administrator position added*
- *Director of Professional Services position added*
- *Director of Nursing position added*
- *Materials Manager reclassified to Director of Materials Management*
- *Chief Engineer reclassified to Director of Facilities*

# SONOMA VALLEY HEALTH CARE DISTRICT

## CONFLICT OF INTEREST CODE

### Appendix “B”

#### Disclosure Categories

#### General Rule

The District has adopted Section 18730 of Title 2 of the California Code of Regulations, as it may hereinafter be revised, as the District’s standing Conflict of Interest Code provisions, supplemented by this Appendix and its preamble. An investment, interest in real property, or income is reportable if the business entity in which the investment is held, the interest in real property, or the income or source of income may foreseeably be affected materially by any decision made or participated in by the designated employee or officer by virtue of the his or her position. Form 700 provides guidelines on what are “reportable” interests within each category and the corresponding disclosure schedule in Form 700, i.e., Schedules A-1, A-2, B, C, D, E, F.

#### Designated Employees in Category #1 Must Report:

A. Investments in any business entity which (a) has an interest in real property within the area on the map attached hereto and designated Exhibit “C” (“Designated Area”); (b) does business with Sonoma Valley Health Care District (“District”), or has done business with the District at any time during the two years prior to the time any statement or other action is required under this code; or (c) engages in the following businesses:

1. Ambulance service
2. Banks, Savings and Loan
3. Collection agencies
4. Communications equipment
5. Computer hardware or software



6. Construction or building materials
7. Construction companies
8. Data processing consultants
9. Dietetic, kitchen or equipment consultants
10. Dietetic or kitchen supplies, equipment, including food and food products
11. Educational and training supplies, equipment or material
12. Employment agencies
13. Engineering services
14. Equipment consultants
15. Equipment or fixture manufacturers
16. Health care equipment or instruments
17. Health care facilities
18. Health care materials or supplies
19. Health facilities or services
20. Housekeeping or linen supplies or equipment
21. Housekeeping service agencies
22. Insurance companies
23. Laboratory supplies or equipment
24. Landscaping consultants or companies
25. Laundries
26. Medical laboratories
27. Medical records supplies or equipment
28. Motor vehicles and specialty vehicles and parts
29. Nursing service supplies, equipment or material
30. Office equipment or supplies
31. Petroleum products
32. Pharmaceutical supplies or equipment
33. Physical therapy supplies or equipment
34. Plant, building, grounds supplies or equipment

35. Printing and distribution
36. Public relations or advertising
37. Publications
38. Radiology supplies or equipment
39. Real property
40. Respiratory therapy supplies or equipment
41. Safety equipment
42. Safety instruction material
43. Social services agencies
44. Structural, mechanical, electrical, etc., engineering firms
45. Temporary help agencies
46. Testing laboratories or services
47. Utilities

- B. Income from any business entity described in subparagraph A.
- C. Status as a director, officer, partner, trustee, employee or holder of a position of management in any business entity described in subparagraph A.
- D. Each interest in real property located in the Designated Area.

Designated Employees in Category #2 must report:

- A. Investments in any business entity which does business with the District or has done business with the District at any time during the two years prior to the time any statement or other action is required under this code.
- B. Income from any business entity described in subparagraph A.
- C. Status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity described in subparagraph A.

Designated Employees in Category #3 must report:

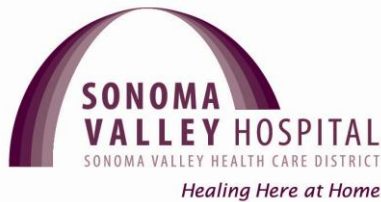
- A. Investments in any business entity which, within the last two years, has supplied or in the future foreseeably may supply building maintenance

materials, gardening materials, or other materials for use in the maintenance and report of the physical plant of the hospital.

- B. Income from any business entity described in subparagraph A.
- C. Status as a director officer, partner, trustee, employee, or holder of a position of management in any business entity described in subparagraph A.

Designated Employees in Category #4 must report:

- A. Investments in any business entity which engages in the business of supplying food or other culinary supplies which may be used in hospitals.
- B. Income from any business entity described in subparagraph A.
- C. Status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity described in subparagraph A.



Dear Colleague:

Sonoma Valley Hospital is fully committed to compliance with the law and ethical standards. In this age of strict government regulation and public scrutiny of business practices, a high level of commitment to compliance is essential.

Sonoma Valley Hospital has developed this Compliance Program to further our mission to provide high-quality patient care in a manner that ensures compliance with the law and the highest business ethics. This Compliance Program includes a comprehensive discussion of certain laws, the hospital's policies, and expectations about your conduct. However, no written program or policy can cover all circumstances. We therefore ask that you read this Compliance Program (available on the SVH Intranet) carefully to understand not only its written words, but its purpose and meaning as well.

If you have any questions about this Compliance Program or think an event has occurred that violates this Compliance Program, you shall contact our Chief Compliance Officer, who also serves as the hospital Chief Financial Officer. Alternatively, you can anonymously contact our Compliance Hotline by calling 707-935-5151 or sending a fax to Compliance Officer, at 707-935-5433 or e-mail to [Compliance@svh.com](mailto:Compliance@svh.com). You are encouraged to ask questions and to report violations of this Compliance Program.

You can count on Sonoma Valley Hospital to provide the support and environment necessary to make this Compliance Program a success. Similarly, Sonoma Valley Hospital is counting on you to take this Compliance Program seriously and conduct yourself accordingly.

Sincerely,

*Kelly Mather*

President and Chief Executive Officer

Sonoma Valley Hospital

## **SECTION I — COMPLIANCE PROGRAM SUMMARY**

### **Definitions of Commonly Used Terms**

---

Following is a list of words that are commonly used in this Compliance Program and their meanings:

- **“Hospital”** means Sonoma Valley Hospital, and all of its subsidiaries and affiliates that are covered by this Compliance Program.
- **“Personnel”** means all employees and volunteers of Sonoma Valley Hospital, and all contractors or others who are required to comply with this Compliance Program. Each of these persons shall have access to the Compliance Plan via the hospital intranet and shall receive periodic training on appropriate regulatory requirements .

### **Purpose of this Compliance Program**

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Sonoma Valley Hospital is committed to ensuring compliance with all applicable statutes, regulations, and policies governing our daily business activities. To that end, the Hospital created this Compliance Program to serve as a practical guidebook that can be used by all Personnel to assist them in performing their job functions in a manner that complies with applicable laws and policies. This Compliance Program is intended to further our day-to-day commitment that our operations comply with federal and state laws, to provide guidance for all employees, and to serve as a mechanism for preventing and reporting any violation of those laws.

