

**EASTERN PLUMAS HEALTH CARE DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, September 26, 2013
10:00 A.M.
EPHC Education Center, Portola, CA**

Agenda

REASONABLE ACCOMMODATIONS: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting please contact the Clerk of the Board at (530) 832-6564. Notification 72 hours prior to the meeting will enable the Eastern Plumas Health Care to make reasonable arrangements to ensure accessibility.

	<u>Presenter(s)</u>	<u>I/D/A</u>	<u>Page(s)</u>
1. Call to Order	Gail McGrath	A	
2. Roll Call	Gail McGrath	I	
3. Consent Calendar	Gail McGrath	A	
(A) Agenda			1-2
(B) Meeting Minutes of 8.20.13 Special Finance Committee			3
(C) Meeting Minutes of 8.22.13 Regular Board Meeting			4-7
4. Board Chair Comments	Gail McGrath	I/D	
5. Board Comments	Board Members	I	
6. Public Comment	Members of the Public	I	
7. Auxiliary Report	Kathy Davis	I/D	
8. Committee Reports	Board Members	I/D	
• Standing Finance Committee	Skutt/ McBride		
9. Chief of Staff Report	Eric Bugna		
10. Recommendation for Approval of Privilege Cards and Policies	Eric Bugna	I/D/A	
• Nurse Practitioner/Physician Assistant Combined Revision			
• Podiatry Privilege Card Update			
• Cardiology Privilege Card Update			
• Orthopedic Privilege Card Update			
• HIM #304 Advanced Directives Policy			
• Medication Distribution Policy			
11. Audit Report Presentation	Jeri Nelson/Jerrel Tucker	I/D/A	8-33

12. Chief Financial Officer Report	Jeri Nelson	I/D	34-44
<ul style="list-style-type: none"> • August Financials • Other 			
13. Chief Executive Officer Report	Tom Hayes	I/D	
<ul style="list-style-type: none"> • DP/SNF reimbursement cuts update • California Department of Public Health Recertification Surveys • 2012/2013 Operations Plan update • 2013/2014 Operations Plan • Project List • Surplus Equipment • Other 			
			45-49
			50-53
			54-57
			58-59
14. Closed Session	Gail McGrath	I/D/A	
<p>I. Closed Session, pursuant to Health and Safety Code 32155, to review reports on Quality Assurance.</p> <p>II. Closed Session, pursuant to Government Code Section 54957 to consider the following privileges and appointments to the medical staff:</p> <p>a. Recommendation for Two Year Active Privileges</p> <ul style="list-style-type: none"> • Eric Bugna, MD (Orthopedics) <p>b. Recommendation for Two Year Courtesy Privileges</p> <ul style="list-style-type: none"> • Milind Dhond, MD (Cardiology) 			
15. Open Session Report of Actions Taken in Closed Session	Gail McGrath	I	
16. Adjournment	Gail McGrath	A	

**EASTERN PLUMAS HEALTH CARE DISTRICT
SPECIAL MEETING OF THE STANDING FINANCE COMMITTEE
OF THE BOARD OF DIRECTORS
Tuesday August 20, 2013
9:00 A.M.
EPHC's Administrative Conference Room**

Minutes

1. **Call to Order:** The meeting was called to order at 9:00am by Jay Skutt
2. **Roll Call:**
Present: Jay Skutt and Janie McBride. Staff: Tom Hayes, Jeri Nelson, and Tiffany Williams.
3. **Approval of Agenda:** The agenda was approved as submitted.
4. **Board Comments:** None.
5. **Public Comments:** None.
6. **CFO Report**
 - **July 2013 Financials:** Ms. Nelson reported that we had zero swing bed days for the month and that was the main contributor to our revenue variance. Bad debt was over budget due to several high dollar hospital accounts that were written off. Transfers were unusually high and we have asked staff to review for appropriateness.

Payments on accounts receivable exceeded \$1.8 million bringing down AR days.
7. **DP/SNF Update:** Mr. Hayes reported that EPHC and all other SP/SNF designated as rural or frontier received an exemption from the DP/SNF cuts.

Adjournment: Mr. Skutt adjourned the meeting at 10:00am.

Approved by

Date

**EASTERN PLUMAS HEALTH CARE DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS**

Thursday, August 22, 2013

10:00 A.M.

EPHC Education Center, Portola, CA

Minutes

1. Call to Order.

The meeting was called to order at 10:00 am by Gail McGrath

2. Roll Call.

Present: Gail McGrath, Larry Fites, Janie McBride, Jay Skutt, and Lucie Kreth

Absent: None

Staff: Tom Hayes, CEO, Jeri Nelson, CFO, Dr. Eric Bugna, Chief of Staff, and Tiffany Williams, Administrative Assistant.

Visitors: Approximately 5 visitors were present at the start of the meeting

3. Consent Calendar.

Ms. McGrath stated that after the Board agenda was posted the Medical Executive Committee reported that they provided several errors with regards to incorrect first name and incorrect type of privileges. There was also a removal of a provider as well as an addition after the agenda was posted. The following items are recommended changes to the agenda: Remove Milind Dhond, MD, add Victor Ettinger, MD (Endocrinology-Telemed Management) for one year provisional privileges, change Susan Marron, MD to two year Active Privileges, and add Updated Schedule 1- Tahoe Forest District Hospital. Mr. Fites made a motion to approve the consent calendar with the above mentioned changes to the agenda. A second was made by Ms. McBride. Mr. Skutt abstained due to not being present at the last Board Meeting. None opposed, the motion was approved.

4. Board Chair Comments.

Ms. McGrath stated that she would like to write a letter to the Editing Board of Feather Publishing regarding the very nice editorial in the paper about the exemption from the SNF cuts. She also stated that she would like to commend the reporter, Carolyn Carter for her articles as well as Linda Satchewell for all of her efforts on the SNF cuts.

5. Board Comments.

Mr. Skutt suggested that a letter be written to the employees to show the Boards appreciation to them for supporting us through the SFN cuts.

6. Public Comment.

Dr. Bugna, Chief of Staff stated that Dr. Anne Williams started seeing patients in the clinic on Saturdays and has been well received. Robin Jaquez, FNP will be covering for Christina Potter while on maternity leave.

7. Auxiliary Report

Ms. Tanner reported that Nifty Thrifty grossed \$120,854 for July which was \$3,000 above 2012 and the best July since 2009.

8. **Committee Reports**

• **Finance Committee**

Mr. Skutt stated that the Finance Committee met and reviewed the July Financials. He stated that Ms. Nelson provided the committee with a comprehensive summary of the Optima insurance coverages.

9. **Auxiliary Report**

Ms. Tanner reported that a formal Welcome to the Auxiliary Handbook has been developed and includes; rules, regulations as well as the Auxiliary's history.

10. **CEO Report**

- **DP/SNF Reimbursement Cuts update:** Mr. Hayes reported that EPHC and all other SP/SNF designated as rural or frontier received an exemption from the DP/SNF cuts. He commended Linda Satchwell and Jeri Nelson for their efforts He also stated that he received an email from Valerie Flannigan, PDH Board congratulating us on our efforts.
- **California Department of Public Health Recertification Surveys:** Mr. Hayes reported that the State was on campus for our re-survey of the Acute Hospital and we expect that the State would be arriving soon for the re-survey of the SNF.
- **Other:** Mr. Hayes reported Stan Peiler, Plant Operations Manager will be moving to Hawaii in September. He stated that 6-7 interviews were conducted and we hired Rick Lowdermilk who has been an assistant engineer at EPHC for the last year. Rick will be taking several classes on Boilers, Chillers, etc as well as Management Training.
 - Dr. Lajeunesse, Urologist is on the agenda for privileges and the details are still being discussed regarding a contract.
 - Mr. Hayes will provide and update to the 2012/2013 Operation Plan as well as the 2013/2014 Operations Plan at he September Board Meeting.
 - Mr. Hayes has discussed with Dr. Kim and Mr. Schweyer the need for another Internal Medicine provider instead of a Family Nurse Practitioner.
 - Mt. Hayes reported that he hired a consultant to review the clinic operation and is awaiting the report.
 - Mr. Hayes stated that we are looking into purchasing a new 4x4 F450 Ford, fully equipped Ambulance as well an EKG machine.
 - Mr. Hayes stated that despite the reprieve on the SNF we still need to manage tightly. Bad debt is more difficult to control and last month we were \$30,000 over budget in this area.

11. **Recommendation for Approval of Privilege Cards**

Ms. McGrath stated that she had reviewed the ER/Hospitalist, Family Practice, Urology, and Endocrinology Privilege Cards that have been recommended for approval by the Medical Executive Committee. Ms. McGrath made a motion to approve the above listed privilege cards. A second was provided by Ms. Kreth. None opposed, the motion passed.

12. CFO Report

Ms. Nelson reported that we had zero swing bed days for the month and that was the main contributor to our revenue variance. Bad debt was over budget due to several high dollar hospital accounts that were written off. Transfers were unusually high and we have asked staff to review for appropriateness.

Payments on accounts receivable exceeded \$1.8 million bringing down AR days.

The Auditor will be here the first week of September and a draft report should be presented to the Board at the September meeting.

13. Closed Session.

Ms. McGrath announced the Board would move into closed session at 10:50 am., pursuant to Health and Safety Code 32155 and Government Code Section 54957.

14. Open Session Report of Actions Taken in Closed Session.

The Board returned at approximately 12:15 pm and announced the following:

I. Health and Safety Code 32155, to review reports on Quality Assurance.

No reportable action.

II. Government Code Section 54957, to consider the following appointments to the medical staff:

Dr. Bugna stated that the MEC reviewed the privileges and background including claims history of Kenneth Moses, MD, Michael Barton, DDS, Christine Lajeunesse, MD, Victor Ettinger, MD and Susan Marron, MD. The MEC is recommending all of the physicians for privileges to the Board.

Dr. Bugna also stated that MEC reviewed the Updated Schedule 1 from Clinicians Telemedicine Group. The MEC is recommending the approval of the updated schedule 1.

The Board reviewed each Medical Staff file as submitted including but not limited to: privileges, background, malpractice claims information, and AMA/Education.

Ms. McBride motioned to approve the following privileges and appointments to the medical staff as submitted.

Recommendation for Two Year Courtesy Privileges

- **Kenneth Moses, MD** (ER/Hospitalist)
- **Michael Barton, DDS** (Dentistry)

Recommendation for One Year Provisional Privileges

- **Christine Lajeunesse, MD** (Urology)
- **Victor Ettinger, MD** (Endocrinology-Telemed Management)

Recommendation for Two Year Active Privileges
• **Susan Marron, MD** (ER/Hospitalist)

**Recommendation to Approve Updated Schedule 1 - Tahoe Forest
District Hospital**

A second was provided by Mr. Skutt. None opposed, the motion approved.

- 15. Adjournment.** Ms. McGrath subsequently adjourned the meeting at 11:50 a.m.

Approval

Date

Audited Financial Statements
EASTERN PLUMAS HEALTH CARE DISTRICT

June 30, 2013

TCA Partners, LLP
Certified Public Accountants

DRAFT

EASTERN PLUMAS HEALTH CARE DISTRICT

Audited Financial Statements

June 30, 2013

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TCA Partners, LLP

Certified Public Accountants

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Report of Independent Auditors

The Board of Directors
Eastern Plumas Health Care District
Portola, California

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern Plumas Health Care District (the District) as of June 30, 2013 and 2012 which comprise the balance sheet as of June 30, 2013 and 2012 and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 2013 and 2012 financial statements referred to above present fairly, in all material respects, the financial position of Eastern Plumas Health Care District at June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

TCA Partners, LLP

Fresno, California
September 6, 2013

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EASTERN PLUMAS HEALTH CARE DISTRICT

Management's Discussion and Analysis

June 30, 2013

The management of Eastern Plumas Health Care (EPHC) has prepared this annual discussion and analysis in order to provide an overview of EPHC's financial performance for fiscal year ended June 30, 2013, in accordance with the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments*. The intent of this discussion and analysis is to provide additional information on EPHC's historical financial performance as a whole in addition to providing a prospective look at revenue growth, operating expenses, capital development plans, economic conditions and the competitive environment in which EPHC operates. Readers should also review the audited financial statements for fiscal year ended June 30, 2013 and 2012, and accompanying notes to the financial statements to enhance their understanding of EPHC's financial performance. The audited financial statements have received an unqualified opinion from EPHC's independent auditor.

Financial Highlights

- Total assets increased \$175,655 over fiscal year 2012. Total cash and cash equivalents decreased \$224,502 from the prior year. Net accounts receivable increased by \$517,901. Net day's revenue in accounts receivable was 62 days at June 30, 2013, compared to 53 days at June 30, 2012.
- Current liabilities increased \$571,155 from fiscal year 2012.
- The increase in total net position for fiscal year 2013 was \$10,592.
- Operating loss was \$555,097 for fiscal year 2013 compared to operating loss of \$314,831 for fiscal year 2012. Net patient revenue increased by approximately 2% and expenses from operations increased approximately 1%.
- California Assembly Bill (AB) 97 passed in June 2011 authorizing the California Department of Health Care Services (DHCS) to implement provider payment reductions. Efforts to eliminate these reductions have resulted in an exemption for DP/NF-B beds in rural or frontier areas effective September 1, 2013. The financial impact of the retroactive cuts is included in the financial statements. The total effect of this legislation lowered net patient service revenue \$1,757,978. For the fiscal year ended June 30, 2013, net patient service revenue has decreased \$661,647. For the fiscal year ended June 30, 2012, net patient service revenue has decreased \$1,096,331.

EASTERN PLUMAS HEALTH CARE DISTRICT

Management's Discussion and Analysis

June 30, 2013

Overview of Eastern Plumas Health Care and Financial Statements

This annual report consists of the financial statements and notes to those statements which reflect EPHC's financial position and results of its operations for the fiscal year ended June 30, 2013 and 2012. The financial statements of EPHC include the balance sheet, statement of revenues, expenses and changes in net position, and statement of cash flows.

- The balance sheet includes all of EPHC's assets and liabilities, using the accrual basis of accounting, as well as an indication about which assets are designated to fund future capital asset expenditures, which are designated as a matter of Board of Director's policy.
- The statement of revenues, expenses and changes in net position presents the results of operating activities during the fiscal year and the resulting operating loss. Nonoperating revenues and expenses consist primarily of property taxes, contributions, grants, and financing costs.
- The statement of cash flows reports the net cash provided by operating activities, as well as other sources and uses of cash from investing, noncapital financing activities, and capital and related financing activities.

