



# BOARD OF DIRECTORS' MEETING

## AGENDA

**THURSDAY, MAY 5, 2016**

**CLOSED SESSION 5:00 P.M.**

**REGULAR SESSION 6:00 P.M.**

### COMMUNITY MEETING ROOM

177 First Street West, Sonoma, CA

In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact District Clerk, Gigi Betta at (707) 935.5004/5 at least 48 hours prior to the meeting.	<b>RECOMMENDATION</b>	
<b>AGENDA ITEM</b>		
<b>MISSION STATEMENT</b> The mission of SVHCD is to maintain, improve, and restore the health of everyone in our community.		
<b>1. CALL TO ORDER</b> Bill Boerum excused from Closed and Regular Sessions.	Jane Hirsch, Chair	
<b>2. PUBLIC COMMENT ON CLOSED SESSION</b>	Jane Hirsch, Chair	
<b>3. CLOSED SESSION</b> <u>Calif. Government Code &amp; Health and Safety Code §54957.8</u> Case Review and Planning	Jane Hirsch, Chair	
<b>4. REPORT OF CLOSED SESSION</b>	Jane Hirsch, Chair	Inform/Action
<b>5. PUBLIC COMMENT SECTION</b> At this time, public members may comment on any item not appearing on the agenda. It is recommended that comments be limited to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration. At all times please use the microphone.	Jane Hirsch, Chair	
<b>6. CONSENT CALENDAR</b> A. Regular Board Minutes 4.7.16 B. FC Minutes 3.22.16 C. QC Minutes 3.23.16 D. GC Minutes 3.22.16 E. Human Resource Policy #8610-365 F. MEC Credentialing Report 4.27.16	Jane Hirsch, Chair	Action
<b>7. MOU BETWEEN SVHCD AND SVH FOUNDATION FOR FUND RAISING ACTIVITIES</b>	Dave Pier, SVHF Executive Director	Inform/Action
<b>8. ANNUAL HUMAN RESOURCES REPORT</b> (report available at the meeting)	Lynn McKissock, Director Human Resources	Action

<b>9. FY 2017 ROLLING STRATEGIC PLAN</b>	Kelly Mather, CEO	
<b>10. FINANCIAL REPORT MONTH ENDING APRIL 30, 2016</b>	Ken Jensen, CFO	Inform
<b>11. ADMINISTRATIVE REPORT FOR APRIL 2016</b>	Kelly Mather, CEO	Inform
<b>12. COMMITTEE REPORTS</b> POLICY CONCERNING CEO ANNUAL EVALUATION PROCEDURE AND SCHEDULE (Governance)	Peter Hohorst, 1 <sup>st</sup> Vice Chair	Action
<b>13. BOARD COMMENTS</b>	Board Members	Inform
<b>14. ADJOURN</b> The next Regular Board meeting is June 2, 2016	Jane Hirsch, Chair	

6.

CONSENT



**SVHCD BOARD OF DIRECTORS  
REGULAR MEETING  
MINUTES**

**Thursday, April 7, 2016, 6:00 p.m.**

COMMUNITY MEETING ROOM  
177 First Street West, Sonoma

	<b>RECOMMENDATION</b>	
<b>MISSION STATEMENT</b> The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.		
<b>1. CALL TO ORDER</b> Regular Session called to order at 6:00 pm	<i>Hirsch</i>	
<b>2. PUBLIC COMMENT SECTION</b> No public comments.	<i>Hirsch</i>	
<b>3. REPORT OF SPECIAL CLOSED SESSION</b> At the Special Closed Session on March 23, 2016, the Board approved the Medical Staff Credentialing Report.	<i>Jane Hirsch, Chair</i>	Inform
<b>3. CONSENT CALENDAR</b> A. Regular Board Minutes 3.3.16 B. FC Minutes 2.23.16 C. QC Minutes 2.24.16 D. GC Minutes 2.23.16 E. Policy and Procedures F. MEC Credentialing Report 3.23.16	<i>Hirsch</i>	Action
<b>5. SONOMA COUNTY DEPARTMENT OF HEALTH SERVICES PRESENTATION</b> Dr. Betz presented an update on Health Action, the 2020 vision for Sonoma County, touching on the search for sustainable financing, development of the Health Action Strategic Plan, and building a business plan for pooled funding. He also discussed several other County initiatives currently in process.	<i>Stephan Betz, PhD, Director</i>	Inform
<b>6. FINANCIAL REPORT MONTH ENDING MARCH 31, 2016</b> After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net loss for February was (\$147,369) vs. a budgeted net loss of (\$265,764). The total net income for February after all activity was \$38,646 vs. a budgeted net loss of (\$81,227). February collections were over \$4.2 million, the highest monthly cash ever collected.	<i>Ken Jensen, CFO</i>	Inform
<b>7. ADMINISTRATIVE REPORT FOR FEBRUARY 2016</b> Mr. Kobe discussed inpatient satisfaction which was high in December but low in January, which is typical. A patient family advisor will be added to the patient care team within the next six months.  Ms. Mather reported that the value-based purchasing score is back up to the 90 <sup>th</sup> percentile. Staff satisfaction results will be shared next	<i>Kelly Mather, CEO</i>	Inform

