SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING AGENDA
Thursday, September 6, 2012
5:00 p.m. Closed Session
6:00 p.m. Public Session

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

AGENDA ITEM	RECOMMENDATION	
MISSION STATEMENT *The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.*		
1. CALL TO ORDER	Hohorst	
PLEASE NOTE: The Closed Session will be held at 5:00 p.m. in the private conference room adjoining the Community Meeting Room following Public Comment on Closed Session. The Open Session will be held at 6:00 p.m.		
2. PUBLIC COMMENT ON CLOSED SESSION	Hohorst	
3. CLOSED SESSION: A. Calif. Government Code § 54957 – Public Employee: Performance Evaluation Regarding Chief Executive Officer B. Calif. Government Code § 54956.9(b)(1) – Conference Regarding Potential Litigation C. Calif. Government Code § 54956.9(b)(3)(C) – Discussion Regarding Severson Government Claim	Hohorst	Inform/Action
4. REPORT OF CLOSED SESSION	Hohorst	Inform/Action
5. ACTION ON SEVERSON GOVERNMENT CLAIM	Hohorst	Inform/Action
6. PUBLIC COMMENT SECTION *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.*	Hohorst	
7. CONSENT CALENDAR: A. Special Board Meeting Minutes 7.30.12 B Board Study Session Minutes 8.2.12 C. Board Regular Meeting Minutes 8.2.12 D. Special Board Meeting Minutes 8.16.12 E. Special Board Meeting Minutes 8.30.12 F. Quality Committee Minutes 7.25.12 G. JPA/Northern California Health Care Authority Meeting Minutes 8.17.12 H. Medical Staff Appointments and Reappointments 8.22.12	Hohorst	Inform/Action

AGENDA ITEM	RECOMMENDATION	
8. SVH CHIEF EXECUTIVE OFFICER PERFORMANCE EVALUATION AND CONTRACT TERMS	Hohorst	Inform/Action
9. ELECTRONIC HEALTH RECORD (EHR) UPDATE	Sendaydiego/ Kobe	Inform
10. JOB DESCRIPTIONS FOR BOARD CHAIR AND BOARD MEMBER	Carruth	Inform
11. RESOLUTION NO. 312 HONORING CAROLYN STONE	Hohorst	Inform/Action
12. PUBLIC CONTRACT CODE § 20133 – DISCUSSION REGARDING EXPIRATION OF CALIFORNIA STATE CONTRACTING CODE ON DESIGN-BUILD CONSTRUCTION PROJECTS	Hohorst	Inform
13. FINANCIAL REPORT: A. July 2012 Financial Report	Reid	Inform
14. ADMINISTRATIVE REPORT: A. Dashboard for July 2012 B. South Lot Update	Mather	Inform
15. OFFICER & COMMITTEE REPORTS: A. Chair Report 1. District Board Members and November Election B. Quality Committee C. JPA/Northern California Health Care Authority	 Hohorst Carruth Boerum	 Inform Inform Inform
16. ADJOURN: *The next regularly scheduled meeting of the SVHCD Board will be held on Thursday, October 4, 2012.*		

7.A

MINUTES
7.30.12

SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS
SPECIAL MEETING MINUTES
Monday, July 30, 2012
Schantz Conference Room

Board Members Present	Board Members Absent	Administrative Staff Present
Peter Hohorst, Chair Madolyn Agrimonti Kevin Carruth Bill Boerum Sharon Nevins	None	Kelly Mather, CEO Paula Davis, Chief Human Resources Officer Michelle Donaldson, Assistant Administrator & Director of Surgery Bonnie Durrance, Director of Public Relations

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
MISSION AND VISION STATEMENTS	*The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.* *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.*		
1. CALL TO ORDER	3:04 p.m.		
2. PUBLIC COMMENT *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.*			
	Ms. Agrimonti gave a brief history of the SVH Foundation and reported on July 16, 2012, the		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	direct negotiation team: Ms. Agrimonti, a SVHCD Board member, Ms. Nevins, a SVHCD Board member, and SVH's Chief Human Resources Officer attended the monthly Foundation Board meeting where all of the Foundation Board of Directors, except one, had resigned. Mr. Robert Parmelee, a community member, asked if the Foundation was a separate non-profit corporation or an entity of SVH. The Board Chair replied that it was a separate non-profit corporation, subject to its own internal bylaws. Ms. Mather informed the previous Foundation Board had assigned two members of SVHCD Board of Directors and SVH's CEO as the new Foundation Board members. However, according to the Foundation's bylaws and advice from SVH's counsel, the Hospital's CEO cannot be a Board member due to directly benefitting from the Hospital. Nevertheless, the two appointed SVHCD Board members are the new Foundation Board members. In addition, one Foundation Board member had not yet resigned formally. She suggested the Hospital required an interim governance structure and described the future structure of philanthropy activities at SVH with the pros and cons of the Foundation model, which 50% of the hospitals in the country use. A separate 501(c) organization and separate bylaw operated with SVH under a Memorandum of Understanding. The other option was a development department model, which many local hospitals use where the Hospital's internal development department raises funds and allows		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	non-profit tax benefits. The last consideration for the Board was operational issues. Ms. Mather recommended an "Appreciation Party" for the previous Foundation Board members, especially for the Foundation Board Chair, Carolyn Stone. The Hospital would decide whether to move forward with the "Dancing with the Stars" event and create a Foundation task force development to develop a detailed structure of the fundraising entity. In order to review the two options and give input, Ms. Mather spoke with supporting major donors and their recommendation was to have the Hospital develop a task force. SVH had identified about 11-12 people who were previously involved with the Foundation, including previous Foundation Board members and a few other community members to discuss their recommendation. In the meantime, the Hospital was currently fundraising. Ms. Nevins explained the difference between the Foundation model and the development department model to help educate the Hospital and the community of the incident and inform that there were options. The Hospital's attorney had specified the models were correctly portrayed. Ms. Agrimonti discussed that the remaining Foundation Board member was away on vacation when the Foundation Board members resigned and had no knowledge of the situation. She preferred not to have her name made public due to personal reasons. Ms. Mather said the goal was to keep the Foundation alive and rebuild the structure.		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	However, if it does not work out, then the Foundation is dissolved and the money goes back to the Hospital, according to the legal articles of incorporation. The Foundation was in its existence to raise money for the Hospital. For the last six months the Hospital had been working on the Memorandum of Understanding with the Foundation, but never reached an agreement. However, there would be a clear Memorandum of Understanding between the two organizations, which would direct SVH's future philanthropy approach. The Foundation had $229,000 worth of restricted funds and three payables on their books that SVH had taken into the Hospital's account totaling $180,000 with restrictions on specific purposes. Above that there was $11,000 left. Most of the funds had been reserved for the X-ray project and mammography for SVH. Because the funds were decided before the resignation, the Hospital would honor the recommendation of the previous Foundation Board, which were extra projects for the ER. Since the resignations, no monies had been spent. Mr. Parmelee brought up the Foundation bylaws and asked the Board why the Foundation Board resigned? Ms. Agrimonti replied that the Foundation Board's vision was not the same as the Hospital's and needed to be kept up with the need of SVH. Ms. Mather also added that the Foundation Board did not specify reason(s) for their resignation.		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	Ms. Agrimonti commented that a task force was more appropriate than building a Board in order to help SVH build the bylaws and articles of incorporation. Ms. Nevins indicated that putting together a task force immediately would assure the continuing stability of the Hospital. Mr. Hohorst explained in the bylaws under the Articles of Incorporation which read, "In the event that this corporation shall be dissolved or while that at any time all of the properties, monies, and assets of this corporation shall be transferred exclusively to and become the property of Sonoma Valley Hospital District. According to the bylaws, it states that a quorum for a meeting would be the majority of the Directors. Although, it does say, "there shall be a Board of Directors consisting of not less than three (3) nor more than twenty-one (21) members". However, it does not state you can hold a meeting with less than three persons and the "Directors shall be elected by the existing Directors at their annual meeting". Ms. Mather recommended an "Appreciation Party" in early September for the previous Foundation Board members after SVH decided whether or not the "Dancing with the Stars" event would take place, due to the fact that the dancers had been practicing for this and the Hospital would like to accommodate them at a venue where they can still dance. Also, many of the previous Foundation members had notified SVH and offered their assistance. Based on the circumstances, "Dancing with the Stars" was likely to be unsuccessful, therefore, the Hospital recommended not to continue with the event. Ms. Nevins added that this event would not make		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	enough money for the time, effort, and staff to promote the affair and does not have the structure to take it forward. It was suggested to the dancers, consisting of ten couples, to participate in a non-judged exhibition. Ms. Mather mentioned the Chief Human Resources Officer would contact the dancers to see if they would be interested and to make an announcement of a cocktail party and "Appreciation Party" for the former Foundation Board. Ms. Mather also recommended a brainstorming session, preferably in early August at the Hospital, for the naming of the Foundation task force. There were five persons interested in joining. The Chief Executive Officer, Chief Human Resources Officer, and the SVHF Executive Director would also be in the task force. Mr. Boerum advised that the task force conduct a research and development on the governance structure, contact the Chair of Marin Hospital Foundation and the head of the Healdsburg Foundation to invite them to present for 30 to 60 minutes. At the same regard, the Directors and task force invite the Chief Fund and Business Development Officer of MGH on how to operate fundraising. Lastly, Mr. Boerum suggested preparing a set of bylaws for a new organization and submitting those for consideration to the Board and task force. Ms. Mather gave a brief summary of the current staff of SVH Foundation. Previous to the change, the Hospital shared partnership with the Foundation where the Executive Director and		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	Development Assistant worked part time for SVH and managed the philanthropy development and capital campaign. SVH was going forward to have them both still in place. They are Hospital employees, but were contracted by the Foundation.		
7. ADJOURN	3:48 p.m.		