While this Compliance Program contains policies regarding the business of Sonoma Valley Hospital, it does not contain every policy that Personnel are expected to follow. For example, this Compliance Program does not cover payroll, vacation, and benefits policies. The Hospital maintains other policies with which employees are required to comply. You should discuss with your supervisor any questions regarding which policies apply to you.

It is the policy of Sonoma Valley Hospital that:

- All employees are educated about applicable laws and trained in matters of compliance;
- There is periodic auditing, monitoring, and oversight of compliance with those laws;
- An atmosphere exists that encourages and enables the reporting of non-compliance without fear of retribution; and
- Mechanisms exist to investigate, discipline, and correct non-compliance.

### **Who Is Affected**

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Everyone employed by Sonoma Valley Hospital is required to comply with the Compliance Program. Because not all sections of the Compliance Program will apply to your job function, you will receive training and other materials to explain which portions of this Compliance Program apply to you.

While this Compliance Program is not intended to serve as the compliance program for all of our contractors, it is important that all contractors perform services in a manner that complies with the law. To that end, agreements with contractors may incorporate certain provisions of this Compliance Program.

This Compliance Program is effective only if everyone takes it seriously and commits to comply with its contents. It is important that you not only understand and comply with the written words of this Compliance Program, but that you also understand and appreciate the spirit and purpose of this Compliance Program. When in doubt, ask your supervisor, review the appropriate section of this Compliance Program, or take other steps to ensure that you are following the Compliance Program.

Compliance requirements are subject to change as a result of new laws. We shall keep this Compliance Program current and useful. You are encouraged to let your supervisor know when you become aware of changes in law or hospital policy that might affect this Compliance Program.

## **How to Use This Compliance Program**

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Sonoma Valley Hospital has organized this Compliance Program to be understandable and easy to navigate. Following is a brief description of how this Compliance Program manual is organized.

### **Section I – Compliance Program Summary**

#### **Section II – Code of Conduct**

This section contains specific policies related to your personal conduct while performing your job function. The primary objective of these policies is to create a work environment that promotes cooperation, professionalism, and compliance with the law. Compliance with the Code of Conduct is a significant factor in employment performance evaluations. All Personnel will receive training on this section.

#### **Section III – Compliance Program Systems and Processes**

This section explains the roles of the Chief Compliance Officer and the Compliance Committee. It also contains information about Compliance Program education and training, auditing, and corrective action. Most importantly, this section explains how to report violations anonymously, either in writing or by calling the Hospital's Compliance Hotline at 707-935-5151 or sending a fax to 707-935-5433 or e-mail to [Compliance@svh.com](mailto:Compliance@svh.com).

#### **Section IV – Compliance Policies**

This section includes specific policies that apply to various aspects of Sonoma Valley Hospital's business and operations. Some of these policies may not apply to your specific job function, but it is still important that you are aware of their existence and importance. All Personnel will receive training regarding the policies that apply to their job function.

Following are some tips on how to effectively use this Compliance Program:

- **Important Reference Tool.** This Compliance Program shall be viewed as an important reference manual that can be referred to on a regular basis to answer questions about how to perform your job. Although it may not contain all of the answers, it will contain many and can save you time.
- **Read it in Context.** Sonoma Valley Hospital has created this Compliance Program to incorporate numerous compliance policies, many of which may not apply to you. When reviewing this Compliance Program and the policies contained herein, keep in mind that the policies are to be applied in the context of your job. If you are uncertain about if and how a policy applies to you, ask your supervisor.
- **Keep it Handy.** This Compliance Program manual easily accessible on the SVH Intranet and easy to refer to it on a regular basis.
- **Talk to Your Co-Workers.** Regular dialogue among co-workers and supervisors is a great way to ensure that policies are being uniformly applied. While this discussion is encouraged, always remember that the provisions of this Compliance Program should guide you on compliance matters.

## **SECTION II — CODE OF CONDUCT**

### **Our Compliance Mission**

---

Sonoma Valley Hospital's mission is to maintain, restore and improve the health of everyone in our community.

In concert with our medical staff, Sonoma Valley Hospital shall strive to provide quality health care to our community. Our team of dedicated health care professionals shall provide a compassionate and caring environment for patients, and their families and friends, while continuously striving to improve the quality of care that is accessible.

Sonoma Valley Hospital shall collaborate with its medical staff and affiliated organizations to improve health outcomes, enhance quality of life and promote human dignity through health education, prevention, and services across the health care continuum.

Sonoma Valley Hospital's Board of Directors (hereinafter referred to as "Governing Board") adopted the Compliance Program, including this Code of Conduct, to provide standards by which Personnel shall conduct themselves in order to protect and promote Hospital integrity and to enhance the Hospital's ability to achieve its objectives. Sonoma Valley Hospital believes this Code of Conduct will significantly contribute to a positive work environment for all.

No written policies can capture every scenario or circumstance that can arise in the workplace. Sonoma Valley Hospital expects Personnel to consider not only the words written in this Code of Conduct, but the meaning and purpose of those words as well. You are expected to read this Code of Conduct and exercise good judgment. You are encouraged to talk to your supervisor or Sonoma Valley Hospital's Chief Compliance Officer if you have any questions about this Code of Conduct or what is expected of you.

All Personnel are expected to be familiar with the contents of this Code of Conduct. Training and education will be provided periodically to further explain this Code of Conduct and its application. HealthStream will serve as the education module for compliance training.

### **Compliance With Laws**

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It is the policy of Sonoma Valley Hospital, its affiliates, contractors and employees to comply with all applicable laws. When the application of the law is uncertain, the Hospital will seek guidance from legal counsel.

### **Open Communication**

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Sonoma Valley Hospital encourages open lines of communication between Personnel. If you are aware of an unlawful or unethical situation, there are several ways you can bring this to the Hospital's attention. Your supervisor is the best place to start, but you can also contact the Hospital's Chief Compliance Officer or call the Compliance Hotline to express your concerns. All employee reports of unlawful or unethical conduct will be investigated promptly. The Hospital does not tolerate threats or acts of retaliation or retribution against employees for using these communication channels.

### **Your Personal Conduct**

---

Sonoma Valley Hospital's reputation for the highest standards of conduct rests not on periodic audits by lawyers and accountants, but on the high measure of mutual trust and responsibility that exists between employees and the Hospital. It is based on you, as an individual, exercising good judgment and acting in accordance with this Code of Conduct and the law.