month. The organization did well, with few areas of focus; however, salaries and benefits continue to be a concern to staff. A new general surgeon will be starting in June. Cancer Support Sonoma is being used by over 150 patients. SVH will be meeting with CDPH regarding flexibility for outpatients in inpatient areas. The West Napa Street timeshare office opened this week.		
<b>8. OFFICER &amp; COMMITTEE REPORTS</b>	<i>Board Members</i>	Inform/Action
<u>Governance Committee</u> <ul style="list-style-type: none"> <li>Board Letter and DRAFT Policy Governing Bidding for Contracts (Hohorst)</li> </ul>		
The policy on facility contracts announced at the last Board meeting is being withdrawn. An alternative which is better than the previous version is in the packet. Facility projects up to \$175,000 can be delegated to the CEO to manage (with informal bidding). If the Board passes this policy by a 4/5 vote, the CEO can act in an emergency provided she reports to the Board within 24 hours. The next step is to have legal review.	<i>Peter Hohorst</i>	<b>MOTION</b> to approve by Boerum, 2 <sup>nd</sup> by Rymer, to send to legal review. All in favor.
<b>9. BOARD COMMENTS</b>	<i>Board Members</i>	Inform
<ul style="list-style-type: none"> <li>SVH Oppose Letter AB2743 (Eggman)</li> <li>SVH Oppose Letter AB2467 (Gomez)</li> </ul>		
<p>A letter opposing AB2743 is in the packet, and a letter opposing AB2467 was provided in hard copy. The Board Chair added the second letter to the agenda and commented on them. Both letters had been requested by the Calif. Hospital Assoc. (CHA).</p> <p>Mr. Boerum reported on both CHA Legislative Day and ACHD Legislative Day which he attended.</p>		
<b>10. ADJOURN</b> Regular Session was adjourned at 7:20 pm	<i>Hirsch</i>	
The next Regular Board meeting is May 5, 2016.		



**SONOMA VALLEY HEALTH CARE  
DISTRICT  
FINANCE COMMITTEE MEETING  
MINUTES  
TUESDAY, March 22, 2016  
Schantz Conference Room**

Present	Excused/Absent	Staff	Public
Sharon Nevins, Chair Peter Hohorst Mary Smith Susan Porth S. Mishra, M.D. <i>(by phone)</i>	Dick Fogg Stephen Berezin Steve Barclay Keith Chamberlin, M.D.	Kelly Mather Ken Jensen Gigi Betta Jeannette Tarver	Sam McCandless

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
<b>MISSION &amp; VISION STATEMENT</b>	<i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community. The vision of SVHCD is that SVH will be a nationally recognized, compassionate place of healing known for excellence in clinical quality. We serve as the guide and indispensable link in our community's health care journey.</i>		
<b>1. CALL TO ORDER</b>	<i>Nevins</i>		
	Meeting called to order at 5:00pm		
<b>2. PUBLIC COMMENT SECTION</b>	<i>Nevins</i>		
	No public comment.		
<b>3. CONSENT CALENDAR</b>	<i>Nevins</i>	Action	
	<ul style="list-style-type: none"> <li>FC Minutes 2.23.16</li> </ul>	<b>MOTION</b> by Hohorst to approve and second by Smith. All in favor.	

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>ACTIONS</b>	<b>FOLLOW-UP</b>
<b>4. MID-YEAR AUDIT REVIEW</b>	<i>Jensen</i>	Inform/Action	
	<p>Mr. Jensen presented the mid-year audit review submitted by Armanino LLC. The following were the three findings:</p> <ul style="list-style-type: none"> <li>As of 12.31.15, Medicare appears to be over reserved which is consistent with the over reserve noted on the 6.30.15 Medicare net patient A/R. MANAGEMENT AGREED IT MIGHT BE OVER RESERVED BY \$236K DUE TO STAFF CLAIMING ABOUT THE SAME AMOUNT FOR UNDER SNF TRANSFER PAYMENTS. IF THE AMOUNT IS THE SAME AT YEAR END, AN ADJUSTMENT WILL BE MADE.</li> <li>As of 12.31.15, self-pay could potentially be under reserved. Reserve percentage decreased from 6.30.16 and gross AR balance increased significantly. The 2-month collection percentage at 12.31.15 is only 27% compared to the 43% that was noted as of 8.31.15 on the 6.30.15 AR balance. STAFF AGREED WITH THE FINDINGS BUT NOTED THAT AS OF APRIL 2015, SELF PAY FOLLOW-UP WAS REFERRED OUT TO A VENDOR AND THE A/R WENT UP FROM THERE. IT HAS BEEN PULLED BACK AND IT IS BELIEVED THAT WHAT WOULD HAVE BEEN COLLECTABLE STILL IS. IF NO CHANGE BY YEAR END, AN ADJUSTMENT WILL BE MADE.</li> <li>The 2-month collection percentage on the 12.31.15 net patient AR balance is 76% compared to the 2-month collection percentage on the 6.30.15 net patient AR (cash collections through 8.31.15) of 87%. This See 2<sup>nd</sup> item above.</li> </ul>		Bring mid-year audit review to Board meeting under Committee Reports
<b>5. 1206B CLINIC BUDGET</b>	<i>Jensen</i>	Inform/Action	
	The 1206b discussion was removed from the agenda. Ms. Nevins will keep the Finance Committee updated on its progress and plans.		
<b>6. 2017 BUDGET STATUS REVIEW</b>	<i>Jensen</i>	Inform/Action	