7.B

STUDY SESSION MINUTES 8.2.12

SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS
STUDY SESSION MINUTES
Thursday, August 2, 2012
Basement Conference Room

Board Members Present	Board Members Absent	Administrative Staff Present
Peter Hohorst, Chair Madolyn Agrimonti Kevin Carruth Sharon Nevins	Bill Boerum	Kelly Mather, CEO Rick Reid, CFO Dr. Robert Cohen, Chief Medical Officer Leslie Lovejoy, Chief Quality Officer and interim Chief Nursing Officer Paula Davis, Chief Human Resources Officer Michelle Donaldson, Assistant Administrator and Director of Surgery Mark Kobe, Director of Nursing Bonnie Durrance, Director of Public Relations Jorge Alvarado, Director of Engineering Ellen Shannahan, Director of Materials Management Steve Barclay, Finance Committee Member Jane Hirsch, Quality Committee Member

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
MISSION AND VISION STATEMENTS	*The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.* *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.*		
1. CALL TO ORDER	3:00 p.m.		
2. PUBLIC COMMENT *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*	There was no public comment.		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
public will be invited to make comments at the time the item comes up for Board consideration. At all times please use the microphone.			
3. STUDY SESSION: A. Master Facility Plan (Phase 2):	*Kevin Coss, Vertran Associates* *John Flath, Nacht and Lewis Architects*		
	Ms. Mather introduced Mr. Coss, who is the Managing Director of Healthcare Capital Project Consulting, and gave a brief summary of his background. She explained the reason for the study session and was recommended by one of the SVHCD Board Members. Phase 2 would be applied as a scope for future fundraising. Mr. Coss briefly summarized Phase 2 initiatives, continuation of the Master Plan, and the next steps. Mr. Flath, from Nacht and Lewis Architects, further explained the Phase 2 improvements of the Hospital and goals for the future and near term of the 2020 and 2030 plans. He described how each project for the following departments would improve SVH's service, visitor, and patient experiences**:** Clinical Lab, Hospital Lobby, Inpatient Radiology, Outpatient Services Wing, Administrative Services, Café, and Skilled Nursing Facility (SNF). Ms. Mather concluded that SNF, Clinical Lab, and Inpatient Radiology would need the most attention and would like to have Phase 2 completed within 10 years. The whole project would rely on fundraising. Ms. Mather recommended that this be brought to the September Board meeting to begin fundraising.		
B. Compliance Plan for Facility	*Leslie Lovejoy, Chief Quality Officer* *Kevin Coss, Vertran Associates* *Rick Reid, Chief Financial Officer*		
	Ms. Mather quickly recapped on the GO Bond initiative, which was raised for infrastructure and new emergency services that would be delivered with the	**MOTION:** by Carruth; second by Nevins to authorize $1.5 million from the GO Bond to solve the Hospital's	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	money SVH has, including fundraising. However, within the last two years the Hospital needed repairs and spent $2.7 million. Ms. Lovejoy then discussed the regulatory compliance during the two-year history of SVH involving OSHPD and CDPH. Mr. Coss summarized the Hospital infrastructure with a five-year plan that included facility infrastructure critical items and corrective action items by agency requirement. Mr. Reid reported within the last two years SVH had spent $2.8 million due to unplanned and unbudgeted repair costs. SVH proposed to increase the GO Bond Phase 1 project for amounts related to facility infrastructure with a $7.2 million estimated cost that would allow the project focus on current facility issues with the Hospital. This recommendation included refunding SVH $1,135,000 for projects already completed out of the GO Bond which would fix the cash flow issues. The consequence, if actions are not taken immediately, would be that the current Hospital building issues would continue at a higher cost than taking a proactive approach to rectify the problem. The current project scope was $39 million and recommended increasing by $7.2 million and new proposed project would be $46 million. Less fund raising goal was $11 million and had already received $2 million and have $2.5 million committed with a balance of $31 million in the GO Bond fund that left a balance of $4.2 million. SVH had recommended covering the difference with secured financing options.	infrastructure problems. All in favor; none opposed.	
4. ADJOURN	4:54 p.m.		

7.C

MINUTES
8.2.12

SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING MINUTES
Thursday, August 2, 2012
Community Meeting Room

Board Members Present	Board Members Absent	Administrative Staff Present
Peter Hohorst, Chair Madolyn Agrimonti Bill Boerum Kevin Carruth Sharon Nevins		Kelly Mather, CEO Rick Reid, CFO Dr. Cohen, Chief Medical Officer Leslie Lovejoy, Chief Quality Officer and interim Chief Nursing Officer Paula Davis, Chief Human Resources Officer Michelle Donaldson, Assistant Administrator and Director of Surgery Bonnie Durrance, Director of Public Relations

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
MISSION AND VISION STATEMENTS	*The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.* *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.*		
1. CALL TO ORDER	6:04 p.m. Mr. Hohorst called the meeting to order and asked Ed Kenny, a member from the public, to lead the Pledge of Allegiance.		
2. PUBLIC COMMENT *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*	SVH's Chief Human Resources Officer introduced the new President of SVH's Auxiliary and gave a brief summary of her background and also thanked the former President of Auxiliary for her contributions. Mr. Ed Kenny, a community member, made comments regarding the former SVH Foundation Board Chair. He requested to hold public meetings at the convenience of the public, not SVH staff and Board members. He acknowledged and thanked SVH's Chief Medical Officer for the treatment he received when he injured his arm.		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
microphone.			
3. CONSENT CALENDAR: A. Board Regular Meeting Minutes 7.15.12 B. Quality Committee Minutes 5.23.12 C. Quality Committee Minutes 6.27.12 D. Medical Staff Appointments and Reappointments 7.25.12		**MOTION:** by Agrimonti; second by Nevins to approve the Consent Calendar and carried. All in favor; none opposed.	
4. BOARD TRAVEL AND OTHER REIMBURSEMENT POLICY	*Kevin Carruth*		
	Mr. Carruth briefly discussed the Board Travel and Other Reimbursement policy and recommended to adopt the policy.	**MOTION:** by Agrimonti; second by Boerum to adopt the Board Travel and Other Reimbursement policy. All in favor; none opposed	
5. SOLICITING AND APPOINTING CITIZENS BOND OVERSIGHT COMMITTEE MEMBERS	*Kevin Carruth*		
	Mr. Carruth briefly discussed the selection process and solicitation for applications for the Citizens Bond Oversight Committee.	**MOTION**: by Nevins; second by Boerum to approve a formal policy to solicit applications for the Citizens Bond Oversight Committee. All in favor; none opposed.	
6. PUBLIC CONTRACT CODE § 20133 – DISCUSSION REGARDING EXPIRATION OF CALIFORNIA STATE CONTRACTING CODE ON DESIGN-BUILD CONSTRUCTION PROJECTS	*Peter Hohorst, Chair*		
	Item 6 was not discussed.		
7. UPDATE ON SONOMA VALLEY HOSPITAL FOUNDATION BOARD OF DIRECTORS	*Madolyn Agrimonti, Vice Chair*		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	Ms. Agrimonti gave an update on the SVH Foundation. She announced a new SVH Foundation Board member had been appointed. Mr. Carruth also mentioned that Ms. Agrimonti and Ms. Nevins were appointed by the former Foundation members.		
8. FINANCIAL REPORT:	*Rick Reid, CFO*		
A. June 2012 Financial Report	Mr. Reid reported the net operating revenues for June were $4.9 million on a budget of $4 million. The revenues were over budget by $831,000. $1 million of that was the SNF settlement and the $200,000 shortfall was based on volume. The operating expenses were $5.1 million and $886,000 was over budget based on health insurance. Professional fees were over budget by $250,000. Supplies were over budget $233,000. Non-operating revenue and expense were over budget by $878,000, which was taken into account the capital contributions as SVH finished receiving cash for the year. On a year-to-date basis the net income was $1.4 million which was driven by capital contributions. On the revenue side SVH had lower inpatient volume in comparison to the budget with shorter net revenue from inpatient services by $2.8 million. Improved inpatient rates through insurance contracting were worth an additional $1.4 million of reimbursement. SNF volume was down with the variance from budget of $760,000. There was a decrease in the Medicare reimbursement rate for SNF. Outpatient rates were over budget by $200,000. Contracting side had increased reimbursement with a negative of almost $2.5 million. Positive prior year settlements of $960,000 and revenues were under budget by $1.5 million. Salaries were under budget by $345,000 that included the implementation of EHR. Health insurance had a larger increase than what was anticipated at a cost of $584,000. Supplies were lower than budget of $284,000. Cost of repair for SNF issues was $597,000 that was not capitalized and additional consulting fees based on the additional revenue. The net total was almost $2.6 million. He continued to report the volumes for acute discharges were under budget by 37, acute patient days were under budget by 163, and the SNF patient days were under budget by 23. Gross revenue was over budget by $131,000 and surgical cases were under budget by 24. Productive FTEs were right		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	on budget, including the Hospital's hardware issue.		
9. ADMINISTRATIVE REPORT:	*Kelly Mather, CEO*		
A. Dashboard for June 2012	Ms. Mather explained the FY 2012 Second Year in Review and summarized the major accomplishments. She also discussed the year-end dashboard.		
B. Update on South Lot Development Facility	Ms. Mather gave an update on the South Lot development facility.		
10. OFFICER & COMMITTEE REPORTS:			
A. Chair Report	*Peter Hohorst, Chair*		
	Mr. Hohorst had nothing to report.		
B. Quality Committee	*Madolyn Agrimonti, Vice Chair*		
Policies & Procedures: 1. Chain of Command for Management of Patient Care Concerns 2. Organization-wide Performance Improvement Plan 3. Department Specific Performance Improvement 4. Quality Monitoring and Reporting	Ms. Lovejoy gave a brief summary of topics discussed at the July Quality Committee meeting and provided explanations of each policy presented.	**MOTION:** by Boerum; second by Nevins to approve the Policies presented and carried. All in favor; none opposed.	
C. Report on American Hospital Association (AHA) Summit Meeting in San Francisco, July 19-21, 2012	*Sharon Nevins*		
	Ms. Nevins discussed the American Hospital Association (AHA) Leadership Summit in San Francisco. Mr. Carruth commented that it was an exceptional high quality conference with good presenters and Mr. Boerum added that it was a great networking opportunity. Ms. Nevins recommended inviting one of the speakers from the conference who is the Executive Director of the Community Outreach Department from Queen of the Valley		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	in Napa to present at one of the Board meetings.		
D. JPA/Northern California Health Care Authority	*Bill Boerum*		
	Mr. Boerum reported that there was an annual meeting in Ukiah on August 17 with all of the Board Members from the five districts. It was a public meeting that discussed legal and regulatory matters.		
11. ADJOURN	7:06 p.m.		

7.D

MINUTES
8.16.12

SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS
SPECIAL MEETING MINUTES
Thursday, August 16, 2012
Schantz Conference Room

Board Members Present	Board Members Absent	Administrative Staff Present
Peter Hohorst, Chair Madolyn Agrimonti Bill Boerum Kevin Carruth Sharon Nevins		Michelle Donaldson, Assistant Administrator and Director of Surgery

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
MISSION AND VISION STATEMENTS	*The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.* *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.*		
1. CALL TO ORDER	6:01 p.m.		
2. PUBLIC COMMENT *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.*	Mr. Ed Kenny, a community member, commented his dissatisfaction where the meeting location took place.		
3. CONTRACT EXTENSION FOR SONOMA VALLEY	*Peter Hohorst, Chair*		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
HOSPITAL'S CHIEF EXECUTIVE OFFICER			
	Mr. Hohorst discussed that the Board had a meeting on July 2012 where a Closed Session took place and reviewed the procedure for compensation, salary, and bonus for SVH's Chief Executive Officer. At the end of the Closed Session the Board inadvertently omitted a motion from that meeting. Therefore, the purpose of this meeting was to formalize the decision from the July meeting. The decision was to appoint a committee of two Board members to conduct a review of the SVH's Chief Executive Officer's performance within the last year and make recommendations. By law when the Board of Directors makes a decision regarding compensation for the Chief Executive Officer, they are required to announce it at a public meeting. Dr. Eisenstark, a community member, asked what the criteria are for an evaluation and bonus for the Chief Executive Officer and if the public has access to review the criteria? Mr. Hohorst replied that the criteria for rewarding a bonus is a public document and was passed by the Board last year. A copy would be provided upon request.	**MOTION:** by Boerum; second by Carruth to appoint Mr. Boerum and Ms. Agrimonti from the Board as the adhoc Performance Appraisal and Compensation Review Committee and carried. All in favor; none opposed. **MOTION:** by Hohorst; second by Carruth to authorize the Committee to conduct the performance appraisal, review the salary, qualifications and performance for any bonus, and to consider any changes to the existing three-year contract of SVH's Chief Executive Officer and come back to the Board with a recommendation. The items noted would be discussed in Closed Session and compensation of the SVH Chief Executive Officer would be announced to the public and carried. All in favor; none opposed.	
4. ADJOURN	6:17 p.m.		