Balance Sheet as of June 30, 2013 and 2012

	2013	2012
Assets		
Total current assets	\$ 4,010,630	\$ 3,897,692
Assets limited as to use	1,109,513	1,106,839
Capital assets, net	7,991,295	7,928,224
Other assets	13,909	16,937
Total Assets	<u>\$ 13,125,347</u>	<u>\$ 12,949,692</u>
Liabilities and Net Position		
Total current liabilities	\$ 4,062,263	\$ 3,491,108
Deferred revenue, net of current portion	335,338	503,008
Debt borrowings, net of current portion	4,685,875	4,924,297
Total Liabilities	9,083,476	8,918,413
Net Position		
Invested in capital assets, net of debt	2,707,462	2,471,849
Restricted for capital improvements	-0-	105,531
Unrestricted	1,334,409	1,453,899
Total Net Position	<u>4,041,871</u>	<u>4,031,279</u>
Total Liabilities and Net Position	<u>\$ 13,125,347</u>	<u>\$ 12,949,692</u>

EASTERN PLUMAS HEALTH CARE DISTRICT

Management's Discussion and Analysis

June 30, 2013

Cash, Cash Equivalents and Investments

For fiscal year ended June 30, 2013, EPHC's cash decreased from the fiscal year ended June 30, 2012. Days cash on hand, a financial measurement to determine how many days of current operating expenses our cash represents, also decreased from 34.32 days as of June 30, 2012, to 20.35 days as of June 30, 2013. The following table shows EPHC's cash, cash equivalents and investments as of June 30:

	2013	2012
Cash, Cash Equivalents and Investments	\$1,561,079	\$1,888,438

Current Liabilities

Current liabilities of the District increased \$571,155 from fiscal year 2012. Accrued expenses increased \$36,087, accounts payable increased \$65,658, and current maturities of debt increased \$65,880. The current portion of deferred revenue is for federal incentives received for Electronic Health Records. This revenue will be recognized over a five year period. The current maturities of debt include amounts due within the next year on USDA construction and equipment loans, a CHFFA loan, and capital leases.

Capital Assets

Capital assets decreased to \$21,188,989 in fiscal year 2013 from \$21,226,211 in fiscal year 2012, a decrease of \$37,222. This relates to fully depreciated equipment removed from service. Capital additions during fiscal year 2013 relate to the Electronic Health Record project, the purchase of radiology and laboratory equipment.

There are ongoing projects and capital asset acquisitions. These are listed below with an estimated completion date:

Project Description

Ambulance
Electronic Medical Record – Stage II

Completion Date

December 2013
March 2014

EASTERN PLUMAS HEALTH CARE DISTRICT

Management's Discussion and Analysis

June 30, 2013

Condensed Statements of Income as of June 30, 2013 and 2012:

	2013	2012	Change From 2012
Total Operating Revenue	\$ 19,541,240	\$ 19,512,975	\$ 28,265
Total Operating Expenses	<u>20,096,337</u>	<u>19,827,806</u>	<u>268,531</u>
Operating Income (Loss)	(555,097)	(314,831)	(240,266)
Total Non-Operating Revenue	<u>316,445</u>	<u>287,661</u>	<u>28,784</u>
Excess of revenue over expenses	(238,652)	(27,170)	(211,482)
Capital Donations	249,244	148,941	100,303
Inter-governmental Transfers	<u>-0-</u>	<u>(169,320)</u>	<u>169,320</u>
Increase (decrease) in net position	10,592	(47,549)	58,141
Net position - Beginning of Year	<u>4,031,279</u>	<u>4,078,828</u>	<u>(47,549)</u>
Net position - End of Year	<u>\$ 4,041,871</u>	<u>\$ 4,031,279</u>	<u>10,592</u>

Patient Days

Specialty	FY 2013	FY 2012	Percentage Change From 2012
Medical/surgical	795	1002	-21%
Swing	351	332	6%
Skilled nursing	<u>17108</u>	<u>20181</u>	<u>-15%</u>
Total Patient Days	<u>18254</u>	<u>21515</u>	<u>-15%</u>

EASTERN PLUMAS HEALTH CARE DISTRICT

Management's Discussion and Analysis

June 30, 2013

Discharges

Specialty	FY 2013	FY 2012	Percentage Change From 2012
Medical/surgical	239	407	-41%
Swing	25	44	-43%
Skilled nursing	97	95	2%
Total Discharges	361	545	-34%

Average Length of Stay

Specialty	FY2013	FY2012	Percentage Change From 2011
Medical/surgical	3.3	2.5	32%
Swing	14.0	8	75%
Skilled nursing	211.4	190	11%

Gross Patient Charges

The District charges all patients equally based on its established pricing structure for the services rendered. Under antitrust statutes and Medicare regulations, all hospitals are required to charge their patients equally if the same level of service is rendered.

Inpatient and Swing gross charges decreased \$563,700 or 9%. Skilled Nursing gross charges decreased \$1,126,307 or 15 %. Outpatient gross charges decreased \$646,256 or 2 %.

Deductions from Revenue

Contractual allowances are computed deductions based on the difference between gross charges and the contractually agreed-upon rates with third party government-based programs such as Medicare and Medi-Cal and other third party insurers.

Contractual allowances (as a percentage of gross patient charges) were 43% for fiscal year 2013 and 2012.

Net Patient Service Revenue

Net patient service revenue is the resulting difference between gross patient charges and the deductions from revenue. Compared to fiscal year 2012, net patient services revenues increased \$445,048 or 2.3% in fiscal year 2013.

EASTERN PLUMAS HEALTH CARE DISTRICT

Management's Discussion and Analysis

June 30, 2013

Operating Expenses

Total operating expenses were \$20,096,336 in fiscal year 2013 compared to \$19,827,806 in fiscal year 2012. The increase of \$268,530 resulted primarily from professional fees, repair and maintenance, and rental of the MRI trailer.

Salaries and Benefits

The District continues to focus on providing a comprehensive salary and benefit package to all employees in addition to wage adjustments and educational and relocation benefits for mission critical positions in health care. Average full-time equivalents (FTEs) remained the same for fiscal year 2013 and 2012; 186 FTEs.

Economic Factors and Next Fiscal Year's Budget

EPHC's Board of Directors approved the fiscal 2014 budget at its June 2013 meeting. The financial goals of the fiscal year 2014 budget are to increase hospital outpatient and clinic utilization, continued control of operating expenses and increased cash reserves. Net revenue for the District is projected to be \$19,576,516, and total expenses are projected to be \$20,365,575 for fiscal year end 2014. The projected change in net position is \$176,337.

EASTERN PLUMAS HEALTH CARE DISTRICT

Balance Sheets

	June 30,	
	<u>2013</u>	<u>2012</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 451,566	\$ 676,068
Patient accounts receivable, net of allowances	3,252,022	2,734,121
Other receivables	45,734	40,682
Assets limited as to use	-0-	105,531
Supplies	213,700	215,316
Prepaid expenses and deposits	<u>47,608</u>	<u>125,974</u>
Total current assets	4,010,630	3,897,692
Assets limited as to use, net of current portion	1,109,513	1,106,839
Capital assets, net of accumulated depreciation	7,991,295	7,928,224
Other assets	<u>13,909</u>	<u>16,937</u>
Total assets	<u>\$ 13,125,347</u>	<u>\$ 12,949,692</u>
Liabilities and Net Position		
Current liabilities:		
Current maturities of long-term debt	\$ 597,958	\$ 532,078
Accounts payable and accrued expenses	899,418	833,760
Accrued payroll and related liabilities	917,173	881,086
Estimated third party payor settlements	1,480,044	1,076,514
Deferred revenue	<u>167,670</u>	<u>167,670</u>
Total current liabilities	4,062,263	3,491,108
Deferred revenue, net of current portion	335,338	503,008
Long-term debt, net of current maturities	<u>4,685,875</u>	<u>4,924,297</u>
Total liabilities	9,083,476	8,918,413
Net position:		
Invested in capital assets, net of related debt	2,707,462	2,471,849
Restricted for capital improvements	-0-	105,531
Unrestricted	<u>1,334,409</u>	<u>1,453,899</u>
Total net position	<u>4,041,871</u>	<u>4,031,279</u>
Total liabilities and net position	<u>\$ 13,125,347</u>	<u>\$ 12,949,692</u>

See accompanying notes to the financial statements

EASTERN PLUMAS HEALTH CARE DISTRICT

Statements of Revenues, Expenses and Changes in Net Position

	Year Ended June 30,	
	<u>2013</u>	<u>2012</u>
Operating revenues		
Net patient service revenue	\$ 19,471,812	\$ 19,026,764
Other operating revenue	<u>69,428</u>	<u>486,211</u>
Total operating revenues	19,541,240	19,512,975
Operating expenses		
Salaries and wages	9,454,254	9,401,855
Employee benefits	2,407,696	2,415,052
Professional fees	2,801,557	2,737,305
Purchased services	1,019,412	842,467
Supplies	1,670,263	1,766,916
Repairs and maintenance	531,557	401,748
Utilities and telephone	697,264	740,931
Rentals and leases	223,892	87,388
Insurance	371,259	401,184
Depreciation and amortization	765,453	864,468
Other operating expenses	<u>153,730</u>	<u>168,492</u>
Total operating expenses	<u>20,096,337</u>	<u>19,827,806</u>
Operating loss	(555,097)	(314,831)
Non-operating revenues (expenses)		
District tax revenues	513,542	527,994
Contributions and grants	15,000	31,567
Interest expense	(268,774)	(310,167)
Other non-operating revenue (expense)	<u>56,677</u>	<u>38,267</u>
Total non-operating revenues, net	<u>316,445</u>	<u>287,661</u>
Excess expenses over revenues	(238,652)	(27,170)
Capital donations	249,244	148,941
Inter-governmental transfers	<u>-0-</u>	<u>(169,320)</u>
Increase (decrease) in net position	10,592	(47,549)
Net position at beginning of the year	<u>4,031,279</u>	<u>4,078,828</u>
Net position at end of the year	<u>\$ 4,041,871</u>	<u>\$ 4,031,279</u>

See accompanying notes to the financial statements

EASTERN PLUMAS HEALTH CARE DISTRICT

Statements of Cash Flows

	Year Ended June 30,	
	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from patients and third-parties on behalf of patients	\$ 19,357,441	\$ 20,545,887
Cash received from operations, other than patient services	(103,294)	1,527,981
Cash payments to suppliers and contractors	(7,323,294)	(8,200,906)
Cash payments to employees and benefit programs	<u>(11,825,863)</u>	<u>(12,036,378)</u>
Net cash provided by operating activities	104,990	1,836,584
Cash flows from non-capital financing activities:		
District tax revenues	513,542	527,994
Contributions and grants	15,000	31,567
Other non-operating revenues	56,677	38,267
Inter-governmental transfers	<u>-0-</u>	<u>(169,320)</u>
Net cash provided by non-capital financing activities	585,219	428,508
Cash flows from capital and related financing activities:		
Purchase of capital assets, net of disposals	(860,837)	(370,513)
Loss on disposal of capital assets	35,341	
Capital contributions and grants	249,244	148,941
Debt borrowings	578,871	348,000
Principal payments on long-term debt	(751,413)	(870,075)
Interest payments on long-term debt	<u>(268,774)</u>	<u>(310,167)</u>
Net cash used in capital and related financing activities	(1,017,568)	(1,053,814)
Cash flows from investing activities:		
Net change in assets whose use is limited	<u>102,857</u>	<u>(962,553)</u>
Net cash provided by investing activities	<u>102,857</u>	<u>(962,553)</u>
Net increase (decrease) in cash and cash equivalents	(224,502)	248,725
Cash and cash equivalents at beginning of year	<u>676,068</u>	<u>427,343</u>
Cash and cash equivalents at end of year	<u>\$ 451,566</u>	<u>\$ 676,068</u>

See accompanying notes to the financial statements

EASTERN PLUMAS HEALTH CARE DISTRICT

Statements of Cash Flows (continued)

	Year Ended June 30,	
	2013	2012
Reconciliation of operating income to net cash provided by operating activities:		
Operating loss	\$ (555,097)	\$ (314,831)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization of other assets	765,453	864,468
Changes in operating assets and liabilities:		
Patient accounts receivables	(517,901)	359,729
Other receivables	(5,052)	371,092
Supplies	1,616	7,186
Prepaid expenses and deposits	78,366	(1,515)
Accounts payable and accrued expenses	65,658	(1,060,146)
Accrued payroll and related liabilities	36,087	(219,471)
Estimated third party payor settlements	403,530	1,159,394
Deferred revenue	<u>(167,670)</u>	<u>670,678</u>
Net cash provided by operating activities	<u>\$ 104,990</u>	<u>\$ 1,836,584</u>

See accompanying notes to the financial statements

EASTERN PLUMAS HEALTH CARE DISTRICT

Notes to Financial Statements

June 30, 2013

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES

Reporting Entity: Eastern Plumas Health Care District (the District) is a political subdivision of the state of California organized under the Local Health Care District Law as set forth in the Health and Safety Code of the state of California. The District owns and operates Eastern Plumas Hospital (the Hospital), which is located in Portola, California. The Hospital was formed in 1964 under the Local Healthcare District Law (Section 32.00 et. seq.) to provide health care services to the citizens of Plumas County. The Hospital serves the surrounding community, as well as visitors to the area throughout the year, deriving a significant portion of revenue from third-party payors, including private insurance, Medicare, and Medi-Cal.

The District maintains its financial records in conformity with guidelines set forth by the Local Health Care District Law and the Office of Statewide Health Planning and Development of the state of California.

Basis of Accounting: The accounting policies and financial statements of the District generally conform with the recommendations of the audit and accounting guide, *Health Care Organizations*, published by the American Institute of Certified Public Accountants. The financial statements are presented in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operational revenues and expenses.

The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on GASB Statement Number 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the District has elected to apply the provisions of all relevant pronouncements as the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Financial Statement Presentation: The District applies the provisions of GASB 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (Statement 34), as amended by GASB 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and Statement 38, *Certain Financial Statement Note Disclosures*. Statement 34 established financial reporting standards for all state and local governments and related entities. Statement 34 primarily relates to presentation and disclosure requirements. The impact of this change was related to the format of the financial statements; the inclusion of management's discussion and analysis; and the preparation of the statement of cash flows on the direct method. The application of these accounting standards had no impact on the total net assets.