Ethical behavior on the job essentially comes down to honesty and fairness in dealing with other employees and with patients, vendors, competitors, the government and the public. It is no exaggeration to say that Sonoma Valley Hospital's integrity and reputation are in your hands.

Sonoma Valley Hospital's basic belief in the importance of respect for the individual has led to a strict regard for the privacy and dignity of Personnel. When management determines that your personal conduct adversely affects your performance, that of other Personnel, or the legitimate interests of Sonoma Valley Hospital, the Hospital may be required to take action.

### **The Work Environment**

---

Sonoma Valley Hospital strives to provide Personnel with a safe and productive work environment. The work environment also shall be free from discrimination and harassment based on race, color, religion, sex, sexual orientation, age, national origin, disability, veteran status, or other factors that are unrelated to the Hospital's legitimate business interests. The Hospital will not tolerate sexual advances, actions, comments, or any other conduct in the workplace that creates an intimidating or otherwise offensive environment. Similarly, the use of racial or religious slurs — or any other remarks, jokes, or conduct that encourages or permits an offensive work environment — will not be tolerated.

If you believe that you are subject to such conduct, you shall bring such activity to the attention of the Hospital, either by informing your supervisor, Human Resources, the Hospital's Chief Compliance Officer, or by calling the Compliance Hotline. The Hospital considers all complaints of such conduct to be serious matters, and all complaints will be investigated promptly.

Some other activities that are prohibited because they clearly are not appropriate are:

- Threats,
- Violent behavior,
- The possession of weapons of any type,
- The distribution of offensive jokes or other offensive materials via e-mail or any other manner, and
- The use, distribution, sale or possession of illegal drugs or any other controlled substance, except to the extent permitted by law for approved medical purposes.

In addition, employees may not be on Sonoma Valley Hospital premises or in the Hospital work environment if they are under the influence of or affected by illegal drugs, alcohol, or controlled substances used other than as prescribed.

### **Employee Privacy**

---

Sonoma Valley Hospital collects and maintains personal information that relates to your employment, including medical and benefit information. Access to personal information is restricted solely to people with a need to know. Personal information is released outside the Hospital or its agents only with employee approval, except in response to appropriate investigatory or legal requirements, or in accordance with other applicable law. Employees who are responsible for maintaining personal information and those who are provided access to such information shall ensure that the information is not disclosed in violation of the Hospital's Personnel policies or practices.

### **Use of Hospital Property**

---

Sonoma Valley Hospital equipment, systems, facilities, corporate charge cards and supplies shall be used only for conducting Hospital business or for purposes authorized by management.



Personal items, messages or information that you consider private shall not be placed or kept in telephone systems, computer systems, offices, work spaces, desks, credenzas or file cabinets. Employees shall have no expectation of privacy with regard to items or information stored or maintained on Hospital equipment or premises. Management is permitted to access these areas. Employees shall not search for or retrieve articles from another employee's workspace without prior approval from that employee or management.

Since supplies of certain everyday items are readily available at Sonoma Valley Hospital work locations, the question of making personal use of them frequently arises. The answer is clear: employees may not use Hospital supplies for personal use.

### **Use of Hospital Computers**

---

The increasing reliance placed on computer systems, internal information and communications facilities in carrying out Sonoma Valley Hospital business makes it absolutely essential to ensure their integrity. Like other Hospital assets, these facilities and the information they make available through a wide variety of databases shall be used only for conducting Sonoma Valley Hospital business or for purposes authorized by management. Their unauthorized use, whether or not for personal gain, is a misappropriation of Hospital assets.

While Sonoma Valley Hospital conducts audits to help ensure that Hospital systems, networks and databases are being used properly, it is your responsibility to make sure that each use you make of any Hospital system is authorized and proper.

Personnel are not allowed to load or download software or data onto Sonoma Valley Hospital computer systems unless it is for business purposes and is approved in advance by the appropriate supervisor. Personnel shall not use Sonoma Valley Hospital e-mail systems to deliver or forward inappropriate jokes, unauthorized political materials, religious messages, or any other potentially offensive materials. Personnel are strictly forbidden from using computers to access the Internet for purposes of gambling, viewing pornography, or engaging in any illegal activities.

Employees shall have no expectation of privacy with regard to items or information stored or maintained on Sonoma Valley Hospital equipment or premises.

### **Use of Proprietary Information**

---

#### **Proprietary Information**

Proprietary information is generally confidential information that is developed by Sonoma Valley Hospital as part of its business and operations. Such information includes, but is not limited to, the business, financial, marketing, and contract arrangements associated with Sonoma Valley Hospital services and products. It also includes computer-access passwords, procedures used in producing computer or data processing records, personnel and medical records, and payroll data. Other proprietary information includes management know-how and processes; Sonoma Valley Hospital business and product plans with outside vendors; a variety of internal databases; and copyrighted material, such as software.

The value of this proprietary information is well known to many people in the Hospital industry. Besides competitors, they include industry and security analysts, members of the press, and consultants. Sonoma Valley Hospital alone is entitled to determine who may possess its proprietary information and what use may be made of it, except for specific legal requirements such as the publication of certain reports.

Personnel often have access to information that the Hospital considers proprietary. Therefore, it is very important not to use or disclose proprietary information except as authorized by Sonoma Valley Hospital.

### **Inadvertent Disclosure**

The unintentional disclosure of proprietary information can be just as harmful as intentional disclosure. To avoid unintentional disclosure, never discuss with any unauthorized person proprietary information that has not been made public by the Hospital. This information includes unannounced products or services, prices, earnings, procurement plans, business volumes, capital requirements, confidential financial information, marketing and service strategies, business plans, and other confidential information. Furthermore, you shall not discuss confidential information even with authorized Sonoma Valley Hospital employees if you are in the presence of others who are not authorized — for example, at a conference reception or in a public area such as an airplane. This also applies to discussions with family members or with friends, who might innocently or inadvertently pass the information on to someone else.

### **Direct Requests for Information**

If someone outside Sonoma Valley Hospital asks you questions about the Hospital or its business activities, either directly or through another person, do not attempt to answer them unless you are certain you are authorized to do so. If you are not authorized, refer the person to the appropriate source within the Hospital. Under no circumstances shall you continue contact without guidance and authorization. If you receive a request for information or to conduct an interview from an attorney, investigator, or any law enforcement officer, and it concerns Sonoma Valley Hospital's business, you shall refer the request to the office of the Hospital's Chief Executive Officer. Similarly, unless you have been authorized to talk to reporters, or to anyone else writing about or otherwise covering the Hospital or the industry, direct the person to your to the Hospital's Chief Executive Officer.