7.E

MINUTES
8.30.12

SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS
SPECIAL MEETING MINUTES
Thursday, August 30, 2012
Community Meeting Room

Board Members Present	Board Members Absent	Administrative Staff Present
Peter Hohorst, Chair Madolyn Agrimonti Bill Boerum Kevin Carruth (via phone) Sharon Nevins		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
MISSION AND VISION STATEMENTS	*The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.* *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.*		
1. CALL TO ORDER	6:03 p.m.		
2. PUBLIC COMMENT *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.*	There was no public comment.		
3. PUBLIC COMMENT ON CLOSED SESSION	There was no public comment		
5. REPORT OF CLOSED SESSION	Mr. Hohorst reported that there was nothing to report from the closed session.		
6. ADJOURN	6:48 p.m.		

7.F

QC MINUTES
7.25.12

SONOMA VALLEY HEALTH CARE DISTRICT
QUALITY COMMITTEE
REGULAR MEETING MINUTES
Wednesday, July 25, 2012
Schantz Conference Room

Committee Members Present	Committee Members Absent	Administrative Staff Present
Madolyn Agrimonti (on behalf of Kevin Carruth) Sharon Nevins (via phone) Dr. Paul Amara Dr. Robert Cohen Leslie Lovejoy Bob Burkhart	Kevin Carruth, Chair Dr. Jerome Smith Joel Hoffman Jane Hirsch	Paula Davis, Chief Human Resources Officer

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
MISSION AND VISION STATEMENTS	*The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.* *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.*		
1. CALL TO ORDER	5:08 p.m.		
2. PUBLIC COMMENT SECTION ON CLOSED SESSION	There was no public comment.		
4. REPORT OF CLOSED SESSION		**MOTION:** by Burkhart; second by Amara to forward the Credentialing Report to the Board and carried. All in favor; none opposed.	
5. PUBLIC COMMENT *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*	There was no public comment.		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
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6. CONSENT CALENDAR A. Prior Meeting Minutes 6.27.12 B. Tracking Report for Uncorrected Items		**MOTION:** by Amara; second by Burkhart to approve Item A and carried. All in favor; none opposed. **MOTION:** by Burkhart; second by Amara to approve the Item B and carried. All in favor; none opposed.	
7. QUALITY REPORT	*Leslie Lovejoy*		
	Ms. Lovejoy reported EHR was doing fairly well. There were opportunities for improvement with the ED process with an ongoing task force work flow procedure to improve. Inpatient unit adjustments had been smooth and were in the quick tips and how-to phase. Also entered the meaningful use of the implementation process and was in the process of collecting data. In terms of regulatory compliance, SVH had the Skilled Nursing relicensing and recertification survey and the Skilled Nursing Interim Life Safety Survey. SVH had found some deficiencies; one of them was the drainage pipes under the dishwashers in the Hospital's kitchen, which would require some OSHPD work. The Director of Facilities had identified an architect to obtain a field review which would take about four weeks. The plan was rejected and Ms. Lovejoy would contact CDPH to let them know that this cannot be finished within 30 days.		Lovejoy to discuss waste management, and Medicare Breakeven project at next month's meeting.
8. ANNUAL HUMAN RESOURCES REPORT	*Paula Davis*		
	Ms. Davis discussed the Human Resources Annual Report.		
9. ANNUAL PERFORMANCE IMPROVEMENT PROGRAM EVALUATION	*Leslie Lovejoy*		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	Ms. Lovejoy explained the 2011 annual performance improvement program, which was to evaluate the comprehensiveness and scope of the plan, assess the effectiveness of using the FOCUS/PDSA and its method, measure the interdisciplinary collaboration, all of the key functions and dimensions of performance had been addressed, provide the Board of Directors, Administration, and Medical Staff with the prior year's results of activities to assist in developing priorities for improvement, and determined the extent to which programs support the mission and vision.		
10. POLICIES AN PROCEDURES:			
A. Chain of Command for Management of Patient Care Concerns	*Leslie Lovejoy*		
	Ms. Lovejoy said all of the policies listed addressed the infrastructure of the quality program and provided information on how SVH does performance improvement in the organization.	**MOTION:** by Nevins; second by Amara to approve the Chain of Command for Management of Patient Care Concerns policy and brought to the Board. All in favor; none opposed.	
B. Organization-wide Performance Improvement Plan	*Leslie Lovejoy*		
	Ms. Lovejoy summarized who was responsible for what under this plan. The Board delegates responsibility to the Medical Executive Committee who delegates responsibility to the Performance Improvement Committee, and Administration delegates the responsibility to the Chief Quality Officer. Ms. Nevins recommended changing the wording under the Responsibilities section of the policy from "Governing Body" to "Board of Directors".	**MOTION:** by Nevins; second by Amara to approve the Organization-wide Performance Improvement Plan policy with one minor change and brought to the Board. All in favor; none opposed.	
C. Department Specific Performance Improvement	*Leslie Lovejoy*		
	Ms. Lovejoy explained that every department was required to have a policy procedure that outlined the scope in complexity of their business, what their high	**MOTION:** by Nevins; second by Amara to approve the Department Specific Performance Improvement	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	risk processes are, how they decide to do a performance improvement in their departments, and what quality monitoring they have to do on a regular basis in order to make sure that any of their business models are successful.	policy and brought to the Board. All in favor; none opposed.	
D. Quality Monitoring and Reporting	*Leslie Lovejoy*		
	Ms. Lovejoy gave a brief summary of how the SVH departments report the data to the Chief Quality Officer and Quality department.	**MOTION:** by Nevins; second by Amara to approve the Quality Monitoring and Reporting policy and brought to the Board. All in favor; none opposed	
11. CLOSING COMMENTS	*Madolyn Agrimonti*		
	There was no closing comment.		
12. ADJOURN	6:02 p.m.		

7.G

JPA / NORTHERN CALIFORNIA HEALTH CARE AUTHORITY MINUTES 8.17.12

NORTHERN CALIFORNIA HEALTH CARE AUTHORITY

ANNUAL FIVE BOARD MEETING OF THE BOARDS OF DIRECTORS

August 17, 2012

1. CALL TO ORDER:

Director Boerum, Chair of the Northern California Health Care Authority, called the meeting to order at 10.05 am in the Conference Room at Ukiah Valley Medical Center, 275 Hospital Drive, Ukiah, CA

2. ROLL CALL:

The following local board members were present**:**

Sonoma Valley Health Care District (constituting a quorum)

Bill Boerum,
Peter Hohorst
Sharon Nevins

North Sonoma County Healthcare District (constituting a quorum)

William Esselstein
Kurt Hahn
Gary Anderson
Bill Hawn

Palm Drive Healthcare District:

Nancy Dobbs
Frank Mayhew

Mendocino Coast Healthcare District

Tom Birdsell

Southern Humboldt Community Healthcare District

Barbara Truitt
Corinne Stromstad

The following local board members were absent:

Madolyn Agrimonti, SVHCD
Kevin Carruth, SVHCD
EJ Neil, NSCHD
Chris Dawson, PDHD
Mark Inman, PDHD
John Canova, MD, PDHD
Sean Hogan, MCHD
Patti Jauregui-Darland, MCHD
Benjamin Graham, MD, MCHD
John Kerman, D.O., MCHD
Nancy Wilson, SHCHD
Gary Wellborn, SHCHD
Clif Anderson, SHCHD

Also present:

Evan Rayner, CEO, HDH
Raymond Hino, CEO, MCH
(See attached List of Speakers and Guests)

3. APPROVAL OF AGENDA:

Hearing no objection, the agenda was approved unanimously.

4. PUBLIC COMMENT:

There was no public comment.

5. WELCOME AND INTRODUCTIONS:

JPA Board Chair, Bill Boerum welcomed all the local board members and asked them to introduce themselves. After introductions, Chair Boerum introduced Raymond Hino, CEO of Mendocino Coast Hospital, who gave the keynote presentation, CHA's "Transformation for Tomorrow."

6. TRANSFORMATION FOR TOMORROW: (10:16am)

(See presentation attached.) CEO Raymond Hino, who worked with CHA to put together this presentation, announced that it would also be given as a Webinar and encouraged as many participants as possible. He then described the process to develop this roadmap for surviving into the future of healthcare. Anne McLeod is the CHA contact person for more information. Hino then went through the presentation, which described how each district and hospital might identify their niche in the new healthcare environment as it develops, and what will be required to achieve their chosen goals. There was considerable discussion and interest.

7. CURRENT LEGISLATIVE ISSUES: (11:30am)

- **Amber Wiley, ACHD Senior legislative Advocate** discussed legislation affecting healthcare:
  - AB 2115: Salinas had an employment agreement with their CEO, but many terms of that agreement were not supported by any research, precedence or due diligence. AB 2115 requires a written employment agreement with the CEO.
  - AB2180 requires that all terms of the employment agreement with the CEO, including retirement, PTO, vacation, expense allowances, etc., must be in writing.
  - AB 2418 would require that healthcare districts spend 95% of the tax money received, directly on patient care. ACHD defeated that bill, showing that it was a goal impossible to reach. There will no doubt be another version next year.
  - SB 804: The law requires that if a district wishes to transfer 50% or more of its assets to a non-profit, it must go to the voters for approval. SB 805 requires that any such transfer agreement include a statement of fair market value before going to the voters.

Ms. Wiley then noted that both pension and workers comp reform are coming. End of session deadline is August 17, and a new session will

begin in January. ACHD will be visiting districts between August 31 and January 1, 2013. Wiley also mentioned AB 2407, and suggested that all other interested organizations be contacted and on board, and all research done before the new bill is introduced. Director Mayhew from PDHD asked about the bill to allow physicians to be hired by hospitals, and was told that there were no immediate plans for another bill. Director Hahn from NSCHD asked about non-legislative approaches. Tom Peterson, ACHD Executive Director responded that it was difficult to make changes affecting physicians, since CMA represents about 35,000 of them. Although there are more like 100,000 physicians in California, the others have not found a united voice. There was then some discussion about Medic to Physician Assistant programs, and other avenues to broaden the scope of duties for non-physician healthcare providers.