EASTERN PLUMAS HEALTH CARE DISTRICT

Notes to Financial Statements

June 30, 2013

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES (continued)

Management's Discussion and Analysis: Statement 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the District's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of organizations in the private sector.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: The District's cash and cash equivalents include cash on hand, demand deposits and short-term investments at financial institutions, and deposits in the state of California Local Agency Investment Fund (LAW), a pooled investment fund. The District considers short-term investments with original maturity of three months or less from the date of acquisition as cash and cash equivalents. The District records its deposits at fair value, which approximates cost.

Patient Accounts Receivable: Patient accounts receivable consist of amounts owed by various governmental agencies, insurance companies and private patients. The District manages its receivables by regularly reviewing the accounts, inquiring with respective payors as to collectibility and providing for allowances on their accounting records for estimated contractual adjustments and uncollectible accounts. Significant concentrations of patient accounts receivable are discussed further in the footnotes.

Supplies: Inventories are consistently reported from year to year at cost determined by average costs and replacement values which are not in excess of market. The District does not maintain levels of inventory values such as those under a first-in, first out or last-in, first out method.

Assets Limited as to Use: Assets limited as to use include amounts restricted for capital improvements and purchases and board designated assets. Assets limited as to use consist primarily of cash and cash equivalents.

Capital Assets: Capital assets consist of property and equipment and are reported on the basis of cost, or in the case of donated items, on the basis of fair market value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures which increase values, change capacities, or extend useful lives are capitalized. Depreciation of property and equipment and amortization of property under capital leases are computed by the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the assets, which range from 10 to 30 years for buildings and improvements, and 3 to 10 years for equipment. The District periodically reviews its capital assets for value impairment. As of June 30, 2013 and 2012, the District has determined that no capital assets are impaired.

EASTERN PLUMAS HEALTH CARE DISTRICT

Notes to Financial Statements

June 30, 2013

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES (continued)

Compensated Absences: The employees of the District earn vacation benefits at varying rates. These rates are determined based on the employee's years of service. Employees also earn sick leave benefits based on varying rates depending on years of service. Both benefits can accumulate up to specified maximum levels. Employees are not paid for accumulated sick leave benefits if they leave either upon termination or before retirement. However, accumulated vacation benefits are paid to an employee upon either termination or retirement. Accrued vacation liabilities as of June 30, 2013 and 2012 are \$584,849 and \$594,970, respectively.

Classification of Net Position: Net position of the District is classified into three categories. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of net assets with limits on their use that are externally imposed by creditors (such as through debt covenants), grantors, contributors or by laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consist of net assets and net deferred outflows and inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

Net Patient Service Revenues: Net patient service revenues are reported in the period at the estimated net realized amounts from patients, third-party payors and others including estimated retroactive adjustments under reimbursement agreements with third-party programs. Normal estimation differences between final reimbursement and amounts accrued in previous years are reported as adjustments of current year's net patient service revenues.

Charity Care: The District accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the District. Essentially, these policies define charity services as those services for which no payment is anticipated. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenues. Services provided are recorded as gross patient service revenues and then written off entirely as an adjustment to net patient service revenues.

Grants and Contributions: From time to time, the District receives grants from various governmental agencies and private organizations. The District also receives contributions from related foundation and auxiliary organizations, as well as from individuals and other private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or capital acquisitions. These amounts, when recognized upon meeting all requirements, are reported as components of the statement of revenues, expenses and changes in net assets.

EASTERN PLUMAS HEALTH CARE DISTRICT

Notes to Financial Statements

June 30, 2013

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES (continued)

Operating Revenues and Expenses: The District's statement of revenues, expenses and changes in net assets distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, which is the District's principal activity. Operating expenses are all expenses incurred to provide health care services, other than financing costs. Non-operating revenues and expenses are those transactions not considered directly linked to providing health care services.

Property Tax: Property taxes are levied by Plumas County on the District's behalf and are intended to support operations and to service debt. The amount of property tax received is dependent upon the assessed real property valuations as determined by the Plumas County Assessor.

Property taxes are levied on July 1 for the following fiscal year based on values as of March of that year. The county collects the taxes and pays the District based on The Teeter Plan by contract. Under this plan, the county pays the District 45% of the estimated tax collections on December 15, 42% to 43% on April 15, and the balance in August of the following year after reconciling all accounts. The county charges a collection fee of 1.7% of the taxes remitted.

Subsequent events: Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Reclassifications: Certain financial statement amounts as presented in the prior year financial statements have been reclassified in these, the current year financial statements, in order to conform to the current year financial statement presentation.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

As of June 30, 2013 and 2012, the District had deposits invested in various financial institutions in the form of cash and cash equivalents amounting to \$1,561,079 and \$1,888,438, respectively. All of these funds were held in deposits, which are collateralized in accordance with the California Government Code (CGC), except for \$250,000 per account that is federally insured.

Under the provisions of the CGC, California banks and savings and loan associations are required to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure Hospital deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. The pledged securities are held by the pledging financial institution's trust department in the name of the District.

EASTERN PLUMAS HEALTH CARE DISTRICT

Notes to Financial Statements

June 30, 2013

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments consist of U.S. Government securities and state and local agency funds invested in U. S. Government securities and are stated at quoted market values. Changes in market value between years are reflected as a component of investment income in the accompanying statement of revenues, expenses and changes in net assets.

NOTE 3 - NET PATIENT SERVICE REVENUES AND REIMBURSEMENT PROGRAMS

The District renders services to patients under contractual arrangements with the Medicare and Medi-Cal programs, commercial insurance companies, health maintenance organizations (HMOs) and preferred provider organizations (PPOs). Patient service revenues from these programs approximate 92% of gross patient service revenues for the year ended June 30, 2013 and 93% for the year ended June 30, 2012.

The Medicare Program reimburses the District on a cost basis payment system for inpatient and outpatient hospital services. The cost based reimbursement is determined based on filed Medicare cost reports. Skilled nursing services are reimbursed on a predetermined amounts based on the Medicare rates for the services.

The District contracts to provide services to Medi-Cal, HMO and PPO inpatients on negotiated rates. Certain outpatient reimbursement is subject to a schedule of maximum allowable charges for Medi-Cal and to a percentage discount for HMOs and PPOs. The skilled nursing facility (SNF) is reimbursed by the Medi-Cal program on a prospective per diem basis subject to audit by the state. The results of the state audits are incorporated prospectively and are subject to appeal by the provider.

Both the Medicare and Medi-Cal program's administrative procedures preclude final determination of amounts due to the District for services to program patients until after patients' medical records are reviewed and cost reports are audited or otherwise reviewed by and settled with the respective administrative agencies. The Medicare and Medi-Cal cost reports are subject to audit and possible adjustment. Management is of the opinion that no significant adverse adjustment to the recorded settlement amounts will be required upon final settlement.

Medicare and Medi-Cal revenue accounted for approximately 73% of the District's net patient revenues for the year ended June 30, 2013 and 74% for the year ended June 30, 2012. Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

EASTERN PLUMAS HEALTH CARE DISTRICT

Notes to Financial Statements

June 30, 2013

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The District uses certain methods and assumptions in estimating its fair value disclosures for financial instruments. For cash and cash equivalents, the District uses the carrying amounts which approximate fair value due to the short maturity of any financial instrument considered as a cash equivalent. For debt borrowings (including capital lease obligations), the fair values are estimated using discounted cash flow analysis, based on the District's current incremental borrowing rates for similar types of borrowing arrangements. As of June 30, 2013 and 2012, the fair values of capital lease obligations were not considered to be materially different from the carrying values.

NOTE 5 - CONCENTRATION OF CREDIT RISK

The District grants credit without collateral to its patients and third-party payors. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the District and management does not believe that there is any credit risk associated with these governmental agencies. Contracted and other patient accounts receivable consist of various payors including individuals involved in diverse activities, subject to differing economic conditions and do not represent any concentrated credit risks to the District. Concentration of patient accounts receivable at June 30, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Medicare	\$ 1,948,331	\$ 1,491,780
Medi-Cal and Medi-Cal pending	2,440,807	1,771,727
Other third party payors	918,584	995,773
Self pay and other	<u>693,042</u>	<u>955,747</u>
Gross patient accounts receivable	6,000,764	5,215,027
Less allowances for contractual adjustments and bad debts	<u>(2,748,742)</u>	<u>(2,480,906)</u>
Net patient accounts receivable	<u>\$ 3,252,022</u>	<u>\$ 2,734,121</u>

EASTERN PLUMAS HEALTH CARE DISTRICT

Notes to Financial Statements

June 30, 2013

NOTE 6 - CAPITAL ASSETS

Capital assets as of June 30, 2013 and 2012 were comprised of the following:

	<u>Balance at June 30, 2012</u>	<u>Transfers & Additions</u>	<u>Transfers & Retirements</u>	<u>Balance at June 30, 2013</u>
Land and land improvements	\$ 926,064	\$ 8,100	\$ -0-	\$ 934,164
Buildings and improvements	10,038,615	42,111	-0-	10,080,726
Equipment	10,211,469	718,713	(898,058)	10,032,124
Construction-in-progress	<u>50,063</u>	<u>91,913</u>	<u>-0-</u>	<u>141,976</u>
Totals at historical cost	21,226,211	<u>\$ 860,837</u>	<u>\$ (898,058)</u>	21,188,990
Less accumulated depreciation	<u>(13,297,987)</u>	<u>\$ (762,425)</u>	<u>\$ 862,717</u>	<u>(13,197,695)</u>
Capital assets, net	<u>\$ 7,928,224</u>			<u>\$ 7,991,295</u>
	<u>Balance at June 30, 2011</u>	<u>Transfers & Additions</u>	<u>Transfers & Retirements</u>	<u>Balance at June 30, 2012</u>
Land and land improvements	\$ 926,064	\$ -0-	\$ -0-	\$ 926,064
Buildings and improvements	9,811,321	222,294	-0-	10,038,615
Equipment	9,759,311	567,309	(115,151)	10,211,469
Construction-in-progress	<u>454,746</u>	<u>-0-</u>	<u>(404,683)</u>	<u>50,063</u>
Totals at historical cost	20,951,442	<u>\$ 794,603</u>	<u>\$ (519,834)</u>	21,226,211
Less accumulated depreciation	<u>(12,532,291)</u>	<u>\$ (861,440)</u>	<u>\$ 95,744</u>	<u>(13,297,987)</u>
Capital assets, net	<u>\$ 8,419,151</u>			<u>\$ 7,928,224</u>

NOTE 8 - DEBT BORROWINGS

Long-term debt consists of notes payable and capital lease obligations of \$5,283,833 and \$5,456,375 as of June 30, 2013 and June 30, 2012, respectively. Interest is charged at various rates from 3.0% to 6.2%, with maturities at various times from 2014 through 2034.

Future principal maturities for debt borrowings for the next five years are: \$597,958 in 2014; \$470,218 in 2015; \$255,841 in 2016; \$244,600 in 2017; \$229,203 in 2018; and \$3,486,013 thereafter.

EASTERN PLUMAS HEALTH CARE DISTRICT

Notes to Financial Statements

June 30, 2013

NOTE 9 - RETIREMENT PLANS

The District established the Eastern Plumas Health Care District Executive Deferred Compensation Plan funded exclusively through the purchase of annuity contracts from The Variable Annuity Life Insurance Company. District employees are eligible after completion of one year of service and continued participation requires at least 1,000 hours of service each year. The District's contributions are discretionary. District contributions are vested 20% after one year of service with vesting increasing by 20% each year thereafter until fully vested. Total discretionary pension expense for the years ended June 30, 2013 and 2012, was \$98,686 and \$79,249, respectively.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Risk Management: The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters.

Litigation: The District may from time-to-time be involved in litigation and regulatory investigations which arise in the normal course of doing business. After consultation with legal counsel, management estimates that matters existing as of June 30, 2013 will be resolved without material adverse effect on the District's future financial position, results from operations or cash flows.

Workers Compensation Program: The District is a participant in the Association of California Hospital District's ALPHA Fund which administers a self-insured worker's compensation plan for participating hospital employees of its member hospitals. The District pays premiums to the ALPHA Fund which are adjusted annually. If participation in the ALPHA Fund is terminated by the District, the District would be liable for its share of any additional premiums necessary for final disposition of all claims and losses covered by the ALPHA Fund.

Health Insurance Portability and Accountability Act: The Health Insurance Portability and Accountability Act (HIPAA) was enacted August 21, 1996, to ensure health insurance portability, reduce health care fraud and abuse, guarantee security and privacy of health information, and enforce standards for health information. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations. Management continues to evaluate the impact of this legislation on its operations including future financial commitments that will be required.

Operating leases - The Hospital leases various equipment and facilities under operating leases expiring at various dates. Lease and rental expense under such agreements was \$223,892 and \$87,388 for the years ended June 30, 2013 and 2012 respectively. Future minimum lease payments under operating leases as of June 30, 2013 that have initial or remaining lease terms in excess of one year are not considered significant.

EASTERN PLUMAS HEALTH CARE DISTRICT

Notes to Financial Statements

June 30, 2013

NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)

Health Care Reform: The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with fraud and abuse as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

NOTE 11- CHARITY CARE AND COMMUNITY BENEFIT EXPENSE

The Hospital maintains records to identify and monitor the level of charity care and community service it provides. These records include: the amount of charges foregone (based on established rates) for services and supplies furnished under its charity care and community service policies and the estimated cost of those services and supplies.