### **Disclosure and Use of Proprietary Information**

Besides your obligation not to disclose any Sonoma Valley Hospital proprietary information to anyone outside the Hospital, you are also required to use such information only in connection with the Hospital's business. These obligations apply whether or not you developed the information yourself.

## **Recording and Reporting Information**

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You shall record and report all information accurately and honestly. Every employee records information of some kind and submits it to the Hospital (for example, a time card, an expense account record, or a report). To submit a document that contains false information — an expense report for meals not eaten, miles not driven, or for any other expense not incurred — is dishonest reporting and is prohibited.

Dishonest reporting of information to organizations and people outside Sonoma Valley Hospital is also strictly prohibited and could lead to civil or even criminal liability for you and the Hospital. This includes not only reporting information inaccurately, but also organizing it in a way that is intended to mislead or misinform those who receive it. Personnel shall ensure that they do not make false or misleading statements in oral or written communications provided to organizations outside of Sonoma Valley Hospital.

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**Proprietary and Competitive Information About Others**

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In the normal course of business, it is not unusual to acquire information about many other organizations, including competitors (competitors are other Hospitals and health facilities). Doing so is a normal business activity and is not unethical in itself. However, there are limits to the ways that information shall be acquired and used. Improper solicitation of confidential data about a competitor from a competitor's employees or from Hospital patients is prohibited. Sonoma Valley Hospital will not tolerate any form of questionable intelligence-gathering.

**Exception**

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Nothing contained herein is to be construed as prohibiting conduct legally protected by the National Labor Relations Act or other applicable state or federal law.

**Gifts and Entertainment**

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Sonoma Valley Hospital understands that vendors and others doing business with the Hospital may wish to provide gifts, promotional items, and entertainment to Hospital Personnel as part of such vendors' own marketing activities. Sonoma Valley Hospital also understands that there may be occasions where the Hospital may wish to provide reasonable business gifts to promote the Hospital's services. However, the giving and receipt of such items can easily be abused and have unintended consequences; giving and receiving gifts, particularly in the health care industry, can create substantial legal risks.

**General Policy**

It is the general policy of Sonoma Valley Hospital that neither you nor any member of your family may solicit, receive, offer, or pay any money or gift that is, or could be reasonably construed to be, an inducement in exchange for influence or assistance in conducting Hospital business. It is the intent of the Hospital that this policy be construed broadly such that all business transactions with vendors, contractors, and other third parties are transacted to avoid even the appearance of improper activity.

**Spending Limits — Gifts, Dining and Entertainment**

Sonoma Valley Hospital has developed policies that clearly define the spending limits permitted for items such as gifts, dining and entertainment. All personnel are strictly prohibited from making any expenditure of Hospital or personal funds for gifts, dining or entertainment in any way related to Sonoma Valley Hospital business unless such expenditures are approved in advance by the hospital CEO.

**Marketing and Promotions in Health Care**

As a provider of health care services, the marketing and promotional activities of Sonoma Valley Hospital may be subject to anti-kickback and other laws that specifically apply to the health care industry. The Hospital has adopted policies elsewhere in this Compliance Program to specifically address the requirements of such laws.

It is the policy of Sonoma Valley Hospital that Personnel are not allowed to solicit, offer or receive any payment or remuneration of any kind (regardless of the value) in exchange for referring, or recommending the referral of, patients or customers to Sonoma Valley Hospital.

## **Marketing**

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Sonoma Valley Hospital has expended significant efforts and resources in developing its services and reputation for providing high-quality patient care. Part of those efforts involves advertising, marketing, and other promotional activities. While such activities are important to the success of the Hospital, they are also potential sources of legal liability as a result of health care laws (such as the anti-kickback laws) that regulate the marketing of health care services. Therefore, it is important that the Hospital closely monitor and regulate advertising, marketing, and other promotional activities to ensure that all such activities are performed in accordance with Sonoma Valley Hospital objectives and applicable law.

This Compliance Program contains various policies applicable to specific business activities of Sonoma Valley Hospital. In addition to those policies, it is the general policy of the Hospital that no Personnel engage in any advertising, marketing, or other promotional activities on behalf of the Hospital unless such activities are approved in advance by the appropriate Hospital representative. You shall ask your supervisor to determine the appropriate Sonoma Valley Hospital representative to contact. In addition, no advertising, marketing, or other promotional activities targeted at health care providers or potential patients may be conducted unless approved in advance by the Hospital's legal counsel.

## **Conflicts of Interest**

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A conflict of interest may arise if you engage in any activities or advance any personal interests at the expense of Sonoma Valley Hospital's interests. An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in personal gain for that employee, a relative, or a friend as a result of the Hospital's business dealings. You shall avoid situations in which your loyalty may become divided.

An obvious conflict of interest is providing assistance to an organization that provides services and products in competition with Sonoma Valley Hospital's current or potential services or products. You may not, without prior consent, work for such an organization as an employee, a consultant, or a member of its governing board. Such activities are prohibited because they divide your loyalty between Sonoma Valley Hospital and that organization. Failure to obtain prior consent in advance from the Hospital's Chief Executive Officer, Chief Compliance Officer or legal counsel may be grounds for termination.

## **Outside Employment and Business Interests**

You are not permitted to work on any personal business venture on Sonoma Valley Hospital premises or while working on Hospital time. In addition, you are not permitted to use Sonoma Valley Hospital equipment, telephones, computers, materials, resources or proprietary information for any outside work. You shall abstain from any decision or discussion affecting the Hospital when serving as a member of an outside organization or board or in public office, except when specific permission to participate has been granted by the Hospital's Chief Compliance Officer or legal counsel.

## **Contracting with the Hospital**

You may not contract with Sonoma Valley Hospital to be a supplier, to represent a supplier to the Hospital, or to work for a supplier to the Hospital while you are an employee of Sonoma Valley Hospital. In addition, you may not accept money or benefits, of any kind, for any advice or services you may provide to a supplier in connection with its business with Sonoma Valley Hospital.

### **Anti-Competitive Activities**

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If you work in sales or marketing, Sonoma Valley Hospital asks you to perform your job not just vigorously and effectively, but fairly, as well. False or misleading statements about a competitor are inappropriate, invite disrespect and complaints, and may violate the law. Be sure that any comparisons you make about competitors' products and services are fair and accurate. (Competitors are other hospitals and health facilities.)

### **Reporting Violations**

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Sonoma Valley Hospital supports and encourages each employee and contractor to maintain individual responsibility for monitoring and reporting any activity that violates or appears to violate any applicable statutes, regulations, policies, or this Code of Conduct.