- **JPA Expansion, AB 2407 Chesbro: Bill Esselstein**. (See Memo and Attachments attached) Bill Esselstein requested feedback from the group concerning the desirability of expansion, and the desirable parameters. Geographical designation of potential new members is better than specifying entities as does AB 2407. Limitations on JPA powers must be avoided, as full powers as described in current law have been beneficial in many ways. We do not want to lose any of those advantages. How adding PNPHs to our membership might change those powers must be researched. Mr. Peterson said that AB 2407 is dead, and so we can start from scratch on a new bill. Ruth Valenzuela from Chesbro's office agreed. Considerable discussion ensued.

8. DISTRICT HOSPITAL LEADERSHIP FORUM: (12:10pm)

Steve Clark, Director of DHLF described the goals of the organization. (See presentation attached) The main goals of the Forum are to enhance reimbursements to district hospitals, and to protect threats to current reimbursements. Sherreta Lane, Vice President, Finance Policy, pointed out that the Federal "Bridge to Healthcare Reform" program paid $8billion, and it all went to 25 District Public Hospitals. Lane then described in detail projected budget changes affecting districts, emphasizing the Delivery System Reform Incentive program**,** which has elements due as soon as October. Considerable discussion ensued.

12:35pm: Break for lunch

9. Report from ACHD: (1:05pm)

Tom Peterson, ACHD Executive Director, suggested that we all read the report on Salinas Valley as a cautionary tale. Peterson then discussed the importance of an Annual Report, and of maintaining a relationship with legislators, so that when constituents contact their legislator for opinions, they are known. Peterson then discussed ACHD's efforts to develop best practices for special districts. Peterson also discussed ACHD's web-based Self Evaluation as a valuable tool in reviewing current practices. The Self Evaluation is available on their web-site to all members.

10. RELATIONSHIP BETWEEN LAFCO AND HEALTHCARE DISTRICTS: (1:30pm):

Bill Esselstein gave out a memo, and a PowerPoint presentation given by CALAFCo at a seminar in January. Esselstein noted that LAFCo does not fully understand healthcare districts and suggested that each of us contact LAFCo and introduce ourselves, describing who and what we are. The second emphasis was on the fact that LAFCo is mandated to review districts and has not done so. We expect a big push to fulfill that mandate in 2013, especially given recent media attention to districts being accused of malfeasance. Esselstein has included a sample questionnaire to assess preparedness, noting that the review would have the same effect as a Grand Jury investigation. The potential for bad press at the least, or a campaign to dissolve a district at worst is always there and should be considered. ACHD reported that they have a conference on LAFCo which may be available digitally. This will be investigated and reported to the group.

11. CEO ADVISORY COUNCIL UPDATE: (1:55pm)

Evan Rayner, CEO of Healdsburg District Hospital, reported that the CAC continues to meet at least once and sometimes twice a month. Rayner listed the current projects being considered:

- PDS. This a data base to provide analysis of claims paid, by payor, giving hospitals solid data to support negotiations with third-party payors.
- Physician Recruitment: The CAC is sharing information, strategies, exploring registry pools and CLS registry to negotiate lower rates for all, and to consider sharing candidates.
- "Dream Team" Project: Harry Jasper, CEO of Jerrold Phelps Community Hospital in Garberville has negotiated a team of skilled individuals to evaluate his revenue cycle, cost reporting, productivity and IT applications and more. The work being done may be replicated and offered to other facilities. We are all watching this with great interest.
- Executive Director: We all agree that an Executive Director gets things done, as witnessed by our boom of activity last year. Several candidates have been evaluated, and one is being interviewed later today. We hope to have the position filled soon.
- Health Share IQ is a data base examining market share, put together by Carl Gerlach. It has been very useful for determining goals, demographics, payor mix, etc.
- IT. There has been considerable value in collaboration on IT, since we all require the same end result. The JPA was able to receive a grant from CHF on communications equipment which benefitted us all.
- RAP/Western Health Advantage. The program has enjoyed wide support, and the County of Sonoma has it on its radar as an alternative to Kaiser. Anticipate an open enrollment this fall.
- Affiliation Agreements

Rayner points out that although their collaboration has been valuable, not all initiatives are embraced by all members. Each retains their individuality, while benefitting from the sharing of "war stories" and best practices, integration strategies and legislative review. Dr Gude is another example of the value of their collaboration, and three of the five districts currently use his robotic system

for covering ICU and other medical consults. Rayner also briefly discussed surveys. Since we are not accredited, we depend upon the State Department of Health for evaluations. Be advised that the State is seriously behind and now hitting hard.

Ruth Valenzuela reported that Elizabeth McCarthy is now in Senator Evan's office in Santa Rosa, and Humboldt now has a new rep due to the redistricting. Senator Woolsey is retiring, and we should reach out to all of these new individuals. Rayner suggested that the September JPA agenda be sent to them, as well as the Audit for fye 2011.

12. CLOSING NOTES: (2:20pm)

Chair Boerum and CEO Raymond Hino asked the group for feedback both on the meeting today, and on the future activities of the JPA. Discussion ensued. Several attendees were interested in the CHA Webinars being offered, and the invitations and times will be sent to each member district. There was general agreement that a committee should be appointed to conduct an assessment as to whether or not a replacement bill for AB 2407 should be pursued in the 2012-2013 legislative session. A full analysis of the bill and a list of potential PNPH partners should be developed and presented to the JPA Board before a decision is made to move forward. This will be included in the September 18th agenda for the full board. Hino asked if there were any additional actions to come out of today's meeting. Most all in attendance felt that today's meeting had been educational and helpful to our hospitals and our JPA.

ADJOURNMENT:

Meeting was adjourned at 2:35 pm

NEXT MEETING:

The next regular meeting will be on September 18th, 2012, at 6:00 pm at Healdsburg District Hospital, 1375 University Avenue, Healdsburg, CA.

Respectfully Submitted,
Mary M Johnson,
Clerk of the JPA Board
August 20 2012

9.

ELECTRONIC HEALTH RECORD UPDATE

21st stepping into CENTURY

Sonoma Valley Hospital
EHR Project Update

Board Meeting Sept 6, 2012

By:
Fe Sendaydiego, Director of IS
Mark Kobe, Director of Nursing

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT

Agenda

- Investment and Return
- Go Live – May 22, 2012
- What Changed?
- Benefits

Investment & Return

- Budget **$6.3M**
- Expenses To-Date **$4.4M**
- Expected Reimbursement **$4.2M**
  - Received to-date **$426,000** MediCal

Go Live May 22, 2012

- Clinical Care Station – Nursing documentation
- Medication Administration – bedside bar code scanning
- CPOE – Computer Physician Order Entry

What changed?
Workflow

- Process workflow drastically changed
- Functions once well-established had to be re-designed
- Initially, everything SLOWED down
- Staff and physician resistance to change was expected
- Medication administration
- RN/MD communication & interaction
- Patient perception

What changed?
Ongoing Analysis and Improvement

- ED Task Force
- Downtime Taskforce
- Core Measure & Meaningful Use Compliance
- Communication of changes
- Super User group
- Patient Satisfaction

Benefits

- ‘Automatic’ core compliance
- Up to date allergies, medications, etc
- Patient chart viewable from MD home & office
- 30% reduction in medication errors

21st stepping into CENTURY

Questions

10.

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 recommend by Kevin Carruth and Peter Hohorst, Governance Committee members, that the two position descriptions of Board Chair and Board Member be distributed as an inform 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.

11.

RESOLUTION NO. 312
HONORING
CAROLYN STONE

SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS

RESOLUTION NO. 312

Honoring Sonoma Valley Hospital Foundation Board Chair Carolyn Stone

WHEREAS, Carolyn J. Stone served on the Board of Directors of the Sonoma Valley Hospital Foundation for the past 27 years; and

WHEREAS, Carolyn J. Stone served as the Sonoma Valley Hospital Foundation Board Chair since 1985; and

WHEREAS, The Magic of Christmas, which was developed under Carolyn J. Stone's leadership has been a popular annual event for Sonoma residents since 1987; and

WHEREAS, The Celebration of Women luncheon, which was developed under Carolyn J.Stone's leadership, has honored many community women volunteers since 2006; and

WHEREAS, The Dancing with our Stars event, which was developed under Carolyn J.Stone's leadership, has been important in maintaining a continuity of interest for the Sonoma Hospital Foundation; and

WHEREAS, These events and other fund raising activities have raised over $7 million for the Hospital during Carolyn J. Stone's tenure as Chair of the Sonoma Valley Hospital Foundation; and

WHEREAS, the Sonoma Valley Hospital Foundation's contributions have funded significant purchases of medical equipment and funded free services at the Women's Health and Wellness Center and contributed to the success of the Sonoma Valley Hospital; and

WHEREAS, the Carolyn J. Stone Center for Women's Health and Wellness for Sonoma Valley Hospital which opened in 2009 provides medical services for women;

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the Sonoma Valley Health Care District on behalf of the citizens of the District, salute Carolyn J. Stone's distinguished service and wish her well in all her future endeavors – both personal and professional.

PASSED AND ADOPTED on _____, 2012, by the following vote:

AYES: _____
NOES: _____
ABSENT: _____
ABSTAIN: _____

_____
Peter Hohorst, Chair
SONOMA VALLEY HEALTH CARE DISTRICT

ATTEST:

_____
Kevin Carruth, Secretary
SONOMA VALLEY HEALTH CARE DISTRICT

13.