The following is a summary of the Hospital's charity care and community benefit expense for the years ended June 30, 2013 and 2012, in terms of services to the poor and benefits to the broader community:

	<u>2013</u>	<u>2012</u>
Benefits for the poor:		
Traditional charity care and related programs	\$ 283,195	\$ 474,912
Total quantifiable benefits for the poor	283,195	474,912
Benefits for the broader community:		
Unpaid Medicare program charges	10,687,382	10,033,348
Unpaid MediCal program charges	<u>4,556,882</u>	<u>4,980,596</u>
Total quantifiable benefits for the broader community	<u>15,244,264</u>	<u>15,013,944</u>
Total quantifiable community benefits	<u>\$ 15,527,459</u>	<u>\$ 15,488,856</u>

EASTERN PLUMAS HEALTH CARE DISTRICT

Notes to Financial Statements

June 30, 2013

NOTE 12 – EASTERN PLUMAS HEALTHCARE DISTRICT FOUNDATION

The Eastern Plumas Healthcare District Foundation (the Foundation), has been established as a nonprofit public benefit corporation to solicit contributions on behalf of the District. Substantially all funds raised, except for funds required for operation of the Foundation, are distributed to the District or held for the benefit of the District. The Foundation's funds, which represent the Foundation's unrestricted resources, are distributed to the District in amounts and in periods determined by the Foundation's Board of Trustees, who may also restrict the use of such funds for District property and equipment replacement, expansion, or other specific purposes. Because management believes the resources of the Foundation are significant to the Hospital, the Foundation is considered a component unit of the District. The District is not financially accountable for the activities of the Foundation and has determined that disclosure of unaudited condensed financial statements of the Foundation is the most appropriate presentation of component unit data.

Eastern Plumas Healthcare District Foundation Unaudited Condensed Statements of Net Assets

	June 30,	
	2013	2012
Assets:		
Cash and cash equivalents	\$ 143,813	\$ 180,122
Restricted cash and cash equivalents	85,522	103,861
Commercial property	777,987	813,350
Other assets	3,510	3,510
Total assets	1,010,832	1,100,843
Liabilities:		
Mortgage payable	664,494	675,862
Total liabilities	664,494	675,862
Total net assets	\$ 346,338	\$ 424,981

Unaudited Condensed Statements of Activities

	Year ended June 30,	
	2013	2012
Total support	\$ 78,511	\$ 241,779
Expenses	(92,404)	(90,653)
Donations and pledges to the District	(64,750)	(26,720)
Increase (decrease) in net assets	(78,643)	124,406
Net assets at beginning of year	424,981	300,575
Net assets at end of year	\$ 346,338	\$ 424,981

EASTERN PLUMAS HEALTH CARE DISTRICT

Notes to Financial Statements

June 30, 2013

NOTE 11 – EASTERN PLUMAS HEALTHCARE DISTRICT FOUNDATION (continued)

The District received contributions of \$64,750 in the year ended June 30, 2013 and \$26,720 in the year ended June 30, 2012 from the Foundation. The District provides office space to the Foundation at no charge and the Foundation's directors and computer equipment are covered under the District's general liability, directors and officers and property insurance.

NOTE 5 - FAIR VALUE OF ASSETS AND LIABILITIES

The Hospital adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (FAS 157). FAS 157 establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. FAS 157 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities;

Level 3: Unobservable inputs for the assets or liabilities that are supported by little or no market activity and that are significant to the fair value of the underlying assets or liabilities.

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the Hospital's balance sheets, as well as the classification pursuant to the valuation hierarchy.

Financial Instruments: Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 instruments include a variety of financial instruments as listed below. There are no Level 2 or Level 3 types within the balance sheet of the Hospital.

EASTERN PLUMAS HEALTH CARE DISTRICT

Notes to Financial Statements

June 30, 2013

The following table summarizes the financial instruments measured at fair value on a recurring basis in accordance with FAS 157 as of June 30, 2013 and 2012:

		2013		
	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Government investment funds	\$ 1,109,513	\$ 1,109,513		
Money market securities	<u>802,080</u>	<u>802,080</u>		
Totals of financial instruments	<u>\$ 1,911,593</u>	<u>\$ 1,911,593</u>		
		2012		
	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Government investment funds	\$ 1,106,839	\$ 1,106,839		
Money market securities	<u>891,221</u>	<u>891,221</u>		
Totals of financial instruments	<u>\$ 1,998,060</u>	<u>\$ 1,998,060</u>		

EASTERN PLUMAS HEALTH CARE DISTRICT

MEMORANDUM

Date: September 12, 2013

To: Board of Directors

From: Jeri Nelson, Chief Financial Officer

Subject: **Summary of Financial Results – August 2013**

Table 1. Consolidated Financial Results – August 2013

	Actual	Budget	Variance
Total Revenue	\$3,163,369	\$3,564,744	\$(401,375)
Contractual Adjustments	\$1,349,200	\$1,613,460	\$(264,260)
Bad Debt/Admin Adjustments	\$130,550	\$183,157	\$(52,607)
Net Revenue	\$1,683,619	\$1,768,127	\$(84,508)
Total Expenses	\$1,725,790	\$1,731,411	\$(11,128)
Operating Income (Loss)	\$(42,171)	\$36,716	\$(73,380)
Non-Operating Income(Expense)	\$51,179	\$75,333	\$(24,154)
Net Income (Loss)	\$9,008	\$112,050	\$(97,535)

Table 2. Consolidated Financial Results – Two Months Ended August 2013

	Actual	Budget	Variance
Total Revenue	\$6,532,249	\$7,059,566	\$(527,317)
Contractual Adjustments	\$2,875,216	\$3,177,880	\$(302,664)
Bad Debt/Admin Adjustments	\$338,101	\$360,267	\$(22,166)
Net Revenue	\$3,318,932	\$3,521,419	\$(202,487)
Total Expenses	\$3,405,200	\$3,458,289	\$(58,596)
Operating Income (Loss)	\$(86,268)	\$63,129	\$(143,890)
Non-Operating Income (Expense)	\$96,747	\$150,667	\$(53,920)
Net Income (Loss)	\$10,479	\$213,796	\$197,810

It is disappointing to see all of our patient services under budget in August. We based budgeted revenue and statistics on last year and we are not close in most of the departments. The mitigating factor is deductions from revenue are correspondingly down with net revenue at 53% of patient revenue for the month, and 51% year to date. Purchased services are over due to telemedicine, Lab Corp and plant operations. Other expenses include our license renewal fee.

**EASTERN PLUMAS HEALTH CARE
STATEMENT OF REVENUE & EXPENSE
FOR THE MONTH ENDED
AUGUST 31, 2013**

DESCRIPTION	CURRENT PERIOD			YEAR TO DATE			ANNUAL
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	BUDGET
OPERATING REVENUE							
INPATIENT ROUTINE	193250	186550	6700	362893	373100	-10207	2186989
INPATIENT ANCILLARY	169315	218608	-49293	347282	437495	-90213	2563180
TOTAL INPATIENT	<u>362565</u>	<u>405158</u>	<u>-42593</u>	<u>710175</u>	<u>810596</u>	<u>-100421</u>	<u>4750169</u>
SWING ROUTINE	12000	64020	-52020	12000	130058	-118058	776000
SWING ANCILLARY	16426	40411	-23985	16426	82102	-65676	489835
TOTAL SWING BED	<u>28426</u>	<u>104431</u>	<u>-76005</u>	<u>28426</u>	<u>212160</u>	<u>-183734</u>	<u>1265835</u>
SKILLED NURSING ROUTINE	492468	520607	-28139	957600	1041214	-83614	6132000
SKILLED NURSING ANCILLARY	94880	73485	21395	208559	146986	61573	865566
TOTAL SKILLED NURSING	<u>587348</u>	<u>594092</u>	<u>-6744</u>	<u>1166159</u>	<u>1188199</u>	<u>-22040</u>	<u>6997566</u>
OUTPATIENT SERVICES	<u>2172594</u>	<u>2455947</u>	<u>-283353</u>	<u>4606784</u>	<u>4838378</u>	<u>-231594</u>	<u>25953805</u>
TOTAL PATIENT REVENUES	<u>3150933</u>	<u>3559628</u>	<u>-408695</u>	<u>6511543</u>	<u>7049333</u>	<u>-537790</u>	<u>38967375</u>
OTHER OPERATING REVENUE	12436	5116	7320	20705	10233	10472	61396
TOTAL REVENUE	<u>3163369</u>	<u>3564744</u>	<u>-401375</u>	<u>6532249</u>	<u>7059566</u>	<u>-527317</u>	<u>39028771</u>
=====							
DEDUCTIONS FROM REVENUE							
BAD DEBT/ADMINISTRATIVE AL	130550	183157	-52607	338101	360267	-22166	1950550
CONTRACTUAL ADJUSTMENTS	1349200	1613460	-264260	2875216	3177880	-302664	17440309
TOTAL DEDUCTIONS	<u>1479750</u>	<u>1796617</u>	<u>-316867</u>	<u>3213317</u>	<u>3538147</u>	<u>-324830</u>	<u>19390859</u>
NET REVENUE	<u>1683619</u>	<u>1768127</u>	<u>-84508</u>	<u>3318932</u>	<u>3521419</u>	<u>-202487</u>	<u>19637912</u>
=====							
OPERATING EXPENSES							
SALARIES	772335	768360	3975	1551152	1551194	-42	9050380
BENEFITS	203983	223881	-19898	426732	449323	-22591	2668005
SUPPLIES	132703	141217	-8514	281249	285434	-4185	1700608
PROFESSIONAL FEES	239691	258933	-19242	480749	493593	-12844	2788765
REPAIRS & MAINTENANCE	39398	48052	-8654	76276	96105	-19829	576628
PURCHASED SERVICES	114748	70663	44085	176772	143096	33676	865194
UTILITIES/TELEPHONE	52958	53933	-975	82604	106060	-23456	715360
INSURANCE	31799	32996	-1197	63597	65992	-2395	396464
RENT/LEASE EXPENSE	14587	16618	-2031	29714	33235	-3521	199411
DEPRECIATION/AMORTIZATION	72489	75742	-3253	144993	151483	-6490	908899
INTEREST EXPENSE	22907	20948	1959	44715	41896	2819	251373
OTHER EXPENSES	28193	20070	8123	46647	40879	5768	244488
TOTAL EXPENSES	<u>1725790</u>	<u>1731411</u>	<u>-5621</u>	<u>3405200</u>	<u>3458289</u>	<u>-53089</u>	<u>20365575</u>
OPERATING INCOME (LOSS)	<u>-42171</u>	<u>36716</u>	<u>-78887</u>	<u>-86268</u>	<u>63129</u>	<u>-149397</u>	<u>-727663</u>
=====							

MISCELLANEOUS	2717	2625	92	5490	5250	240	31500
CONTRIBUTIONS	0	25000	-25000	0	50000	-50000	300000
PROPERTY TAX REVENUE	48462	47708	754	91257	95417	-4160	572500
NON-OPERATING INCOME (EXF	51179	75333	-24154	96747	150667	-53920	904000
NET INCOME (LOSS)	9008	112050	-103042	10479	213796	-203317	176337

=====

DESCRIPTION	CURRENT PERIOD			YEAR TO DATE			ANNUAL
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	BUDGET
STATISTICAL DATA							
ACUTE INPATIENT ADMISSIONS	20	31	-11	37	62	-25	365
ACUTE PATIENT DAYS	70	70	0	129	140	-11	821
SKILLED NURSING PATIENT DA	1407	1488	-81	2808	2976	-168	17520
SWING BED DAYS	6	32	-26	6	65	-59	388
E.R. VISITS	324	338	-14	685	675	10	3488
CLINIC VISITS	2193	2439	-246	4393	4602	-209	27255

**EASTERN PLUMAS HEALTH CARE
BALANCE SHEET
FOR THE MONTH ENDED
AUGUST 31, 2013**

DESCRIPTION

ASSETS

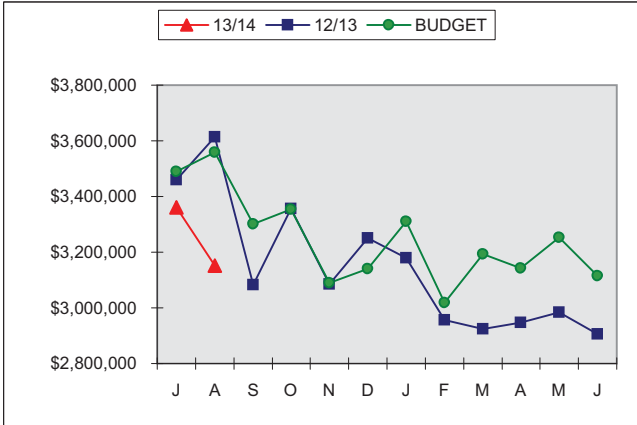
CURRENT ASSETS	
CASH	490,012
INVESTMENTS	1,109,513
ACCOUNTS RECEIVABLE NET	3,217,273
ACCOUNTS RECEIVABLE OTHER	797,746
INVENTORY	213,700
PREPAID EXPENSES	99,770
TOTAL CURRENT ASSETS	<u>5,928,105</u>
PROPERTY AND EQUIPMENT	
LAND AND IMPROVEMENTS	934,154
BUILDINGS AND IMPROVEMENTS	10,080,726
EQUIPMENT	10,032,124
IN PROGRESS	144,516
TOTAL PROPERTY AND EQUIPMENT	<u>21,191,530</u>
ACCUMULATED DEPRECIATION	<u>13,342,183</u>
NET PROPERTY AND EQUIPMENT	7,849,347
COSTS OF ISSUANCE NET	13,405
TOTAL	13,790,767 =====
LIABILITIES AND FUND BALANCE	
CURRENT LIABILITIES	
LEASES PAYABLE	92,835
ACCOUNTS PAYABLE	818,810
ACCRUED PAYROLL/RELATED TAXES	960,002
OTHER CURRENT LIABILITIES	368,492
TOTAL CURRENT LIABILITIES	<u>2,240,139</u>
LEASES PAYABLE	308,063
USDA REPAIRS & DEFEASANCE	311,392
CHFFA - EMR & ENDO EQUIP LOAN	47,391
CITY OF PORTOLA- PROPERTY LOAN	348,000
USDA LOANS SNF	3,488,055
USDA LOAN REPAIRS	4,597
USDA LOAN LOYALTON	494,012
USDA LOAN LOYALTON & PORTOLA	88,769
DEFERRED REVENUE	335,339
LTC MEDI-CAL CLAWBACK	2,072,662
TOTAL LIABILITIES	<u>9,738,418</u>
FUND BALANCE	4,041,870
NET INCOME (LOSS)	10,479
TOTAL	13,790,767