Sonoma Valley Hospital has established a reporting mechanism that permits anonymous reporting, if the person making the report desires anonymity. Employees who become aware of a violation of the Hospital Compliance Program, including this Code of Conduct, shall report the improper conduct to their departmental compliance officer or the Chief Compliance Officer. That officer, or a designee, will then investigate all reports and insure that appropriate follow-up actions are taken.

Sonoma Valley Hospital policy prohibits retaliation against an employee who makes such a report in good faith. In addition, it is the policy of the Hospital that no employee will be punished on the basis that he/she reported what he/she reasonably believed to be improper activity or a violation of this Program.

However, employees are subject to disciplinary action if after an investigation, the Hospital reasonably concludes that the reporting employee knowingly fabricated, or knowingly distorted, exaggerated, or minimized the facts to either cause harm to someone else or to protect or benefit themselves or another person.

## ***SECTION III — COMPLIANCE PROGRAM SYSTEMS AND PROCESSES***

This Compliance Program contains a comprehensive set of policies. In order to effectively implement and maintain these policies, Sonoma Valley Hospital has developed various systems and processes. The purpose of this section of the Compliance Program is to explain the various systems and processes that the Hospital has established for the purpose of providing structure and support to the Compliance Program.

### **Compliance Officers and Committee**

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#### **Chief Compliance Officer**

Sonoma Valley Hospital has a Chief Compliance Officer who serves as the primary supervisor of this Compliance Program. The Hospital's Chief Compliance Officer occupies a high-level position within the organization and has authority to carry out all compliance responsibilities described in this Compliance Program. The Chief Compliance Officer is responsible for assuring that the Compliance Program is implemented to ensure that Sonoma Valley Hospital at all times maintains business integrity and that all applicable statutes, regulations, and policies are followed. The Chief Compliance Officer provides reports to the governing board about the Compliance Program and compliance issues as they arise.

The Chief Compliance Office, or delegate reports to the Governing Board on compliance issues. The Governing Board is ultimately responsible for supervising the work of the Chief Compliance Officer, and maintaining the standards of conduct set forth in the Compliance Program. The governing board oversees all of Sonoma Valley Hospital's compliance efforts and takes any appropriate and necessary actions to ensure that the Hospital conducts its activities in compliance with the law and sound business ethics.

The Chief Compliance Officer and Governing Board shall consult with legal counsel as necessary on compliance issues raised by the ongoing compliance review.

*Responsibilities of the Chief Compliance Officer*

The Chief Compliance Officer's responsibilities include the following:

- General oversight and monitoring of the implementation and maintenance of the Compliance Program.
- Reporting on a regular basis to the Governing Board (no less than annually) on the progress of implementation and operation of the Compliance Program and assisting the Governing Board in establishing methods to reduce the Hospital's risk of fraud, abuse, and waste.
- Periodically revising the Compliance Program in light of changes in the needs of the Hospital and changes in applicable statutes, regulations, and government policies.
- Reviewing at least annually the implementation and execution of the elements of this Compliance Program. The review includes an assessment of each of the basic elements individually, and the overall success of the program.
- Developing, coordinating, and participating in educational and training programs that focus on elements of the Compliance Program with the goal of ensuring that all appropriate Personnel are knowledgeable about, and act in accordance with, this Compliance Program and all pertinent federal and state requirements.
- Ensuring that independent contractors and agents of the Hospital are aware of the requirements of this Compliance Program as they affect the services provided by such contractors and agents.
- Ensuring that employees, independent contractors, and agents of the Hospital have not been excluded from participating in Medicare, Medicaid (Medi-Cal) or any other federal or state health care program.
- Ensuring that the Hospital does not employ or contract with any individual who has been convicted of a criminal offense related to health care within the previous five years, or who is listed by a federal or state agency as debarred, excluded, or otherwise ineligible for participation in Medicare, Medicaid (Medi-Cal), or any other federal or state health care program.
- Coordinating internal compliance review and monitoring activities.
- Independently investigating and acting on matters related to compliance, including design and coordination of internal investigations and implementation of any corrective action.
- Maintaining a good working relationship with other key operational areas, such as internal audit, coding, billing, and clinical departments.

- Designating work groups or task forces needed to carry out specific missions, such as conducting an investigation or evaluating a proposed enhancement to the Compliance Program.

The Chief Compliance Officer has the authority to review all documents and other information relevant to compliance activities, including, but not limited to, patient records, billing records, records concerning marketing efforts, and all arrangements with third parties, including without limitation employees, independent contractors, suppliers, agents, and physicians.

As authorized by the governing board, the Chief Human Resources Officer and the Chief Compliance Officer have direct access to the governing board, Chief Executive Officer and other senior management, and to legal counsel. Both the Chief Human Resources Officer and the Chief Compliance Officer has the authority to retain, as he or she deems necessary, outside legal counsel.

### **Compliance Committee**

Sonoma Valley Hospital has established a Compliance Committee to advise the Chief Compliance Officer and assist in monitoring this Compliance Program. The Compliance Committee provides the perspectives of individuals with diverse knowledge and responsibilities within Sonoma Valley Hospital.

#### *Members of the Compliance Committee*

The Compliance Committee consists of 7 representatives. The members of the Compliance Committee include those individuals designated below and other members, including representatives of senior management, chosen by the Hospital's Chief Executive Officer in consultation with the Chief Compliance Officer:

- Chief Compliance Officer (Also functions as Chief Financial Officer)
- Privacy Officer (Also functions as Health Information Manager)
- Chief Human Resources Officer
- Chief Quality Officer
- Risk Manager
- Director of Information Systems (or delegate)

The Chief Compliance Officer serves as the chairperson of the Compliance Committee. The Compliance Committee serves in an advisory role and has no authority to adopt or implement policies. The Chief Compliance Officer will consult with members of the Compliance Committee on a regular basis and may call meetings of all or some members of the Compliance Committee.

#### *Functions of the Compliance Committee*

The Compliance Committee's functions include the following:

- Assessing existing and proposed compliance policies for modification or possible incorporation into the Compliance Program;
- Working with the Chief Compliance Officer to develop further standards of conduct and policies to promote compliance;
- Recommending and monitoring, in conjunction with the Chief Compliance Officer, the development of internal systems and controls to carry out the standards and policies of this Compliance Program;
- Reviewing and proposing strategies to promote compliance and detection of potential violations;

- Assisting the Chief Compliance Officer in the development and ongoing monitoring of systems to solicit, evaluate and respond to complaints and problems related to compliance;
- Assisting the Chief Compliance Officer in coordinating compliance training, education and other compliance-related activities in the departments and business units in which the members of the Compliance Committee work; and
- Consulting with vendors of the Hospital on a periodic basis to promote adherence to this Compliance Program as it applies to those vendors and to promote their development of formal Compliance Programs.