JULY 2012
FINANCIAL REPORT

Sonoma Valley Hospital
Sonoma Valley Health Care District
July 31, 2012 Financial Report

District Board

September 6, 2012

Summary Statement of Revenues and Expenses Month of July 31, 2012

	Actual	Budget	Variance	Percentage	Prior Year
Total Operating Revenue	$ 3,835,921	$ 3,809,790	$ 26,131	1%	$ 3,855,097
Total Operating Expenses	$ 4,256,887	$ 4,355,436	$ 98,549	2%	$ 4,055,759
Operating Margin	$ (420,966)	$ (545,646)	$ 124,680	23%	$ (200,662)
NonOperating Rev/Exp	$ 450,100	$ 459,942	$ (9,842)	-2%	$ 320,247
Net Income	$ 29,134	$ (85,704)	$ 114,838	-134%	$ 119,585
Capital Campaign Contribution	$ 1,750	$ 47,500	$ (45,750)	-96%	$ -
Net Income with Capital Campaign	$ 30,884	$ (38,204)	$ 69,088	-181%	$ 119,585
EBIDA	$ 267,523	$ 217,160	$ 50,363		$ 330,002
EBIDA Percentage	7%	6%	1%		9%
Net Income without GO Bond Activity	$ (94,422)	$ (214,026)	$ 119,604		$ (4,020)

Summary Statement of Revenues and Expenses Year to Date July 30, 2012

	Actual	Budget	Variance	Percentage	Prior Year
Total Operating Revenue	$ 3,835,921	$ 3,809,790	$ 26,131	1%	$ 3,855,097
Total Operating Expenses	$ 4,256,887	$ 4,355,436	$ 98,549	2%	$ 4,055,759
Operating Margin	$ (420,966)	$ (545,646)	$ 124,680	23%	$ (200,662)
NonOperating Rev/Exp	$ 450,100	$ 459,942	$ (9,842)	2%	$ 320,247
Net Income	$ 29,134	$ (85,704)	$ 114,838	-134%	$ 119,585
Capital Campaign Contribution	$ 1,750	$ 47,500	$ (45,750)	-96%	$ -
Net Income with Capital Campaign	$ 30,884	$ (38,204)	$ 69,088	-181%	$ 119,585
EBIDA	$ 265,773	$ 169,660	$ 96,113		$ 330,002
EBIDA Percentage	7%	4%	2%		9%
Net Income without GO Bond Activity	$ (94,422)	$ (214,026)	$ 119,604		$ (4,020)

July's Patient Volumes

	Actual	Budget	Variance	Prior Year
Acute Discharges	**115**	**119**	**-4**	**128**
Acute Patient Days	**396**	**421**	**-25**	**444**
SNF Patient Days	**633**	**725**	**-92**	**656**
Outpatient Gross Revenue (in thousands)	**$8,153**	**$8,060**	**$93**	**$7,409**
Surgical Cases	**123**	**132**	**-9**	**128**

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
Healing Here at Home

To: **SVH Finance Committee**
From: **Rick Reid, CFO**
Date: **August 28, 2012**
Subject: **Financial Report for the Month Ending July 31, 2012**

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

Overall Results for July 2012

Overall for July, SVH has net income of $30,884 on a budgeted loss of ($38,204), for a favorable difference of $69,088. Total net revenue was over budget by $24,743. This brought the total operating revenue to $3,835,921 or $26,131 over budget. Expenses were $4,256,887 on a budget of $4,355,436 or $98,549 under budget. The EBIDA for the month was $267,523 or 7%.

Patient Volumes

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	**115**	**119**	**-4**	**128**
Acute Patient Days	**396**	**421**	**-25**	**444**
SNF Patient Days	**633**	**725**	**-92**	**656**
OP Gross Revenue	**$8,153**	**$8,060**	**$93**	**$7,409**
Surgical Cases	**123**	**132**	**-9**	**128**

Net Operating Revenues

Net operating revenues for July were $3.8 million on a budget of $3.8 million or $26,131 over budget.
Inpatient Net Revenue:

- Commercial patient days under budget by 14, and an unfavorable rate for a total impact of ($144,950)
- Medicare discharges under budget by 3, the impact was ($35,225), offset by favorable rates of $57,813
- Medi-Cal patient days over budget by 8, the impact was $27,764, with an unfavorable rate variance of ($33,344)
- Other patient days over budget by 8, the impact was $70,437, with an unfavorable rate of ($20,559)

Skilled Nursing Home:

- Volume was under budget by 92 days and patient acuity was under budget, net impact ($69,062)

Outpatient:

- Reimbursement was over budget by $131,753 due to outpatient volume.

Expenses

July's expenses were $4.3 million on a budget of $4.4 million or under budget by $98,459.

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

- Total productivity FTE's were under budget at 281, on a budget of 284. Total salaries and Agency Fees under budget by a total of $52,491.
- Employee benefits were under budget by $79,189. Health insurance is under budget by $17,838 Paid time off is also under budget.
- Professional Fees were under budget by $17,228 due to lower charges by the Emergency Room.
- Supplies were over budget by ($93,303), due to July's surgery case mix.
- Other expenses were under budget by $33,653, due to not using outside consulting in July.

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%

Outpatient Procedures

	July 2012	July 2011	Change
Labor & Delivery	0	0	0
ACU	1	1	0
Clinical Lab	1314	1467	-153
ECHO	62	55	7
EKG	147	140	7
Medical Imaging	539	604	-65
Mammography	203	222	-19
Nuclear Medicine	27	19	8
MRI	64	89	-25
Ultrasound	239	249	-10
CT Scanner	154	173	-19
Wound Care	63	97	-34
Offsite PT	804	734	70
Occ. Health	315	361	-46
Speech Therapy	16	22	-6
Offsite Occ. Therapy	143	71	72
Total	4091	4304	-213

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

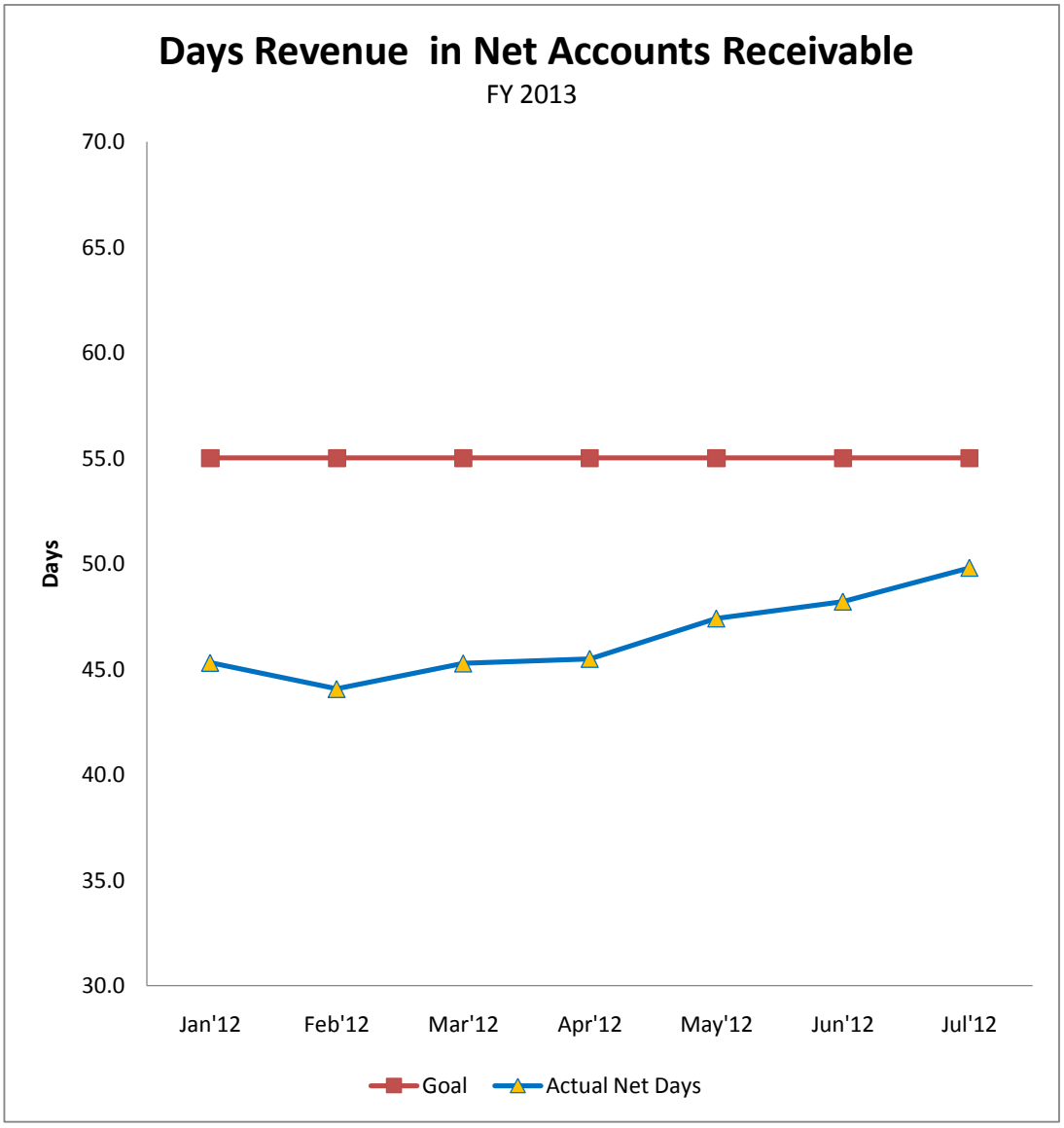
		This Year		Variance		Last Year
		Actual	Budget	$	%	Actual
	Volume Information					
1	Acute Discharges	115	119	(4)	-3%	128
2	SNF Days	633	725	(92)	-13%	656
3	Home Care Visits	937	942	(5)	-1%	954
4	Gross O/P Revenue (000's)	8,153	8,060	94	1%	7,409
	Financial Results					
	Net Fee For Service Revenue					
5	Acute Inpatient	$ 1,399,384	$ 1,477,448	(78,064)	-5%	$ 1,318,126
6	SNF	357,411	426,473	(69,062)	-16%	415,373
7	Outpatient and Emergency	1,867,010	1,735,256	131,754	8%	1,843,290
8	Home Care	206,480	222,059	(15,579)	-7%	188,703
9	Charity Care Provision	(7,400)	(37,246)	29,846	80%	(2,000)
10	Bad Debt	(320,000)	(322,896)	2,896	1%	(400,000)
11	Prior Period Adjustments	-	-	-	0%	-
12	Total Net Revenue	$ 3,502,885	$ 3,501,094	1,791	0%	$ 3,363,492
13	Risk contract revenue	$ 319,610	$ 296,658	22,952	8%	$ 478,710
14	Net Hospital Revenue	$ 3,822,495	$ 3,797,752	24,743	1%	$ 3,842,202
15	Other Operating Revenue	$ 13,426	$ 12,038	1,388	12%	$ 12,895
16	Total Operating Revenue	$ 3,835,921	$ 3,809,790	26,131	1%	$ 3,855,097
	Operating Expenses					
17	Salary and Wages and Agency Fees	$ 1,909,774	$ 1,962,265	52,491	3%	$ 1,840,542
18	Employee Benefits	628,766	$ 707,955	79,189	11%	630,358
19	Total People Cost	$ 2,538,540	$ 2,670,220	131,680	5%	$ 2,470,900
20	Med and Prof Fees (excld Agency)	$ 376,056	$ 393,284	17,228	4%	$ 455,968
21	Supplies	564,283	470,980	(93,303)	-20%	427,221
22	Purchased Services	382,292	377,572	(4,720)	-1%	318,720
23	Depreciation	173,617	199,672	26,055	13%	151,952
24	Utilities	88,323	82,610	(5,713)	-7%	76,220
25	Insurance	19,375	20,374	999	5%	21,084
26	Interest	33,011	25,681	(7,330)	-29%	28,455
27	Other	81,390	115,043	33,653	29%	105,239
28	Operating expenses	$ 4,256,887	$ 4,355,436	98,549	2%	$ 4,055,759
29	Operating Margin	$ (420,966)	$ (545,646)	124,680	23%	$ (200,662)
	Non Operating Rev and Expense					
30	Electronic Health Records & Misc. Rev.	$ 147,156	$ 147,250	(94)	0%	$ 5,030
31	Donations	-	-	-	0%	-
32	Professional Center/Phys Recruit	-	-	-	0%	(548)
33	Physician Practice Support-Prima	(65,630)	(65,630)	-	0%	(45,340)
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%	(30,010)
37	Total Non-Operating Rev/Exp	$ 450,100	$ 459,942	(9,842)	-2%	$ 320,247
38	Net Income / (Loss)	$ 29,134	$ (85,704)	114,838	-134%	$ 119,585
39	Capital Campaign Contribution	$ 1,750	$ 47,500	$ (45,750)	-96%	$ -
40	Net Income / (Loss) w/ Capital Camp. Cont.	$ 30,884	$ (38,204)	$ 69,088	-181%	$ 119,585
41	Net Income w/o GO Bond Activity	$ (92,672)	$ (166,526)	73,854	-44%	$ (4,020)