**EASTERN PLUMAS HEALTH CARE
COMPARATIVE BALANCE SHEET
FOR THE MONTHS ENDED**

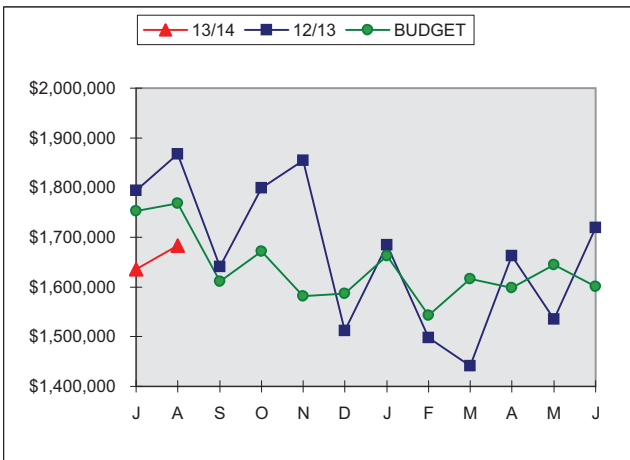
	JULY 2013	AUGUST 2013	CHANGE
ASSETS			
CURRENT ASSETS			
CASH	\$ 533,136	\$ 490,012	\$ (43,124)
LAIF SAVINGS	\$ 1,109,513	\$ 1,109,513	\$ -
ACCOUNTS RECEIVABLE NET	\$ 3,120,320	\$ 3,217,274	\$ 96,954
ACCOUNTS RECEIVABLE OTHER	\$ 749,612	\$ 797,746	\$ 48,134
INVENTORY	\$ 213,700	\$ 213,700	\$ -
PREPAID EXPENSES	<u>\$ 107,810</u>	<u>\$ 99,770</u>	<u>\$ (8,040)</u>
TOTAL CURRENT ASSETS	\$ 5,834,091	\$ 5,928,015	\$ 93,924
PROPERTY AND EQUIPMENT			
LAND AND IMPROVEMENTS	\$ 934,164	\$ 934,164	\$ -
BUILDINGS AND IMPROVEMENTS	\$ 10,080,726	\$ 10,080,726	\$ -
EQUIPMENT	\$ 10,032,124	\$ 10,032,124	\$ -
IN PROGRESS	<u>\$ 141,976</u>	<u>\$ 144,516</u>	<u>\$ 2,540</u>
	\$ 21,188,990	\$ 21,191,530	\$ 2,540
ACCUMULATED DEPRECIATION	<u>\$ 13,269,946</u>	<u>\$ 13,342,183</u>	<u>\$ 72,237</u>
TOTAL PROPERTY AND EQUIPMENT	\$ 7,919,044	\$ 7,849,347	\$ (69,697)
COSTS OF ISSUANCE NET	\$ 13,657	\$ 13,405	\$ (252)
TOTAL	<u>\$ 13,766,792</u>	<u>\$ 13,790,767</u>	<u>\$ 23,975</u>
LIABILITIES AND FUND BALANCE			
CURRENT LIABILITIES			
LEASES PAYABLE	\$ 98,260	\$ 92,835	\$ (5,425)
ACCOUNTS PAYABLE	\$ 833,471	\$ 818,809	\$ (14,662)
ACCRUED PAYROLL/RELATED TAXES	\$ 881,973	\$ 960,002	\$ 78,029
OTHER CURRENT LIABILITIES	<u>\$ 368,249</u>	<u>\$ 368,492</u>	<u>\$ 243</u>
TOTAL CURRENT LIABILITIES	\$ 2,181,953	\$ 2,240,138	\$ 58,185
LEASES PAYABLE	\$ 308,063	\$ 308,063	\$ -
CHFFA LOAN	\$ 54,068	\$ 47,391	\$ (6,677)
CITY OF PORTOLA	\$ 348,000	\$ 348,000	\$ -
USDA LOANS	\$ 4,423,366	\$ 4,386,825	\$ (36,541)
DEFERRED REVENUE	\$ 335,339	\$ 335,339	\$ -
MEDI-CAL LTC	<u>\$ 2,072,662</u>	<u>\$ 2,072,662</u>	<u>\$ -</u>
TOTAL LIABILITIES	\$ 9,723,451	\$ 9,738,418	\$ 14,967
FUND BALANCE	\$ 4,041,870	\$ 4,041,870	\$ -
NET INCOME (LOSS)	\$ 1,471	\$ 10,479	\$ 9,008
TOTAL	<u>\$ 13,766,792</u>	<u>\$ 13,790,767</u>	<u>\$ 23,975</u>