The tasks listed above are not intended to be exhaustive. The Compliance Committee may also address other compliance related matters as determined by the Chief Compliance Officer.

**Compliance Committee Meetings:**

- A. Compliance Committee meetings shall be used to (1) discuss compliance issues, (2) announce and discuss new initiatives, (3) review rules, regulations, and policies and procedures, (4) develop compliance work plans, and (5) assign responsibilities for meeting Compliance Plan requirements, among other things.
- B. The Compliance Officer shall convene Compliance Committee meetings as necessary to meet Sonoma Valley Hospital's compliance needs, but, in any event, the Compliance Committee shall meet no less than once each six months.
- C. Meetings cannot take place unless a quorum of the Compliance Committee is present. A quorum requires the presence of (1) the Compliance Officer, and (2) a majority of the Compliance Committee.
- D. Meetings may be conducted using teleconferencing and/or videoconferencing equipment, as appropriate.
- E. Formal minutes shall be prepared and maintained for each meeting. At a minimum, the minutes shall include (1) the date, time and location of the meeting, (2) a list of the attendees, (3) a summary of the issues discussed, and (4) a summary of any decisions made, including a description of any corrective actions to be taken, as applicable. These minutes will be treated as confidential. Certain portions of the minutes may be attorney-client privileged to the extent they reflect confidential communications from an attorney who is rendering legal advice.

**Confidentiality:**

- A. The Issues addressed by the Compliance Committee are often sensitive and involve the review of confidential information. As such, the Compliance Steering Committee shall:
  1. treat such information as confidential;
  2. refrain from discussing any matter relating to the Compliance Committee outside of the Committee's established process; and
  3. refrain from using information obtained by the Compliance Committee other than for the purpose for which the information was originally collected.
- B. Notwithstanding section A as described above, the Compliance Committee may share information with the Compliance Officer and Sonoma Valley Hospital's Chief Executive Officer and Board of Directors.



- C. Compliance Committee members shall ensure that documents in their possession are stored in a secure manner to prevent unauthorized access.
- D. Any questions or clarifications regarding confidentiality shall be addressed by the Compliance Officer.

### **Compliance as an Element of Performance**

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The promotion of, and adherence to, the elements of this Compliance Program is a factor in evaluating the performance of all Hospital employees. Employees will be periodically trained regarding the Compliance Program, and new compliance policies that are adopted. In particular, all managers and supervisors involved in any processes related to the evaluation, preparation, or submission of medical claims shall do the following:

- Discuss, as applicable, the compliance policies and legal requirements described in this Compliance Program with all supervised Personnel.
- Inform all supervised Personnel that strict compliance with this Compliance Program is a condition of continued employment.
- Inform all supervised Personnel that disciplinary action will be taken, up to and including termination of employment or contractor status, for violation of this Compliance Program.

Managers and supervisors will be subject to discipline for failure to adequately instruct their subordinates on matters covered by the Compliance Program. Managers and supervisors will also be subject to discipline for failing to detect violations of the Compliance Program where reasonable diligence on the part of the manager or supervisor would have led to the discovery of a problem or violation and thus would have provided Sonoma Valley Hospital with the opportunity to take corrective action.

### **Training and Education**

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Sonoma Valley Hospital acknowledges that this Compliance Program will be effective only if it is communicated and explained to Personnel on a routine basis and in a manner that clearly explains its requirements. For this reason, the Hospital requires all Personnel to attend specific training programs on a periodic basis. Training requirements and scheduling are established by the Hospital for its departments and affiliates based on the needs and requirements of each department and affiliate. Training programs include appropriate training in federal and state statutes, regulations, guidelines, the policies described in this Compliance Program, and corporate ethics. Training will be conducted by qualified internal or external Personnel or qualified internet-based training system. New employees are trained early in their employment. Training programs may include sessions highlighting this Compliance Program, summarizing fraud and abuse laws, physician self-referral laws, claims development and submission processes, and related business practices that reflect current legal standards.

All formal training undertaken as part of the Compliance Program is documented. Documentation includes at a minimum the identification of the Personnel participating in the training, the subject matter of the training, the length of the training, the time and date of the training, the training materials used, and any other relevant information such as the sign-in roster and CV of the trainer if the training is conducted by an individual rather than internet-based.

The Chief Compliance Officer evaluates the content of the training program at least annually to ensure that the subject content is appropriate and sufficient to cover the range of issues confronting Sonoma Valley Hospital's employees. The training program is modified as necessary to keep up-to-date with any changes in federal and state health care program requirements, and to address results of the Hospital's audits and investigations; results from previous training and education programs; trends in Hotline reports; and guidance from applicable federal and state agencies. The appropriateness of the training format is evaluated by reviewing the length of the training sessions; whether training is delivered via live instructors or via computer-based training programs; the frequency of training sessions; and the need for general and specific training sessions.

The Chief Compliance Officer seeks feedback to identify shortcomings in the training program, and administers post-training tests as appropriate to ensure attendees understand and retain the subject matter delivered.

Specific training for appropriate corporate officers, managers, and other employees may include areas such as:

- Restrictions on marketing activities.
- General prohibitions on paying or receiving remuneration to induce referrals.
- Proper claims processing techniques.
- Monitoring of compliance with this Compliance Program.
- Methods for educating and training employees.
- Duty to report misconduct.

The members of the Hospital's Governing Board will be provided with periodic training, not less than annually, on fraud and abuse laws and other compliance matters.

Attendance and participation in compliance training programs is a condition of continued employment. Failure to comply with training requirements will result in disciplinary action, including possible termination.

Adherence with the provisions of this Compliance Program, including training requirements, is a factor in the annual evaluation of each Hospital employee. Where feasible, outside contractors will be afforded the opportunity to participate in, or be encouraged to develop their own, compliance training and educational programs, to complement Sonoma Valley Hospital's standards of conduct and compliance policies. The Chief Compliance Officer will ensure that records of compliance training, including attendance logs and copies of materials distributed at training sessions, are maintained.

The compliance training described in this program is in addition to any periodic professional education courses that may be required by statute or regulation for certain Personnel. Sonoma Valley Hospital expects its employees to comply with applicable education requirements; failure to do so may result in disciplinary action.