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

		Current Month	Prior Month	Prior Year
	Assets			
	Current Assets:			
1	Cash	$ 1,950,055	$ 1,790,849	$ 2,569,334
2	Trustee Funds	276,368	276,368	892,813
3	Net Patient Receivables	8,640,041	7,984,201	5,812,212
4	Other Accts/Notes Rec	6,382,539	6,344,008	8,982,644
5	Allow Uncollect Accts	(2,312,739)	(1,899,621)	(1,812,158)
6	3rd Party Receivables	549,910	1,479,659	862,764
7	Due Frm Restrict Funds	-	-	-
8	Inventory	861,455	864,137	862,959
9	Prepaid Expenses	665,177	569,480	2,584,299
10	Total Current Assets	$ 17,012,806	$ 17,409,081	$ 20,754,867
11	Board Designated Assets	$ 186,028	$ 185,909	$ 253,213
12	Property,Plant & Equip, Net	11,026,196	11,273,989	7,941,163
13	Hospital Renewal Program	14,246,346	13,942,317	7,824,677
14	Unexpended Hospital Renewal Funds	18,978,373	18,963,901	23,629,061
15	Investments	36,839	36,839	36,060
16	Specific Funds	2,068,848	1,869,491	(104,293)
17	Other Assets	449,168	420,714	429,463
18	Total Assets	$ 64,004,604	$ 64,102,241	$ 60,764,211
	Liabilities & Fund Balances			
	Current Liabilities:			
19	Accounts Payable	$ 5,261,505	$ 5,225,434	$ 4,420,626
20	Accrued Compensation	3,308,863	3,339,651	3,140,935
21	Interest Payable	857,115	714,262	859,701
22	Accrued Expenses	147,144	152,010	1,734,758
23	Advances From 3rd Parties	1,172,081	950,253	88,310
24	Deferred Tax Revenue	4,370,724	4,769,308	4,302,265
25	Current Maturities-LTD	1,531,487	1,478,198	1,293,799
26	Other Liabilities	212,223	182,110	172,606
27	Total Current Liabilities	$ 16,861,142	$ 16,811,226	$ 16,013,000
28	Long Term Debt, net current portion	$ 38,215,302	$ 38,393,797	$ 39,048,749
29	Fund Balances:			
30	Unrestricted	$ 6,785,067	$ 6,983,014	$ 5,653,919
31	Restricted	2,143,093	1,914,204	48,543
32	Total Fund Balances	$ 8,928,160	$ 8,897,218	$ 5,702,462
33	Total Liabilities & Fund Balances	$ 64,004,604	$ 64,102,241	$ 60,764,211

Sonoma Valley Hospital
Statistical Analysis
FY 2013

	ACTUAL	BUDGET		ACTUAL											
	Jul-12	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	Jun-11
Statistics															
Acute															
Acute Patient Days	396	421	354	363	436	435	399	448	455	449	456	552	372	444	468
Acute Discharges	115	119	107	116	129	128	145	125	130	133	134	136	115	128	144
SNF Days	633	725	688	729	618	672	567	662	685	543	633	567	470	656	520
HHA Visits	937	942	941	989	997	1,023	950	967	913	911	1,024	881	962	954	1,082
Emergency Room Visits	838	816	810	863	717	783	692	791	741	739	787	800	823	886	
Gross Outpatient Revenue (000's)	$8,153	$8,060	$7,667	$8,120	$7,880	$8,707	$7,983	$8,640	$7,838	$7,863	$7,493	$7,667	$7,569	$7,409	$6,961
Equivalent Patient Days	2,202	2,464	2,355	2,362	2,236	2,451	2,214	2,412	2,374	2,115	2,281	2,272	1,956	2,341	2,113
Births	9	15	15	6	23	11	10	9	17	19	11	17	18	16	18
Surgical Cases - Inpatient	41	38	28	37	38	37	31	33	43	43	39	43	30	36	35
Surgical Cases - Outpatient	82	94	92	99	99	117	84	99	89	101	87	83	95	92	108
Total Surgical Cases	123	132	120	136	137	154	115	132	132	144	126	126	125	128	143
Medicare Case Mix Index	1.61	1.40	1.50	1.64	1.36	1.29	1.40	1.32	1.47	1.39	1.44	1.52	1.25	1.38	1.34
Income Statement															
Net Revenue (000's)	3,822	3,798	4,832	3,741	3,739	3,925	3,867	3,924	4,247	3,668	3,746	4,000	3,857	3,842	3,784
Operating Expenses (000's)	4,257	4,355	5,278	4,686	4,413	4,372	4,160	4,230	4,584	3,973	4,245	4,312	4,064	4,056	4,242
Net Income (000's)	31	(38)	889	343	(14)	24	36	23	(13)	16	(164)	53	96	120	(65)
Productivity															
Total Operating Expense Per Equivalent Patient Day	$1,933	$1,994	$2,241	$1,984	$1,974	$1,784	$1,879	$1,746	$1,931	$1,878	$1,861	$1,898	$2,116	$1,765	$2,008
Productive FTEs	281	284	285	285	274	271	272	266	274	256	283	280	272	271	268
Non-Productive FTE's	41	30	34	28	28	28	26	35	27	39	30	34	37	36	35
Total FTEs	322	314	318	313	302	303	299	300	302	295	314	314	309	306	303
FTEs per Adjusted Occupied Bed	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	4.31
Balance Sheet															
Days of Expense In General Operating Cash	16		13	15	20	16	20	25	23	23	29	27	18	22	29
Net Days of Revenue in AR	50		48	47	46	45	44	45	45	43	40	42	40	32	38



Days in A/R	Jan'12	Feb'12	Mar'12	Apr'12	May'12	Jun'12	Jul'12
Actual Net days	45.3	44.1	45.3	45.5	47.4	48.2	49.8
Goal	55.0	55.0	55.0	55.0	55.0	55.0	55.0

Sonoma Valley Hospital
Statement of Cash Flows
For the Period Ended

	Current Month	Year To Date
Operating Activities		
Net Income (Loss)	30,884	30,884
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	173,618	173,618
Net changes in operating assets and liabilities:		
(Increase)/Decrease Patient accounts receivable - net	(242,722)	(242,722)
(Increase)/Decrease Other receivables and other assets	862,764	862,764
(Increase)/Decrease Prepaid expenses	(95,697)	(95,697)
(Increase)/Decrease in Inventories	2,682	2,682
(Decrease)/Increase in Deferred revenues	688,330	688,330
(Decrease)/Increase in Accounts payable, accrued expenses	(691,645)	(691,645)
Net Cash Provided/(Used) by operating activities	728,214	728,214
Investing Activities		
Net Purchases of property, plant and equipment - Other Fixed Assets	74,175	74,175
Net Purchases of property, plant and equipment - GO Bond Purchases	(304,029)	(304,029)
Net Proceeds and Distributions from investments	-	-
Net Book Value of Assets Disposed	-	-
Change in Restricted Funds	-	-
Change in Limited Use Cash	(213,948)	(213,948)
(Payment)/Refund of Deposits		
Net cash Provided/(Used) by investing activities	(443,802)	(443,802)
Financing Activities		
Proceeds (Repayments) from Borrowings - Banks & Carriers	(125,206)	(125,206)
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)		
Net cash Provided/(Used) by financing activities	(125,206)	(125,206)
Net increase/(Decrease) in cash and cash equivalents	159,206	159,206
Cash and Equivalents at beginning of period	1,790,849	1,790,849
Cash and Equivalents at July 31, 2012	1,950,055	1,950,055

Cash Flow Projection **Updated: 08/22/12**
Sonoma Valley Hospital

	Jul-12 Actual	Aug-12 Projected	Sep-12 Projected	Oct-12 Projected	Nov-12 Projected	Dec-12 Projected	Jan-13 Projected	Feb-13 Projected	Mar-13 Projected	Apr-13 Projected	May-13 Projected	Jun-13 Projected	Jul-13 Projected
Operating Activities													
Net Income	30,884	13,564	121,192	66,402	73,701	92,035	54,788	105,267	186,631	111,032	153,805	52,768	52,768
Add: Depreciation & Amortization	173,618	201,661	201,661	201,661	201,661	201,661	201,661	201,661	201,661	201,661	201,661	201,661	901,661
Decrease (Inc) in Net Accts Receivable	(242,722)	246,135	-	-	-	-	-	-	-	-	-	-	-
Dec (Inc) in Inventories/Other Rec'v & Assets	865,446	857,115	750,000	-	750,000	80,000	750,000	857,115	150,000	-	340,000	(4,683,007)	-
Decrease (Inc) in Prepaid Expenses	(95,697)	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	(1,011,125)	(482,928)	(949,206)	(288,082)	(14,632)	(466,161)	(887,302)	17,081	(10,578)	(219,127)	(6,799)	(310)	-
Increase (Dec) in Payroll Accruals	(30,788)	591,887	157,359	430,549	(1,242,900)	340,949	352,949	28,979	340,949	246,959	(1,136,910)	234,959	256,949
Increase (Dec) in Accrued Expenses	(4,866)	76,696	(54,621)	112,579	28,979	22,979	34,979	28,979	22,979	34,979	28,979	22,979	(61,021)
Increase (Dec) in Deferred Revenue	900,553	(384,885)	(398,584)	(398,584)	(398,584)	(398,584)	(398,584)	(398,584)	(398,584)	(398,584)	(398,584)	4,384,424	(398,584)
Increase (Dec) in Interest Payable	142,853	(714,308)	142,853	142,853	142,853	142,853	142,853	(714,265)	142,853	142,853	142,853	142,853	(714,265)
Increase (Dec) in Other Liabilities	-	(212,223)	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided By Operating Activities	**728,156**	**352,533**	**130,473**	**427,197**	**(299,101)**	**175,552**	**411,164**	**286,053**	**795,730**	**279,593**	**(515,175)**	**516,147**	**197,328**
Capital and Related Financing Activities													
Purchase of Capital Equipment/CIP	(229,854)	(600,000)	(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)
New Financing	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from Bond Fund	(14,472)	600,000	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	(125,206)	(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	(199,476)	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Used in Financing Activities	**(569,008)**	**(150,798)**	**(150,798)**	**(150,798)**	**(150,798)**	**(150,798)**	**(250,798)**	**(250,798)**	**(250,798)**	**(250,798)**	**(250,798)**	**(250,798)**	**(165,798)**
Net Increase (Decrease) in Operating Cash	**159,148**	**201,735**	**(20,325)**	**276,399**	**(449,899)**	**24,754**	**160,366**	**35,255**	**544,932**	**28,795**	**(765,973)**	**265,349**	**31,530**
Operating Cash Balances													
Cash At Beginning of Period	1,790,849	1,950,055	2,151,790	2,131,465	2,407,864	1,957,965	1,982,719	2,143,085	2,178,340	2,723,272	2,752,067	1,986,094	2,251,443
Change	159,148	201,735	(20,325)	276,399	(449,899)	24,754	160,366	35,255	544,932	28,795	(765,973)	265,349	31,530
Cash At End of the Period	1,950,055	2,151,790	2,131,465	2,407,864	1,957,965	1,982,719	2,143,085	2,178,340	2,723,272	2,752,067	1,986,094	2,251,443	2,282,973
Statistics													
Days Cash on Hand (Operating Only)	14	16	17	19	16	16	17	17	22	22	16	18	18
Days in Net Accounts Receivable	50	47	47	47	47	47	47	47	47	47	47	47	47
Days in Accounts Payable	95	90	85	80	80	70	50	50	50	45	45	45	45

Notes:
* Maintain cash between $1.7 million & $2 million
* Hold off major capital spending to January, unless cash improves

14.