EASTERN PLUMAS HEALTH CARE
 MONTHLY FINANCIAL GRAPHS
 FOR THE YEAR ENDED JUNE 30, 2014

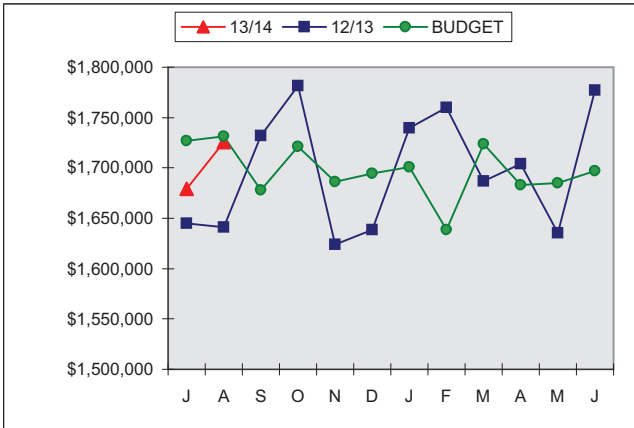
1. GROSS PATIENT REVENUE



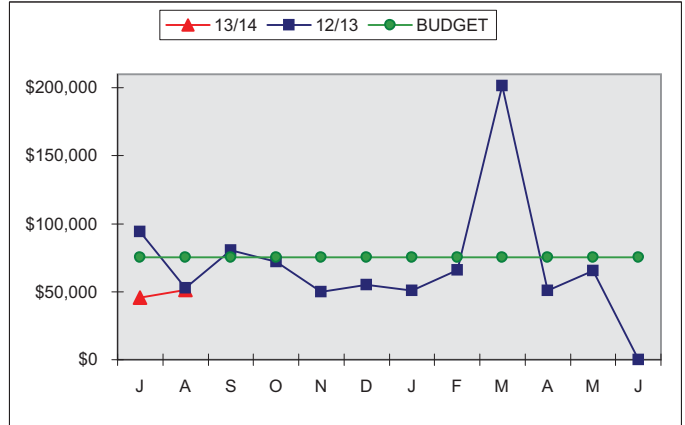
2. ESTIMATED NET REVENUE



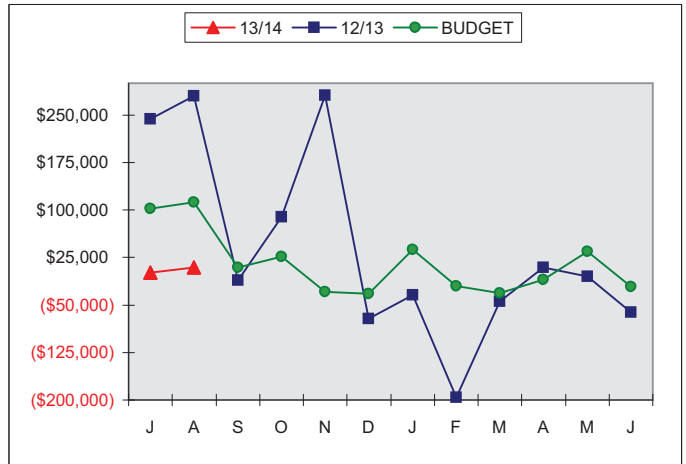
3. OPERATING EXPENSES



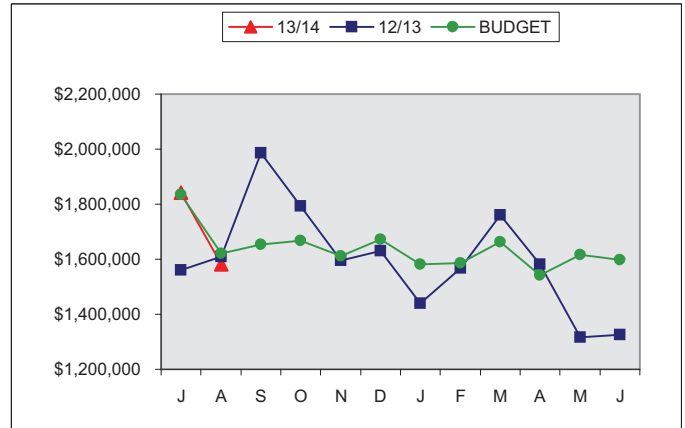
4. NON-OPERATING INCOME



5. NET INCOME (LOSS)

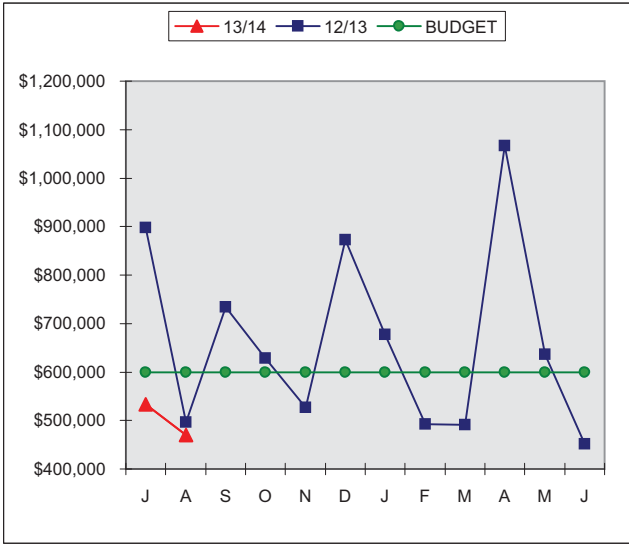


6. CASH RECEIPTS

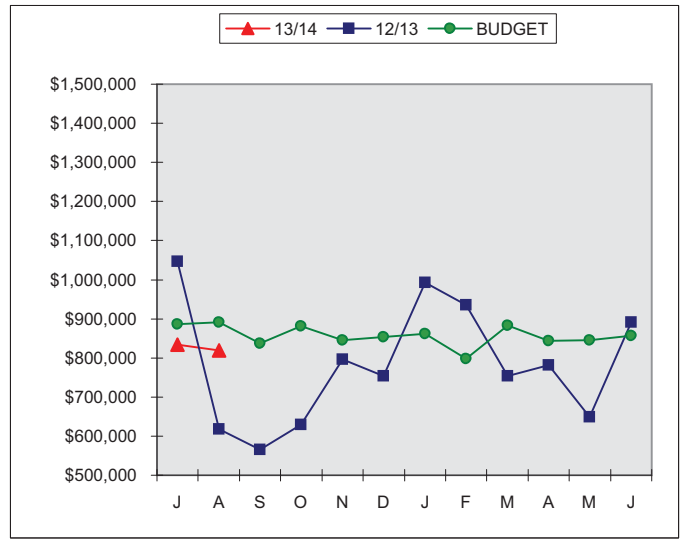


EASTERN PLUMAS HEALTH CARE
MONTHLY FINANCIAL GRAPHS
FOR THE YEAR ENDED JUNE 30, 2014

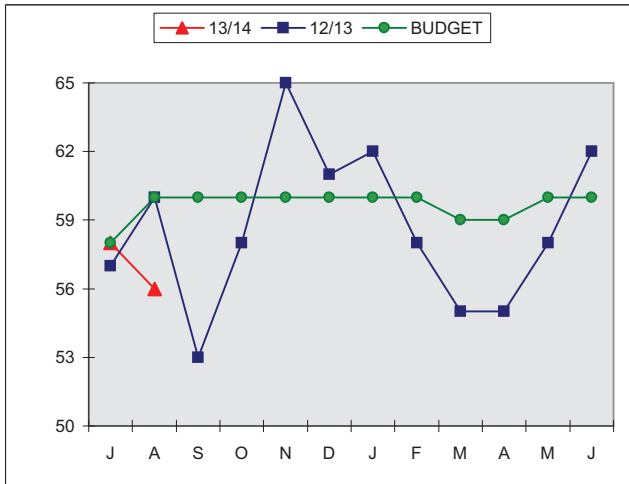
7. OPERATING CASH



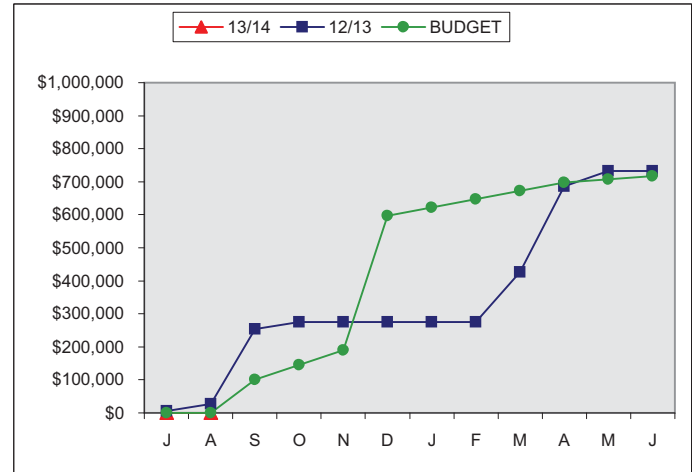
10. ACCOUNTS PAYABLE



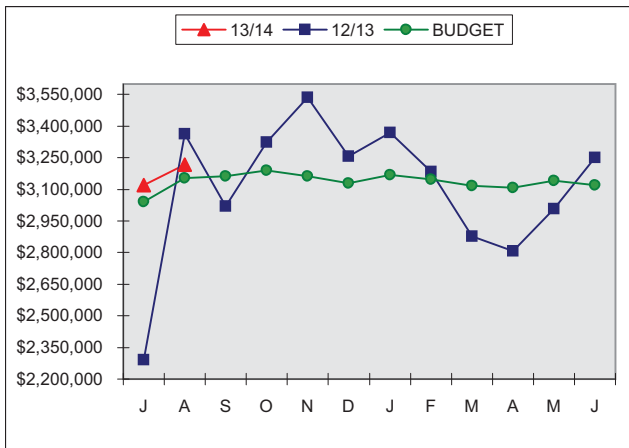
8. ACCOUNTS RECEIVABLE-DAYS



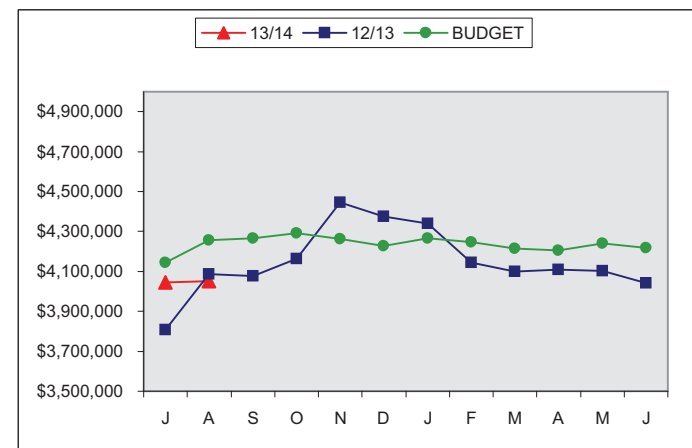
11. CAPITAL EXPENDITURES-YTD



9. ACCOUNTS RECEIVABLE, NET

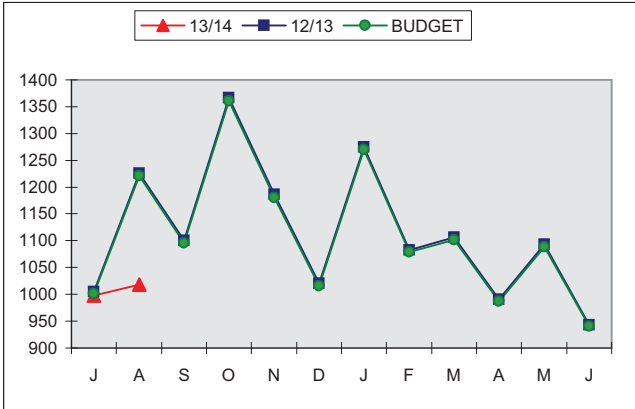


12. FUND BALANCE + NET INCOME (LOSS)

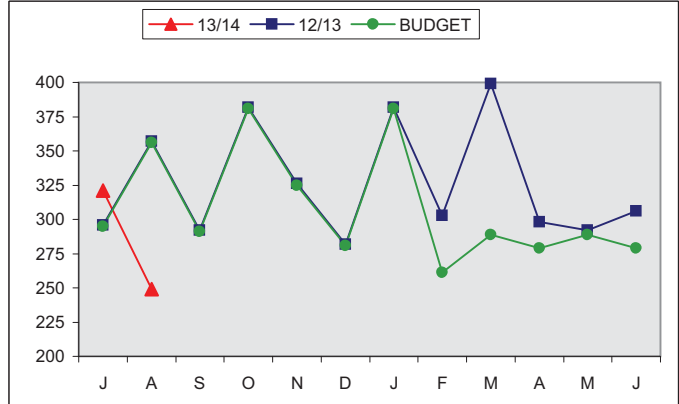


EASTERN PLUMAS HEALTH CARE
 MONTHLY FINANCIAL GRAPHS
 FOR THE YEAR ENDED JUNE 30, 2014

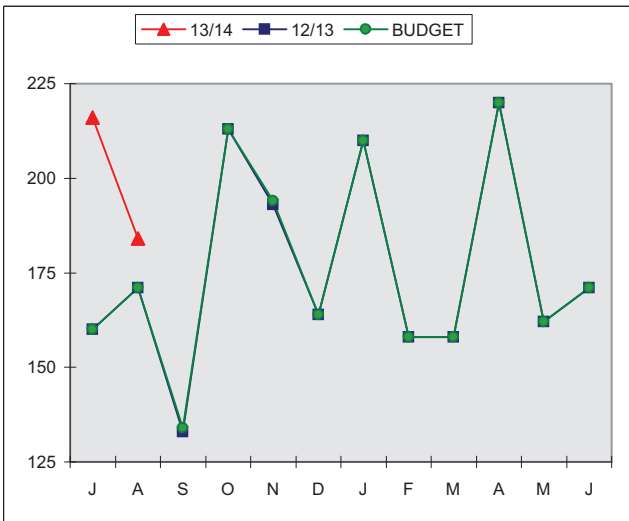
13. PORTOLA MEDICAL CLINIC VISITS



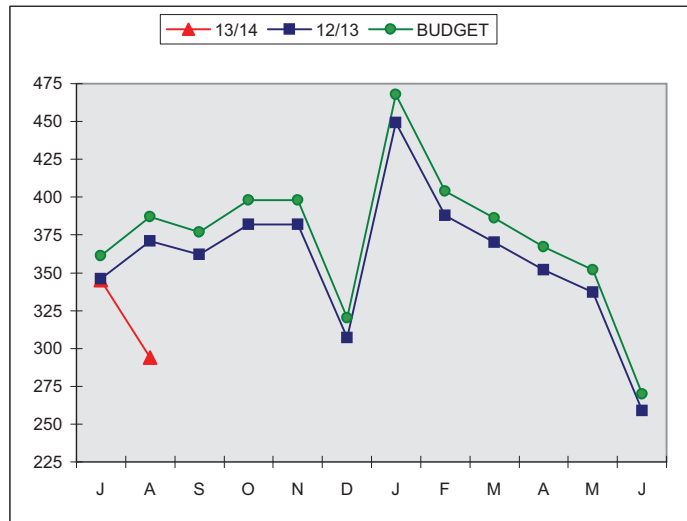
16. LOYALTON MEDICAL CLINIC VISITS



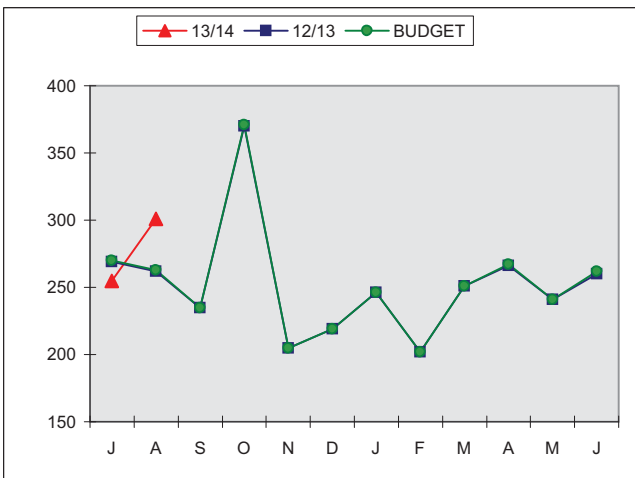
14. PORTOLA DENTAL CLINIC VISITS



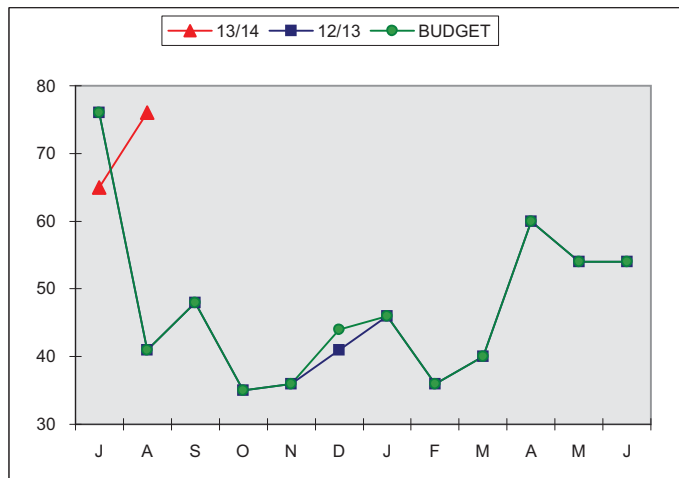
17. INDIAN VALLEY MEDICAL CLINIC VISITS



15. GRAEAGLE MEDICAL CLINIC VISITS

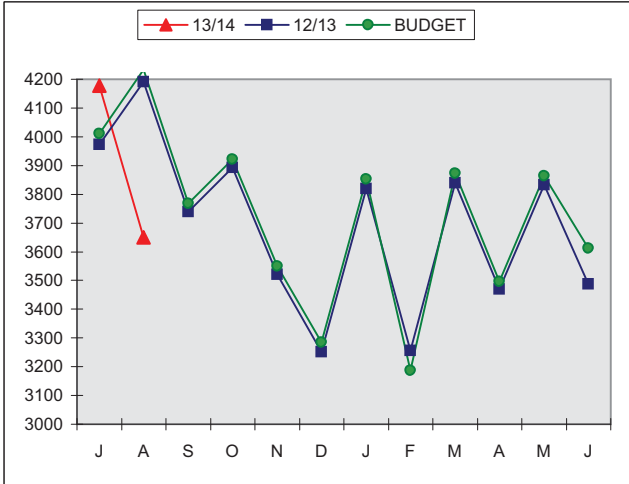


18. PORTOLA ANNEX VISITS

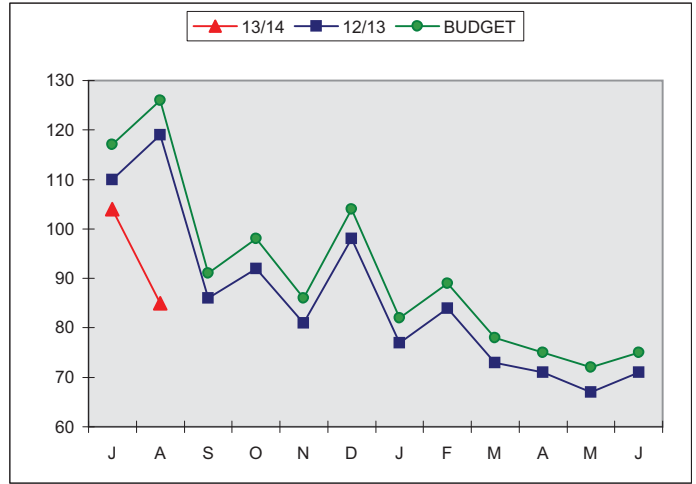


EASTERN PLUMAS HEALTH CARE
 MONTHLY FINANCIAL GRAPHS
 FOR THE YEAR ENDED JUNE 30, 2014

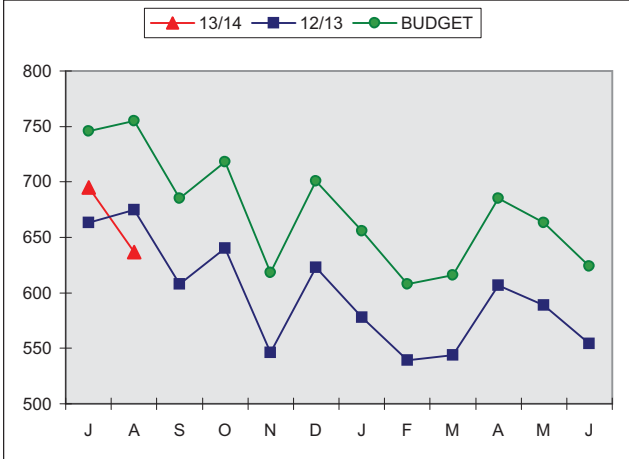
19. LABORATORY PROCEDURES



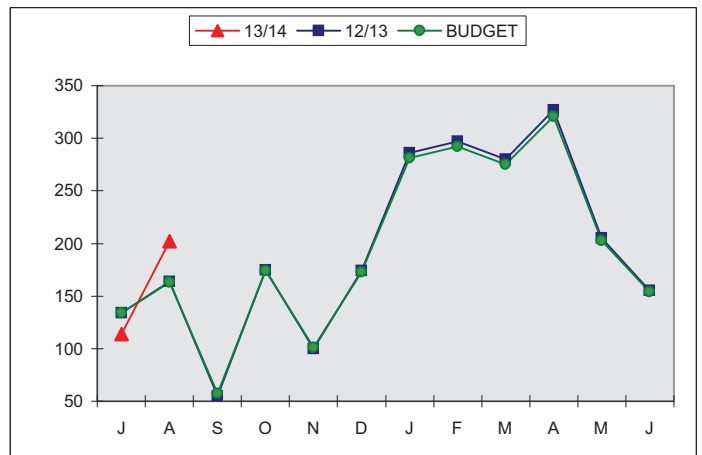
22. AMBULANCE RUNS



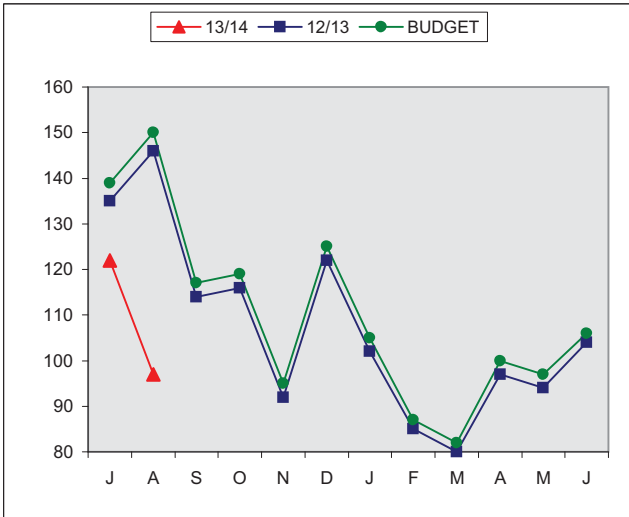
20. RADIOLOGY PROCEDURES



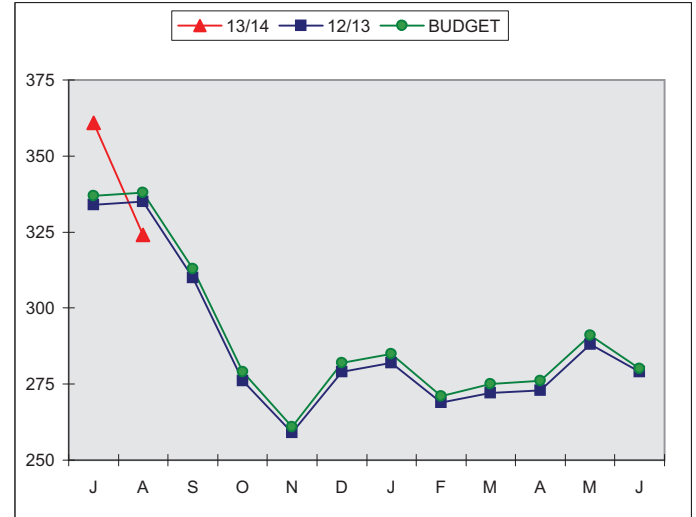
23. RESPIRATORY PROCEDURES



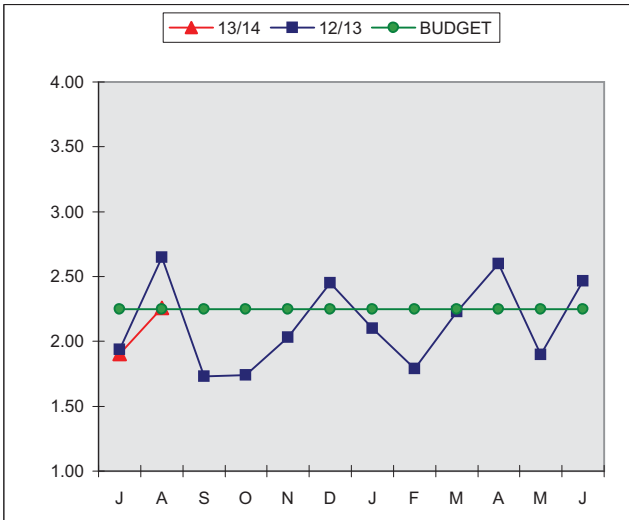
21. ECGS



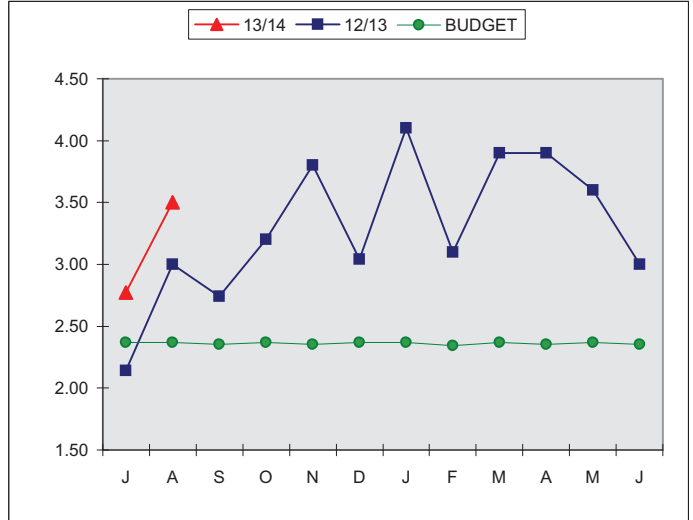
24. EMERGENCY ROOM VISITS



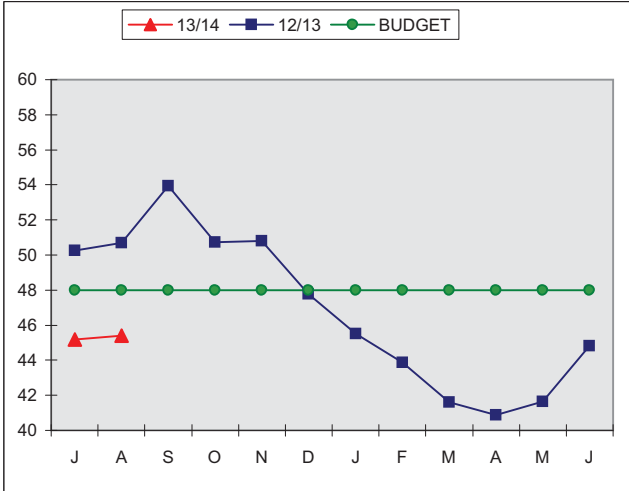
25. AVERAGE DAILY CENSUS - ACUTE



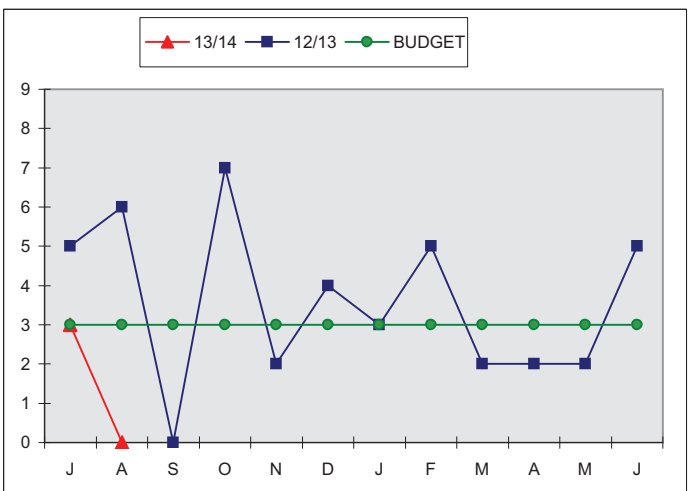
28. AVERAGE LENGTH OF STAY - ACUTE