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## **Lines of Communicating and Reporting**

### **Open Door Policy**

The Hospital recognizes that clear and open lines of communication between the Chief Compliance Officer and Hospital Personnel are important to the success of this Compliance Program. The Hospital maintains an open door policy in regards to all Compliance Program related matters. Hospital Personnel are encouraged to seek clarification from the Chief Compliance Officer in the event of any confusion or question about a statute, regulation, or policy discussed in this Compliance Program.

**Submitting Questions or Complaints**

The Hospital has established a telephone Hotline for use by Hospital Personnel to report concerns or possible wrongdoing regarding compliance issues. We refer to this telephone line as our "Compliance Hotline."

The Compliance Hotline contact numbers are:

Phone: 707-935-5151

Fax: 707-935-5433

E-mail: [Compliance@svh.com](mailto:Compliance@svh.com)

Personnel may also submit compliance-related questions or complaints in writing. Letters may be sent anonymously. All such letters shall be sent to the Chief Compliance Officer at the following address:

Chief Compliance Officer  
Sonoma Valley Hospital  
347 Andrieux Street  
Sonoma, CA 95476

The Compliance Hotline numbers and the Chief Compliance Officer's address are posted in conspicuous locations throughout Sonoma Valley Hospital's facilities.

Calls to the Compliance Hotline are treated confidentially and are not traced. The caller need not provide his or her name. Sonoma Valley Hospital's Chief Compliance Officer or designee investigates all calls and letters and initiates follow-up actions as appropriate.

Communications via the Compliance Hotline and letters mailed to the Chief Compliance Officer are treated as privileged to the extent permitted by applicable law; however, it is possible that the identity of a person making a report may become known, or that governmental authorities or a court may compel disclosure of the name of the reporting person.

Matters reported through the Compliance Hotline, or in writing, that suggest violations of compliance policies, statutes, or regulations, are documented and investigated promptly. A log is maintained by the Chief Compliance Officer of calls or communications, including the nature of any investigation and subsequent results. A summary of this information is included in reports by the Chief Compliance Officer to the Hospital's governing board and Chief Executive Officer.

**Non-Retaliation Policy**

It is Sonoma Valley Hospital's policy to prohibit retaliatory action against any person for making a report, anonymous or otherwise, regarding compliance. However, Hospital Personnel cannot use complaints to the Chief Compliance Officer to insulate themselves from the consequences of their own wrongdoing or misconduct. False or deceptive reports may be grounds for termination. It will be considered a mitigating factor if a person makes a forthright disclosure of an error or violation of this Compliance Program, or the governing statutes and regulations.

**Enforcing Standards and Policies**

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**Policies**

It is the policy of Sonoma Valley Hospital to appropriately discipline Hospital Personnel who fail to comply with the Code of Conduct or the policies set forth in, or adopted pursuant to, this Compliance Program or any federal or state statutes or regulations.

The guiding principles underlying this policy include the following:

- Intentional or reckless non-compliance will subject Personnel to significant sanctions, which may include oral warnings, suspension, or termination of employment, depending upon the nature and extent of the non-compliance.
- Negligent failure to comply with the policies set forth in this Compliance Program, or with applicable laws, will also result in sanctions.
- Disciplinary action will be taken where a responsible employee fails to detect a violation, if this failure is attributable to his or her negligence or reckless conduct.
- Internal audit or review may lead to discovering violations and result in disciplinary action.

Because Sonoma Valley Hospital takes compliance seriously, the Hospital will respond to Personnel misconduct.

### **Discipline Procedures**

Personnel found to have violated any provision of this Compliance Program are subject to discipline consistent with the policies set forth herein, including termination of employment if deemed appropriate by the Hospital. Any such discipline is within the sole discretion of the Hospital. Each instance involving disciplinary action shall be thoroughly documented by the employee's supervisor and the Chief Compliance Officer.

Upon determining that an employee of Sonoma Valley Hospital or any of its affiliates has committed a violation of this Compliance Program, such employee shall meet with his or her supervisor to review the conduct that resulted in violation of the Compliance Program. The employee and supervisor will call the Chief Compliance Officer to discuss any actions that may be taken to remedy such violation. All employees are expected to cooperate fully with the Chief Compliance Officer during the investigation of the violation. Legal counsel will be consulted prior to final actions or disciplinary measures, as appropriate.

### **Auditing and Monitoring**

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Sonoma Valley Hospital conducts periodic monitoring of this Compliance Program. Compliance reports created by this monitoring, including reports of suspected non-compliance, will be reviewed and maintained by the Chief Compliance Officer or delegate.

The Chief Compliance Officer will develop and implement an audit plan. The plan will be reviewed at least annually to determine whether it addresses the proper areas of concern, considering, for example, findings from previous years' audits, risk areas identified as part of the annual risk assessment, and high volume services.

Periodic compliance audits are used to promote and ensure compliance. These audits are performed by internal or external auditors who have the appropriate qualifications and expertise in federal and state health care statutes and regulations and federal health care program requirements. The audits will focus on specific programs or departments of the Hospital, including external relationships with third-party contractors. These audits are designed to address, at a minimum, compliance with laws governing kickback arrangements, physician self-referrals, claims development and submission (including an assessment of the Hospital's billing system), reimbursement, and marketing. All Personnel are expected to cooperate fully with auditors during this process by providing information, answering questions, etc. If any employee has concerns regarding the scope or manner of an audit, the employee shall discuss this with his/her immediate supervisor.

Sonoma Valley Hospital shall conduct periodic reviews, including unscheduled reviews, to determine whether this Compliance Program's elements have been satisfied. Appropriate modifications to the Compliance Program will be implemented when monitoring discloses that compliance issues have not been detected in a timely manner due to Compliance Program deficiencies.

The periodic review process may include the following techniques:

- Interviews with Personnel involved in management, operations, claim development and submission, and other related activities.
- Questionnaires developed to solicit impressions of the Hospital Personnel.
- Reviews of all billing documentation, including medical and financial records and other source documents that support claims for reimbursement and claims submissions.
- Presentations of a written report on compliance activities to the Chief Compliance Officer. The report shall specifically identify areas, if any, where corrective actions are needed. In certain cases, subsequent reviews or studies may be conducted to ensure that recommended corrective actions have been successfully implemented.

Error rates shall be evaluated and compared to error rates for prior periods as well as available norms. If the error rates are not decreasing, the Hospital shall conduct a further investigation into other aspects of the Compliance Program in an effort to determine hidden weaknesses and deficiencies.