ADMINISTRATIVE REPORT

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
Healing Here at Home

To: **Sonoma Valley Healthcare District Board of Directors**
From: **Kelly Mather**
Date: **8/31/12**
Subject: **Administrative Report**

Summary:

In August we had our highest number of surgeries in years. Inpatient volumes were also back up to prior year. We continue to monitor "meaningful use" with our Electronic Health Record and will clearly qualify for the reimbursement from CMS. Our pharmacists have stated that the E H R has led to a 30% reduction in medication errors. Finally, our strategy to increase philanthropic support and donations by following national best practices is yielding great results. The change in leadership and composition of the Sonoma Valley Hospital Foundation is bringing positive support and opportunities.

Financial Stability

We ended our first month of the new fiscal years with positive net income and it finally reflects our true run rate. We are in the midst of making changes to move toward breaking even on Medicare inpatients. Nurses have started using a "waste tool" to record and then reduce waste. We are also in the process of upgrading the support for our Hospitalist physicians to give them better data to reduce costs.

Phase 1 Construction

The parking lot is complete, and we are receiving many compliments. The project is still on track for a September, 2013 opening. We have worked with OSHPD and CDPH to remediate any of their concerns, and we hope to move forward with better collaboration. The change in the scope and budget for Phase 1 to $42 million helped us move to a planned and more pro-active place. The existing facility is still in need of at least $4 million of upgrades, but we have addressed majority of the serious issues.

Growth and Marketing

We begin our blitz to encourage Sonoma Valley employer groups to consider offering Western Health Advantage as a health insurance option to their employees this fall. Dr. Bose, OB/GYN has accepted our offer and will join us in March, 2013. To increase volumes we are promoting "Healing Here at Home" and are planning a physician office staff luncheon on September 20th. We also consolidated Public Relations and Marketing functions with Marin General Hospital, which will bring in more expertise for strategic marketing. Finally, we are launching some changes in our surgery service lines through nurse navigation and added value services such as guided imagery and pre/post op massage.

Leadership and Organizational Results (Dashboard)

As you can see from the attached dashboard, inpatient volumes were down in July and FTE's were over budget due to final E H R training. Other results are steady and improvement is clear in financial stability & expense management.

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
Healing Here at Home

JULY 2013 DASHBOARD

PERFRMANCE GOAL	OBJECTIVE	METRIC	ACTUAL RESULT	GOAL LEVEL
Service Excellence	High In-Patient Satisfaction	Press Ganey percentile ranking of current mean score	Inpatient 86.3 mean at 52nd percentile	>70th = 5 (stretch) >60th = 4 >50th = 3 (Goal) >40th = 2 <40th=1
	High Out-Patient Satisfaction	Press Ganey monthly mean score	Outpatient 91.4% Surgery 90.2 % Emergency 87.3%	>93% = 5 (stretch) >92%=4 >91% =3 (Goal) >90%=2 <90%=1
Quality	Excellent Clinical Outcomes	Value Based Purchasing Clinical Score	100%	100% for 12 mos= 5 100% 6/12 mos=4 100% 3/12 mos =3 >90%=2 <80%=1
People	Highly Engaged and Satisfied Staff	Press Ganey percentile ranking of current mean score	2012 74.7% mean score at 58th percentile (survey 1/2013)	>70th = 5 (stretch) >65th=4 >60th=3 (Goal) >55th=2 <55th =1
Finance	Financial Viability	YTD EBIDA	8%	>10% (stretch) >9%=4 >8% (Goal) <7%=2 <6%=1
	Efficiency and Financial Management	FY 2013 Budgeted Expenses	$4,256,887 (actual) $4.355,436 (budget)	<2% =5 (stretch) <1% = 4 <Budget=3 (Goal) >1% =2 >2% = 1
Growth	Inpatient Volumes	1% increase (acute discharges over prior year)	115 YTD 2013 128 YTD 2012	>2% (stretch) (Outpt) >1%=4 >0% (Goal) <0%=2 (Inpt) <5%=1
	Outpatient Volumes	2% increase (gross outpatient revenue over prior year)	$8.15 million YTD $7.4 million 2012	
Community	Community Benefit Hours	Hours of time spent on community benefit activities	> 200 hours in just 2 months	>1000 = 5 >800 = 4 >600 = 3 >400 = 2 >200 = 1

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
Healing Here at Home

FY 2012 TRENDED RESULTS

MEASUREMENT	Goal	Jul 2012	Aug 2011	Sep 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2011	Feb 2011	Mar 2011	Apr 2011	May 2011	Jun 2011
Inpatient Satisfaction	>86%	86.3	86.3	86.8	89.1	86.3	87.6	86.5	88.2	83.7	87.5	87.9	86.9
Outpatient Satisfaction	>92%	91.4	91	92.4	93.5	89.7	92.2	90.5	90.5	91.6	91.7	91	90.9
Surgery Satisfaction	>92%	90.2	90.4	90.7	91	94.2	92.2	91.5	93.7	92.9	91.5	90.1	90.5
Emergency Satisfaction	>85%	87.3	79.4	86.4	88.2	85.5	84.1	81.9	85.6	87.8	88.9	88.7	88.2
Value Based Purchasing Clinical Score	>75	100	66.67	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	7.1	8.8	8.8	8.8	9.0	9.0	9.0	7.9	7.9	7.9	7.9
EBIDA	>8%	9	8	8	6	6	5	6	6	6	6	7	9
Net Revenues	>3.9m	3.83	3.86	4.0	3.75	3.68	4.26	3.9	3.9	3.9	3.76	3.76	4.85
Expense Management	<4.2m	4.2	4.13	4.3	4.2	3.9	4.5	4.2	4.1	4.3	4.4	4.7	5.2
Net Income	>50	29	96	53	-164	16	-12	23	35	25	-15	342	889
Days Cash on Hand	>35	16	18	27	29	23	18	25	20	16	18	15	13
A/R Days	<55	50	56	57	57	58	61	63	57	59	59	59	60
Total FTE's	<315	322	309	314	314	295	303	300	299	303	302	313	318
FTEs/AOB	<4.5	4.53	4.9	4.14	4.26	4.19	3.94	3.84	3.8	3.84	4.05	4.1	4.06
Inpatient Discharges	>148	115	115	136	134	133	130	125	145	152	129	116	107
Outpatient Revenue	$7.5m	8.1	7.56	7.7	7.5	7.8	7.83	8.6	8.0	8.7	7.8	8.1	7.7
Surgeries	>130	123	125	126	126	144	132	132	115	154	137	136	120
Home Health	>900	937	964	982	881	1024	913	967	950	1023	997	989	941
Births	>15	9	18	17	11	19	17	9	10	11	23	6	15
SNF days	>700	633	470	567	633	543	685	662	567	672	618	729	688
MRI	>120	116	105	133	104	97	101	96	93	141	94	149	83
Cardiology (Echos)	>70	70	80	88	85	88	71	93	75	92	74	77	68
Laboratory	>12.5	12.1	14.5	14.9	13.5	14.2	12.8	13.4	12.8	14.0	14.5	12.5	12.6
Radiology	>1000	1013	1021	1139	1117	991	1023	1006	961	1011	1143	899	790
Rehab	>2587	2612	1876	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	465	587	502	576	572	553	440	519	493	458	539	481
Ultrasound	>300	358	384	370	338	345	307	319	336	319	336	314	321
Occupational Health	>550	585	624	616	629	568	449	526	574	521	462	615	567

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
Healing Here at Home

To: Board of Directors

From: Kelly Mather, CEO

Date: August 31, 2012

Subject: MEDICAL OFFICE BUILDING & WELLNESS CENTER PROJECT VISION

Reasons for a new Medical Office Building and Wellness Center

We are very excited about the possibility of having a new Medical Office Building and Wellness Center near the hospital. The new Medical Office Building will increase efficiency, patient satisfaction, and offer an attractive place to increase outpatient volumes. The new Wellness Center will offer a place of healing and make a measurable difference in the health status of our community. Exercise and nutrition professionals will work collaboratively with healthcare professionals to improve patient care, inform the exercise experience and inspire health and wellness. As local residents choose to stay in the community for majority of their healthcare, healing and health maintenance, we anticipate this leading the hospital to better financial stability.

The Medical Office Building

1) The building will likely be around 25,000 to 30,000 square feet and will face 4th Street with operating hours from 8 – 5 p.m.
2) Prima physicians will take 10,000 square feet and will enjoy increased efficiency and collaboration with Internal Medicine, Family Practice, Pediatrics, OB/GYN, General Surgery, and Orthopedics all together in one space on a full time basis. In addition, specialists that have a wider coverage area will be in the time share offices offering clinic hours for Urology, Hematology/Oncology, Breast Surgery, and Gastroenterology.
3) Occupational Health will move to this building for more convenience and better functionality. These patients enjoy a one stop shop with close access to hospital Imaging, Laboratory, Cardiopulmonary and Integrative Medicine.
4) Integrative Medicine specialties such as Naturopathy, Massage and Acupuncture, and Mental Health will be recruited to this building.
5) X-ray, Mammography, and Bone Densitometry will be offered in this building.
6) A Lab draw station will be offered in this building.
7) We will consider recruiting optometry and an outpatient pharmacy to this building.