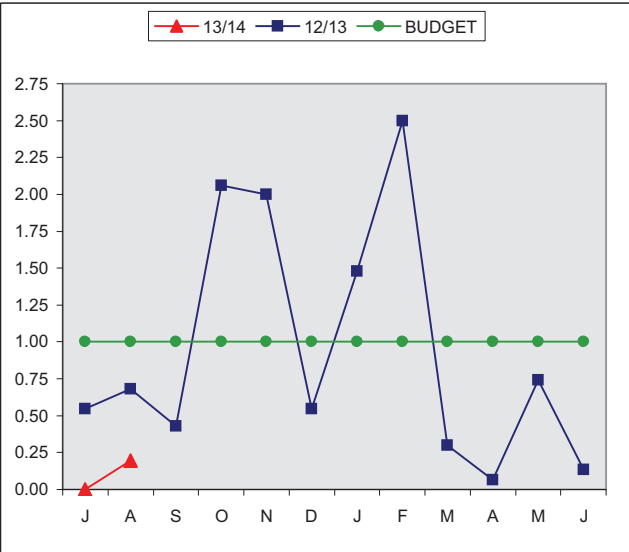
26. AVERAGE DAILY CENSUS - SNF



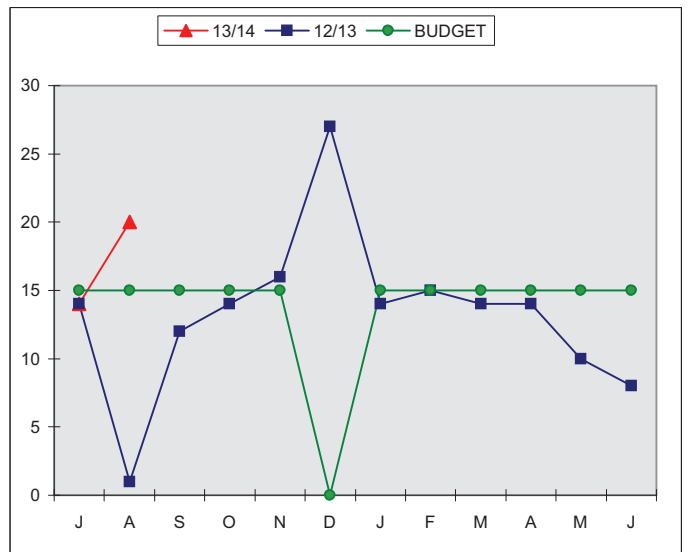
29. SURGERIES - IN & OUTPATIENT



27. AVERAGE DAILY CENSUS-SWING

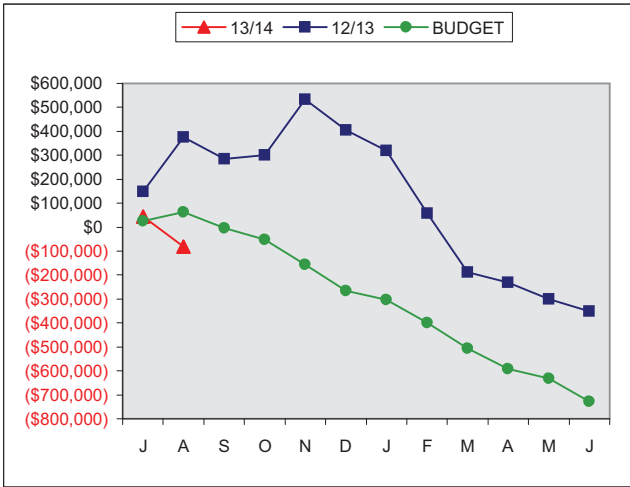


30. ENDOSCOPY PROCEDURES

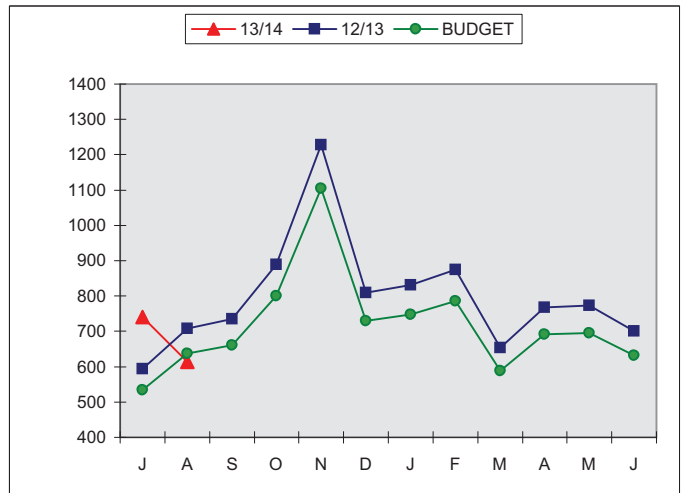


EASTERN PLUMAS HEALTH CARE
MONTHLY FINANCIAL GRAPHS
FOR THE YEAR ENDED JUNE 30, 2014

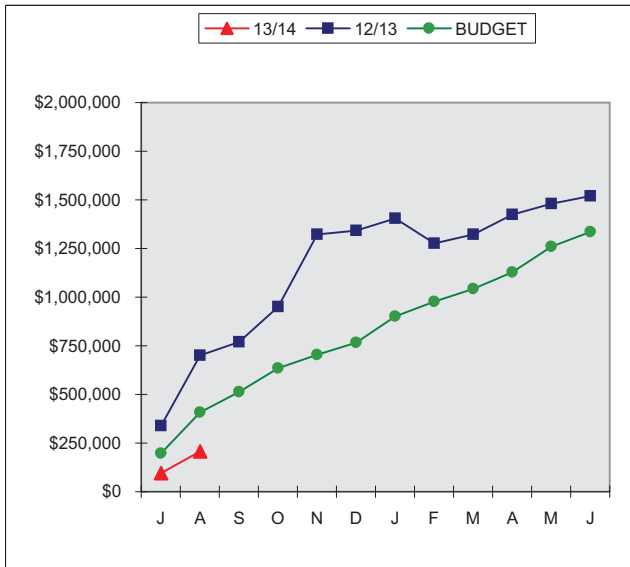
31. YEAR TO DATE OPERATING INCOME (LOSS)



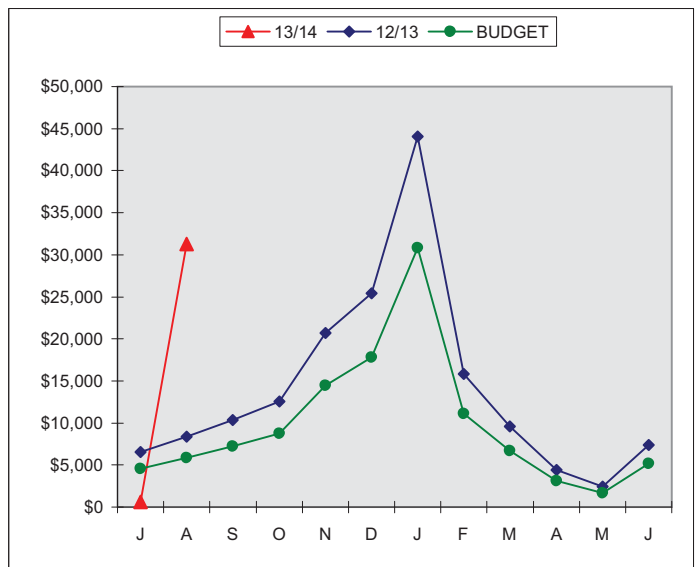
34. OVERTIME HOURS



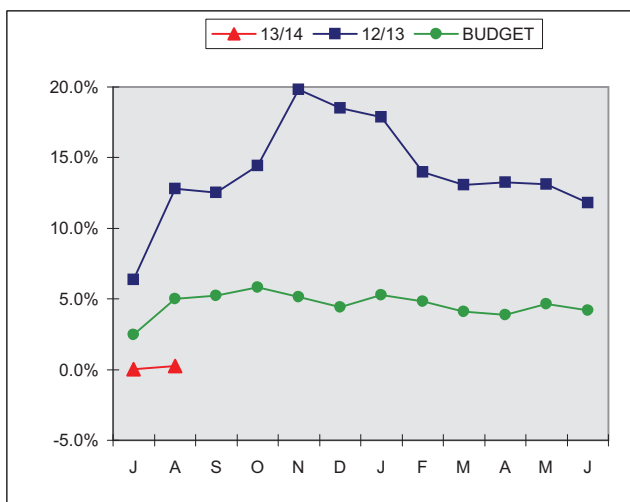
32. EARNINGS BEFORE INTEREST, DEPRECIATION & AMORTIZATION



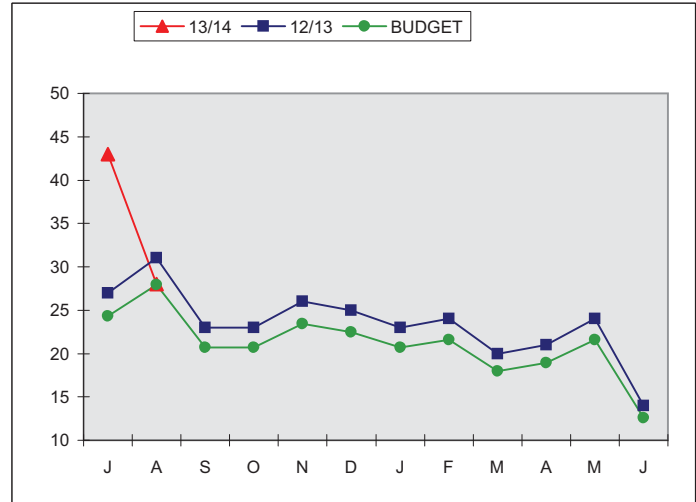
35. DENIALS



34. RETURN ON EQUITY



36. EMERGENCY DEPARTMENT TRANSFERS





2012-2013 OPERATIONS PLAN
EASTERN PLUMAS HEALTH CARE

Prepared by:

Thomas P. Hayes
Chief Executive Officer

August 2012
Updated
11/29/2012
5/10/2013
8/10/13

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LOYALTON CAMPUS	5

INTRODUCTION

The following is the Operations Plan for the 2012-2013 fiscal year. Responsible individuals are listed at the end of each item

FACILITIES

1. Complete NPC2 modifications to the Portola Facility and apply to OSHPD for NPC3 extension. (TPH) **All NPC2 modifications completed as required. NPC3 extension applied for and granted.**
2. Complete ambulance barn project or SB90 extension and obtain OSHPD approval by calendar year end. (TPH) **Extension to 12/31/14 granted by OSHPD. HAZUS extension granted to 2030.**
3. Prepare an analysis for Board review of the options available for replacing EPHC campus boilers. Analyze funding opportunities and prepare a plan for implementation in summer 2013. (TPH) **Aspen Architects completed master plan. Planning Committee to continue to analyze options for boiler replacement. Funding analysis will take place once total scope of project is determined.**
4. Complete a review and provide recommended revisions to the long term facilities plan prepared in 2005. (TPH)
Completed by Aspen Architects.
5. Complete miscellaneous remodeling projects as outlined in the projects list. (TPH)
Ongoing. Several projects completed, others scheduled as time permits.