## **Corrective Action**

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### **Violations and Investigations**

Violations of this Compliance Program, failure to comply with applicable federal or state laws, and other types of misconduct threaten the Hospital's status as a reliable and honest provider of health care services. Detected but uncorrected misconduct can seriously endanger the Hospital's business and reputation, and can lead to serious sanctions against the Hospital. Consequently, upon reports or reasonable indications of suspected non-compliance, prompt steps to investigate the conduct in question will be initiated under the direction and control of the Chief Compliance Officer to determine whether a material violation of applicable law or the requirements of the Compliance Program has occurred. The Chief Compliance Officer may create a response team to review suspected non-compliance including representatives from the compliance, audit, and other relevant departments.

If such a violation has occurred, prompt steps will be taken to correct the problem, taking into account the root cause of the problem. As appropriate, such steps may include an immediate referral to criminal and/or civil law enforcement authorities, a corrective action plan, a report to the Office of Inspector General (OIG) or any other appropriate government organization, and/or submission of any overpayments. The specific steps that are appropriate in any given case will be determined after consultation with legal counsel.

Depending upon the nature of the alleged violations, the Chief Compliance Officer's internal investigation could include interviews with relevant staff and a review of relevant documents. Legal counsel, auditors, or health care experts may be engaged by the Chief Compliance Officer to assist in an investigation where the Chief Compliance Officer deems such assistance appropriate. Complete records of all investigations will be maintained which contain documentation of the alleged violations, a description of the investigative process, copies of interview notes and key documents, a log of the witnesses interviewed and the documents reviewed, results of the investigation (e.g., any disciplinary action taken), and corrective actions implemented.

If an investigation of an alleged violation is undertaken and the Chief Compliance Officer believes the integrity of the investigation may be at stake because of the presence of employees under investigation, those employees will be removed from their current work activity until the investigation is completed. Where necessary, the Chief Compliance Officer will take appropriate steps to secure or prevent the destruction of documents or other evidence relevant to the investigation.

**Reporting**

If the Chief Compliance Officer or a management official discovers credible evidence of misconduct from any source and, after reasonable inquiry, has reason to believe that the misconduct may violate criminal, civil, or administrative law, then the misconduct will promptly be reported as appropriate to the OIG or any other appropriate governmental authority or federal and/or state law enforcement agency having jurisdiction over such matter. Such reports will be made by the Chief Compliance Officer on a timely basis.

All overpayments identified by Sonoma Valley Hospital shall be promptly disclosed and/or refunded to the appropriate public or private payer or other entity.

**SECTION IV — COMPLIANCE POLICIES (POLICIES ARE UNDER REVIEW)**

The Hospital may wish to attach relevant policies and procedures. Some of the policies and procedures that may be relevant, depending upon the employee's position, are listed below.

**1. Confidential Reporting**

- Confidential Disclosure System
- Non-Retaliation for Reporting (Whistleblower Laws)
- Documenting Reports of Non-Compliance Received by Compliance Officer

**2. Compliance Enforcement**

- Screening of Ineligible Persons
- Investigating Reports of Non-Compliance
- Enforcement of Compliance Program Obligations
- Auditing the Compliance Program

**3. Federal and State Fraud and Abuse**

- Federal and State False Claims Laws
- Anti-Kickback Laws
- Self-Referral Laws
- Physician Recruitment
- State Corporate Practice of Medicine
- Inducement to Lower Utilization
- Provision of Inducements to Patients
- Waivers of Coinsurance
- Vendor Contracts

**4. Patient Care and Rights**

- Patient Rights and Responsibilities
- Informed Consent
- Patient Freedom of Choice/Disclosures of Financial Interests
- Patient Privacy – HIPAA
- Advanced Beneficiary Notice
- EMTALA
- HMO/Managed Care Patient Treatment
- Independent Contractor Credentialing
- Quality Care

**5. Government Billing**

- Claim Development and Submission – Generally
- Medical Necessity – Patient Services

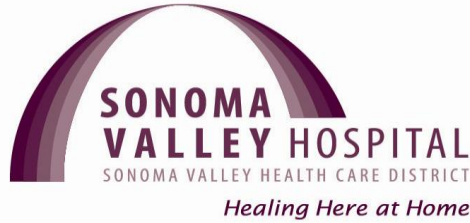
- Medical Necessity – Laboratory Services
  - Outpatient Billing Prior to Inpatient Stay (Three Day Window)
  - Claims for Teaching Physicians
  - Patient Transfer Versus Discharge
  - Provider Based Rules
  - Bad Debts
  - Credit Balance
  - Billing and Coding under Medicare Outpatient Prospective Payment System
  - National Correct Coding Initiative
  - Charge Description Master
  - Same-Day Discharges and Readmissions
  - Claims for Outlier Payments
  - Claims for Services in Clinical Trials
6. Health Information Management Services
- Coding Documents for Inpatient Services
  - Coding Documents for Outpatient Services
  - Availability of Coding Reference Materials
  - Patient Record Documentation
  - Record Retention
  - Claims Submission Policy Manual
7. Reimbursement
- Cost Report Documentation
  - Cost Report Disclosure Statements
  - Reporting Cost Report Errors
  - Independent Review of Cost Reports
  - Medicare Contractor Audits of Cost Reports
  - Treatment of Non-Allowable Costs
  - Treatment of Protested Items
  - Graduate Medical Education
  - Organ Acquisition Costs
  - Reimbursement Policy Manual
8. Office of Statewide Health Planning and Development (OSHPD) Reporting
9. Charity and Discounted Care
10. External Investigations



- Responding to Subpoenas and Search Warrants
- Responding to Fiscal Intermediaries, Carriers and Quality Improvement Organizations (QIO) Audits
- Responding to Government Investigations

11. Employment-Related Policies

- Nondiscrimination
- Sexual Harassment
- Drug-Free Workplace
- Smoking



**POLICY CONCERNING CONFIDENTIAL INFORMATION**

State and Federal laws, as well as ethical obligations, require that information concerning the care, condition and treatment of our patients be treated as confidential matters. Accordingly, other hospital information including departmental, operational, statistical and financial data should be held in similar confidence. No confidential information may be used by any individual connected with the hospital for their own purposes.

Any and all inquiries by members of the media concerning the Hospital and/or its patients shall be referred to the office of the President/CEO or Board Chair. Confidential material is not to be shared or communicated to the press, public or staff.

Staff is reminded that failure to adhere to this policy may result in possible employment or legal ramifications.

Board members and board committee members are reminded that failure to adhere to this policy may result in possible service or legal ramifications.

**ACKNOWLEDGEMENT**

I acknowledge that I understand my obligation to keep information concerning hospital business and patient information confidential.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name