The Sonoma Valley Wellness Center (Medical Fitness Center)

1) As patients walk in to the space, they will be inspired to become aware of their current state of health through biometrics and health assessments (both surveys and equipment).
2) Physical, Occupational, and Speech Therapy will be in this convenient location to work with the exercise professionals, wellness coaches, and health educators.
3) A Medically Oriented Gym will be offered to patients suffering from illness or disease and it will be coordinated with the hospital's current Cardiac Rehab program.

4) This new center will offer an indoor pool that can be used for rehabilitation in addition to an Olympic size outdoor pool that can be used by the community.
5) Health Education rooms will be present in the facility for support groups and health improvement classes.
6) Wellness coaching, personal training and nutrition counseling will be offered by appointment in this facility.
7) Exercise classrooms will be set up to be large enough for big classes and partitioned off for smaller classes with plenty of storage for equipment. These rooms will have noise reduction systems.
8) State of the art strength training equipment will be offered in a beautiful, fresh environment with plenty of natural light and space to exercise without stress.
9) Relaxing locker rooms, showers, and spa facilities will be offered to members.

The Healing Environment

1) Attractive buildings will be offered with healing elements such as water features and local artwork.
2) A walking path will surround the buildings to encourage members and patients to improve their health by going outside.
3) The buildings will be built and equipped with energy efficiency, waste reduction, and green elements in mind.
4) Staff members in these buildings will strive to be health role models for their clients and patients and continue to inspire health improvement.

Summary

With this project Sonoma Valley Hospital, physicians, health practitioners, health educators, and exercise professionals will work together to improve the health of our community. This project represents the vision and positions of the hospital for the future of healthcare. With the agreed upon vision of Sonoma Valley becoming a healthy community, the new Medical Office Building and Wellness Center will help us realize that vision.

The Medical Fitness Imperative

More than a building, and much different than a “fitness gym”, medically-integrated fitness is an important new department of medicine that will influence the future of healthcare around the world.

Here is the case for expanding the core healthcare business model to embrace the idea that exercise is medicine, that lifestyle choices play a key role in the prevention and treatment of chronic disease, and that prevention is fundamental to the mission of healthcare.

"Through the guidance of professionally educated fitness staff, wellness aspirations can be achieved in vibrant, energetic and safe medical fitness environments. These are places where patients, members and guests can enjoy the company of friends, neighbors and family."

Craig Livermore
CEO
Delnor Community Hospital

What is Medical Fitness?

More than the programs and services that are typically found in a commercial health club, medical fitness is the synergy that happens when exercise professionals work collaboratively with healthcare professionals to improve the patient care and inform the exercise experience.

What is a Medical Fitness Center?

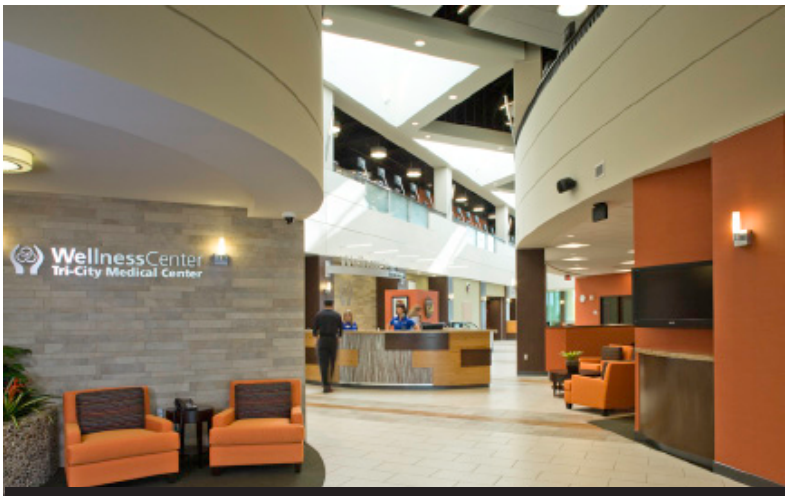
As the physical headquarters for a hospital's community health initiatives related to disease prevention, injury rehabilitation and chronic disease treatment, a medical fitness center is the venue for delivery of medically informed exercise and diet.

Medical fitness centers offer a diverse menu of exercise-based wellness programming to patients, members and non-members. Highly trained, properly credentialed fitness professionals work in client-focused collaboration with clinical professionals. Centers are financially sustainable because they charge for their services through membership dues, ancillary fees and third-party reimbursements.

DID YOU KNOW?

A NATIONAL TREND

According to the Medical Fitness Association, an international organization established in 1991, clinically integrated fitness facilities have increased from fewer than 100 in 1991 to more than 1000 centers nationwide in 2009.



Tri-City Wellness Center - Carlsbad, California

"With our health care system continuing to be stressed and the incidence of disease on the rise, the need for a more medically supervised, integrated, outcomes- and accountability-based fitness platform has never been more relevant in our industry than today. The Medical Fitness Association (MFA) is committed to supporting the successful operation or these types of health and fitness centers."

Ken Germano
Executive Director
Medical Fitness Association

Mission

Bring the health benefits of exercise to the hospital's constituency through both member and non-member programming.

Vision

Make a measurable difference in the health status of our nation through the promotion of active lifestyles, medically informed exercise and the elimination of unhealthy habits.

Values

- Be financially self sustaining
- Serve members and non-members
- Be more than a building
- Serve a variety of ages
- Respect privacy
- Encourage social connectivity
- Be integrated with outpatient medical services
- Recognize the importance of diet
- Include physician support and oversight

Pro-Health & Fitness Center - Health First - Viera, Florida

DID YOU KNOW?

NEW REVENUE STREAM

Far from being a drain on hospital resources, a well-planned fitness center is a new service line that can be a self-sustaining operation and boost downstream clinical revenue even as it supports other healthy community initatives.

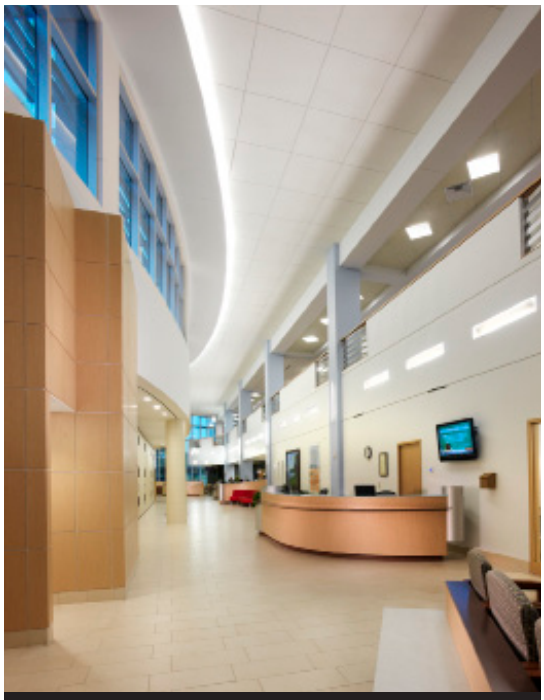
Why Medical Fitness?
The Future Will Demand It.

The prevention of disease is a powerful idea whose time has come. Every week, at both national and local levels, there is media coverage highlighting the personal accountability that links diet, exercise and good health. Healthcare reform measures focus on the cost effectiveness of accountable care. Numerous best sellers explore the concept of exercise as medicine and focus attention on the importance of doctors concerning themselves with lifestyle problems and the potential of preventive medicine–in the form of exercise prescriptions and dietary guidelines-to prolong and enrich life.

Just as the hospital of today is not complete without a full service pharmacy, the hospital of the future will not be complete without a medically supervised and professionally staffed Fitness/Wellness Center. Given the competition for capital dollars in most healthcare organizations, the arguments for hospitals to make this investment must be compelling… **and they are!**

- The private sector of commercial athletic clubs and fitness centers is not getting the job done. They all compete for the same 15% of the population that are pre-disposed to exercise - leaving the 85% who are most at risk to fend for themselves in a gravitational field that pulls strongly toward unhealthy lifestyles.
- The public sector of municipal recreation centers are similarly ill-equipped to attract and serve this elusive 85%.
- Doctors are doing the wrong job well...that is the treatment of disease, rather than the prevention of it. Medical schools don't teach treatment of lifestyle problems, corporate interests are often linked to unhealthy commercial influences (such as the prevalence of fast food diets) and insurance companies won't pay for many kinds of preventive "healthcare" interventions.
- The emergence of Accountable Care Organizations (ACO) will turn healthcare's traditional "sick care" delivery model upside down. ACOs will be responsible for defined populations and paid on a capitated basis. ACOs will be incentivized to keep their constituencies healthy and minimize their need for expensive medical interventions.

If hospitals won't take the lead on this community healthcare challenge, who will?



Institute for Healthy Living at Good Shepherd Longview, Texas

DID YOU KNOW?

IMPROVED OUTCOMES

Hard data is being developed globally by researchers as to how regular exercise reduces health care costs. The findings are compelling. It is clear that the accountable care organizations (ACOs) of the future that choose to include fitness and wellness programming will out-perform ACOs that don't invest in these types of prevention programs.

Why Medical Fitness?
The Benefits Are Compelling.

Regular exercise and a healthy diet help fight many of the nation's most prevalent chronic diseases: Heart Disease; Lung Conditions; Hypertension; Diabetes; and Arthritis. Introducing a medical fitness center to the market creates numerous benefits for the community, the employees and the hospital itself:

>> **Make money.** A well-executed center will be self-supporting and generate retail revenues outside of normal reimbursement channels that can be used to support important non-profit programs for the hospital.

>> **A destination for healthy living.** A successful facility will become the community's hub for wellness and healthy living. It will also contribute to a more productive workforce. Sixty percent (60%) of medical fitness members have never joined a commercial gym. A hospital's credibility as a healthcare expert allows it to capture at-risk populations and become a high-profile contributor of health expertise in the local media.

>> **An enhanced continuum of care.** An integrated center will improve and expand rehabilitative services, in turn increasing the staff's abilities to care for their patients for the entire arc of recovery.

>> **Potential for increased clinical revenue.** With a medical fitness center, more people will be attracted to the hospital's other healthcare services. This influx of new customers increases market share, develops brand familiarity, and positions the hospital as a preferred healthcare choice within the community.

>> **Growth in patient and brand loyalty.** A medical fitness center will enhance the public perception of the institution as a comprehensive healthcare provider, and increase referral patterns to the hospital.

>> **Improve employee health.** Up to 20% of a hospital's employee base will join and use a medical fitness center, ultimately reducing employee healthcare costs.

>> **Central base of operations**. A medical fitness center can become a center for community outreach initiatives that support healthy lifestyles and impact the health habits of the non-member population.

>>**Enhance physician recruitment.** These facilities become attractive community amenities. As such, they are assets that offer measurable payback in the form of reduced staff turnover and improved recruitment.

Chelsea Community Hospital Wellness Center
Chelsea, Michigan

DID YOU KNOW?

IMPROVED PATIENT RETENTION

Did you know that members of medical fitness facilities are 25% more likely to choose the affiliated hospital for their medical service provider than another medical facility they know of? *

* survey of Illinois-based medical fitness centers