FINANCES

1. Achieve 2012/2013 budgeted profit margin. (All)
As of 6/30/13, actual profit margin was \$(177,571) under budgeted net income.
2. Evaluate and implement a Time and Attendance system. (Cathy Conant, Jeri Nelson)
Time and attendance system implemented in May 2013.
3. Reduce denials from insurance companies by 30% from 2011/2012 levels. (Jeri Nelson)
Insurance denials reduced by 63% as of 6/30/2013.
4. Add Direct Deposit for employee pay checks (Jeri Nelson)
Planned for September 2013.

QUALITY

1. Add new metrics, e.g. medication errors, patient falls, etc. to the QA program
Several metric added. Additional metrics to be added in the future.
2. Routinely measure patient satisfaction scores in the clinics, hospital, ER, and SNFs. Routinely report results to Board QA Committee. Implement necessary actions to improve scores as required. (Mark Schweyer) **Completed.**
3. Continue annual measurement of employee satisfaction. Achieve an 80% survey completion percentage. Convene Board Committee to create a plan to increase employee completion percentage. (Cathy Conant)
Board committee convened, Employee Satisfaction survey completed with 65 % completion. Action plan being developed to address results.
4. Create an in house mentoring program for new employees, managers, and physicians to drive long term recruitment and retention. (All) **No progress. Will plan to address in next years Operations Plan.**

COMMUNITY RELATIONS/STRATEGIC PLANNING

1. Convene Leadership Council and hospital management to evaluate and update EPHC Strategic Plan. (TPH)
Planned for September 2013

OPERATIONS

1. Continue efforts with Tahoe Forest to further expand affiliation opportunities. (TPH)
Efforts continue but very little progress with Tahoe Forest Hospital District has been achieved.
2. Evaluate the efficacy of changing our annual employee pay system to base annual raises on specific accomplishments and goals vs. seniority. (Cathy Conant)
Incomplete. Evaluate in future
3. Implement the ER and Clinic EMR modules. (Rick Boyd)
Clinic module complete. ER module no longer supported by existing Healthland Classic system but will be available when we switch to Healthland Centrique version in 2nd Quarter, fiscal 2014.
4. Expand telemedicine program to meet 2012/2013 budgeted volume goals. (Mark Schweyer)
2012/2013 volume exceeding budgeted goals, 372% increase since prior year.

5. Implement 2012/2013 objectives outlined in the Strategic Plan. (All)
Significant progress. Ongoing effort.
6. Create a comprehensive management development program for managers and department heads. (Cathy Conant) Training needs for core program identified. Program created and to be implemented in 2013/2014

CLINICS

1. Create a plan to increase clinic visits by 10% by fiscal year end (Mark Schweyer)
Telemedicine visits have increased by 372% since last year. Total Clinic visits have increased 4% since last year.
2. Create goals and ongoing routine measurements for patient wait times, test results reporting, and patient satisfaction. Report results to CEO and Board QA Committee. Implement necessary changes to improve upon results reported. (Mark Schweyer)
Patient satisfaction being measured routinely. Patient wait times and test results reporting still incomplete.
3. Create process to annually evaluate primary care provider's performance to include such things as quality, patient satisfaction, productivity, community involvement, etc. (TPH, Mark Schweyer) Some progress made in credentialing process to measure patient satisfaction and quality issues. This effort will be expanded during next year.
4. Continue recruitment of additional specialties for clinic services, e.g. urology, ENT, GI. (Mark Schweyer). Recent additions for telemedicine include; Psychiatry, Behavioral Health, Rheumatology, Nephrology and Diabetic Retinopathy. We continue to explore ENT and Pain Management. GI services being provided by Dr Cox. Urology coverage to begin in October, 2013.

LOYALTON CAMPUS

1. Identify specific OSHPD requirements and associated costs for relocating the clinic into the main building. (TPH) Analyzing OSHPD requirements and costs of relocating clinic. Project likely to be delayed to fiscal 2014.
2. Complete miscellaneous remodel projects as outlined in the projects list.(TPH)
Life safety modifications and patient room painting complete. Other projects to be completed as prioritized by CEO.



2013-2014 OPERATIONS PLAN

EASTERN PLUMAS HEALTH CARE

Prepared by:

**Thomas P. Hayes
Chief Executive Officer**

August 2013

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INTRODUCTION

The following is the Operations Plan for the 2013-2014 fiscal year. Responsible individuals are listed at the end of each item

QUALITY

1. Conduct a periodic (quarterly) review to measure ongoing compliance with DHCS Plans of Correction for DP/SNF and Acute. (LJ)
2. Continue development of additional QA indicators in all departments and annual review of QA program by Administration and Board. (Kathy Valladon, LJ)
3. Evaluate accreditation options for acute care services. (TPH)
4. Continue annual measurement of employee satisfaction. Achieve at least 65% participation.
5. Create an in house mentoring program for new employees, managers, and physicians to drive long term recruitment and retention. (All)

FACILITIES

1. Complete installation of portable generator in the Portola Clinic (TPH)
2. Complete an analysis for Board review of options available for replacing the EPHC Campus boilers. Propose a plan, with financial estimates for review by the Board. (TPH, Planning Committee)
3. Complete miscellaneous remodel projects as outlined on projects list. (TPH)
4. Develop plan for addressing Master Plan recommendations, to include lot line adjustment for property, short and long term infrastructure needs, roll out of Master Plan to community, and long term financing requirements. (TPH, Planning Committee)

OPERATIONS

1. Replace HR Director (due to retirement of Cathy Conant) by February 2014 (TPH)
2. Evaluate the efficacy of the surgery program at EPHC. (TPH, LJ, Nelson)
3. Implement Healthland Centrique EMR upgrade to by 2nd quarter, 2014. (RB, JN)
4. Remove and dispose of all surplus major and minor equipment at EPHC, Portola and Loyaltan campuses, and Nifty Thrifty building. (TPH)

5. Implement management training program for managers and supervisors. (CC)
6. Expand patient census in each DP/SNF Unit. (LJ, Sue Whitfield)

FINANCES

1. Achieve 2013/2014 budgeted profit margin. (All)
2. Establish and implement a process to assist patients and community members to enroll in health plans offered by California Covered and newly implemented Medi-Cal managed care program. (JN)
3. Add direct deposit for employee pay checks. (Nelson)
4. Negotiate long term payback of DP/SNF retroactive amounts with DHCS. (TPH, Nelson).

COMMUNITY RELATIONS/STRATEGIC PLANNING

1. Update Strategic Plan (TPH)
2. Schedule and hold community meetings to review and discuss Master Plan for EPHC. (TPH)

CLINICS

1. Recruit for permanent/fulltime Internal Medicine physician. (TPH, MS)
2. Evaluate overall operations of Portola Clinic to include evaluation of provider and staff productivity, patient wait times, patient satisfaction, etc. (TPH)

LOYALTON CAMPUS

1. Prepare a detailed plan of the advantages, disadvantages of moving Loyalton Clinic within the hospital. (TPH)

**EPHC Project List
Portola**

Project Description	Projected Completion date	Approximate Cost	Update
Removal of ambulance barn for OSHPD NPC compliance on boiler building.	OSHPD deadline 12/31/2012 extended to 2015	\$75,000-100,000	OSHPD extension granted to 2015. Applied for extension to 2030 but have not heard from OSHPD.
Install Generators or UPS backup at clinics:	Summer 2013(Portola)	\$2,000.00	UPS backup batteries installed in Graeagle. Battery for Loyaltan to be installed by October 2013. Portola generator to be installed in September 2013.
Boiler replacement	12/31/14	\$700,000 +	Aspen architects completed master plan which includes analysis of infrastructure needs. Planning Committee to begin analyzing options and developing plan for replacement.
<i>Complete Life Safety modifications required in recent inspection</i>	5/13	\$1,500.00	<i>Completed</i>

**EPHC Project List
Portola**

Project Description	Projected Completion date	Approximate Cost	Update
Backup Boiler: Determine if boiler is repairable. If so, make necessary repairs. If not, explore options for installation of a replacement. Bury fuel lines.	12/31/2012	\$6,000.00	Completed 11/18/12. Fuel lines covered but not buried.
<i>Portola Clinic Painting</i>	6/13	Minor	Completed.
Prevent water leakage into server room	10/13	\$5,000.00	Pipes sealed with silicone which seems to have solved the problem.
Install eaves on Business Office structure. Repair windows.	Spring/Summer 2013	?	Minor repairs completed to seal leaks. No leaks after repairs were completed.
Replace loading dock poles	6/13	\$1,000.00	Replacement no longer indicated.
ED Center, Kitchen: Removal of old equipment, painting and repair of cabinets.	8/13	Minor	Removal of old kitchen equipment completed. Painting and repair of cabinets in kitchen area to be completed as time permits.

EPHC Project List
Portola

Project Description	Projected Completion date	Approximate Cost	Update
<i>Nifty Thrifty Windows-Replacement</i>	2/13	<i>Under warranty</i>	Complete. Eleven windows replaced on 1/24/13.
<i>Medical Records: Minor remodel, painting</i>	9/13	<i>Minor</i>	Completed miscellaneous remodel, painting, etc.
Portola Hospital walkway repair	9/13	Minor	Completed 8/2013

**EPHC Project List
Loyalton**

Project Description	Project Completion Date	Approximate Cost	Update
<i>Patient rooms: Painting of patient rooms. (5 rooms remaining)</i>	<i>Winter, 2012/2013</i>	<i>Minor</i>	<i>Complete 4/12/13.</i>
Repair damage to main entrance overhang.	Spring 2013	minor	Not urgent. Exploring costs to repair stucco.
Relocate Clinic to hospital. Remove old radiology equipment. Misc. remodel.	6/13	?	Still developing scope of project and evaluating specific OSHPD requirements.
Chiller: replacement or other alternative	Undetermined	\$275,000.00	Future project.

BOARD POLICIES

EASTERN PLUMAS HOSPITAL DISTRICT

Subject: Disposition of Surplus Property

Policy Number: 95-1

Date Approved: August 29, 1995

POLICY:

It is the policy of the Eastern Plumas Hospital District to dispose of surplus property in a manner that complies with the requirements of law, furthers the public service mission of the District and results in reimbursement at fair market value when property is transferred to parties other than other hospital districts or non-profit organizations.

PROCEDURE:

1. Declaration of Surplus Property. Whenever requested to do so by the Administrator, the Board shall make specific findings as to whether or not property items identified by the Administrator are of no further value to the District, are likely to have a significant market value (i.e., in excess of \$200) and are therefore to be disposed of in accordance with the policy and procedures specified herein.

2. Transfer at Less Than Fair Market Value.

A. The Board may transfer surplus property to another California Hospital District at less than fair market value in accordance with Section 32121.2 of the Health and Safety Code.

B. The Board may transfer surplus property to a non-profit organization for less than fair market value in accordance with Section 32121(p)(2) of the Health and Safety Code, provided the Board specifically finds that such transfer will be for the benefit of the communities served by the district and provided that said transfer is not being made to a private non-profit organization that is owned or controlled by a religious creed, church, or sectarian denomination.

3. Disposition at Fair Market Value. In accordance with Section 32121.2 of the Health and Safety Code, the Board may authorize the transfer of surplus property to anyone at fair market value in the following manner:

A. Solicitation of Bids. When property is declared to be surplus by the Board of Directors, the Administrator shall cause to be issued a "Solicitation for Bids for Surplus Hospital Property". Said solicitation shall be mailed to other district hospitals in Plumas County, other health care organizations in Plumas County, other public agencies in Plumas County and shall be published in at least two local newspapers. At the discretion of the Administrator, notices may also be sent to private, non-profit organizations and other private parties, without regard to where they may be


located. The notice of solicitation for bids shall include a description of the property, any conditions associated with the bidding process and shall specify a deadline for receipt of bids.

B. Evaluation of Bids. The Administrator or his/her designee shall evaluate all bids received and present a summary of the bids to the Board along with any staff recommendations for disposition of the surplus property.

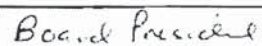
C. Authorization of Transfer. The Board may authorize the transfer of surplus property to any party who has submitted a bid, provided that said transfer shall be to the party submitting the highest bid. In so doing, the Board shall specifically find that the bid accepted represents the fair market value of the property as determined through a competitive bidding process. Should the Board determine that the bids received do not represent fair market value, the Board may either direct that additional bids be solicited or the Board may elect to transfer the property to certain eligible organizations for less than fair market value.

4. Disposition of Worthless Property. Nothing contained herein shall require the Board or the Administrator to follow these procedures for the disposition of worthless property. It is expected that the Administrator and hospital staff will routinely dispose of trash, used up supplies, empty containers, worn out equipment, and other similar materials through appropriate waste disposal mechanisms. If there is reasonable doubt as to whether or not a particular item may have any significant market value, that question shall be submitted to the Board of Directors for a determination in accordance paragraph "1" of this policy.

I HEREBY CERTIFY THAT THIS POLICY WAS ADOPTED BY A MAJORITY VOTE OF THE BOARD OF DIRECTORS.



Neil Dion, Secretary/Treasurer



Board President

8-29-95
Date