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
	<p>The first round of budget meetings is complete and on schedule. Next weeks' budget meetings will be with the Hospital Directors.</p> <p>Mr. Hohorst requested a higher allowance for FICA taxes for the fiscal year. It was noted that as of now to obtain a 4.0 EBIDA, \$1m in revenue or cost savings will need to be found.</p>		
<b>7. FINANCE REPORT FEB. 2016</b>	<i>Jensen</i>	Inform/Action	
	<p>After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net loss for February was (\$147,369) vs. a budgeted net loss of (\$265,764). The total net income for February after all activity was \$38,646 vs. a budgeted net loss of (\$81,227).</p> <p>EBIDA for the month of February was 4.4% vs. the budgeted 1.3%.</p>		
<b>8. ADMINISTRATIVE REPORT FEBRUARY 2016</b>	<i>Nevins</i>	Inform	
	<p>The years to date results are at budget with a few positive financial variances. SVH has increased revenue and maintain expenses and the additions of many new specialists are resulting in increased surgeries and outpatient services.</p> <p>The inpatient and emergency satisfaction goals were exceeded in December and the Hospital is back in the 90<sup>th</sup> percentile on Value Based Purchasing. The staff satisfaction survey exceeded its goal with 86% participation. Results of survey will be shared with Hospital staff and then the Board.</p> <p>This year's primary focus is on four departments: Nutritional Services, the Birth Place, the Wellness program and the Rewards and Recognition Team.</p>		<p>Ms. Mather asked to correct January dashboard column, it should be 2016, under trended results.</p>
	Meeting adjourned at 5:40pm		





**SONOMA VALLEY HEALTH CARE DISTRICT  
QUALITY COMMITTEE**

**MINUTES**

**Wednesday, March 23, 2016**

**Schantz Conference Room**

<b>Committee Members Present</b>	<b>Committee Members Present cont.</b>	<b>Members Not Present</b>	<b>Admin Staff /Other</b>
Jane Hirsch Carol Snyder Michael Mainardi Cathy Webber	Ingrid Sheets Susan Idell Joshua Rymer Howard Eisenstark	Brian Sebastian, M.D. Kelsey Woodward	Leslie Lovejoy Robbie Cohen, M.D. Mark Kobe Gigi Betta

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>ACTION</b>
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	<i>Hirsch</i>	
	The meeting was called to order at 5:00pm	
<b>2. PUBLIC COMMENT</b>	<i>Hirsch</i>	
	No public comment.	
<b>3. CONSENT CALENDAR</b>	<i>Hirsch</i>	Action
<ul style="list-style-type: none"> <li>QC Minutes, 02.24.16</li> </ul>		<b>MOTION</b> by Mainardi to approve Consent and 2 <sup>nd</sup> by Rymer. All in favor.
<b>4. POLICY &amp; PROCEDURES</b>	<i>Lovejoy/Kobe</i>	Action
<ul style="list-style-type: none"> <li>PC8610-165 Sara Lite Sit to Stand lift (new)</li> <li>8640-173 Neutropenic Precautions (new)</li> <li>8640-174 Credit Card Use in Café (new)</li> <li>IC8610-140 Infection Prevention Program (revised)</li> <li>CE8610-151 Injury Prevention Program (revised)</li> <li>IC8610-141 Influenza Vaccine Program (revised)</li> <li>QA8610-106 PI Improvement Plan (revised)</li> <li>Multiple Pharmacy Policies Feb. 2016 (revised)</li> </ul>		<b>MOTION</b> by Idell to approve Policies and 2 <sup>nd</sup> by Mainardi. All in favor.
<b>5. QUALITY &amp; RESOURCE MANAGEMENT REPORT FOR MARCH 2016</b>	<i>Lovejoy</i>	Inform/Action
	Ms. Lovejoy covered the top priorities for March 2016 which include orientation of two new Quality team members, CALHEN project team development, annual staff performance evaluations and the PRIME Grant application.	<b>MOTION</b> by Was this inform only?

AGENDA ITEM	DISCUSSION	ACTION
	The PRIME grant application award would allow the Hospital to begin development of a new healthcare delivery system.	
<b>6. INFECTION CONTROL</b>	<i>Mathews</i>	Inform/Action
<ul style="list-style-type: none"> <li>Annual Evaluation</li> <li>Infection Prevention Program</li> <li>Infection Control Dashboard</li> <li>Infection Control Risk Assessment</li> </ul>	Ms. Mathews presented an in depth report on the Infection Prevention Dashboard and metrics. In the interest of time, full presentations of the Infection Prevention Program Policy and Risk Assessment Report were not given.	<b>MOTION</b> by Mainardi to approve IC Report and 2 <sup>nd</sup> by Sheets. All in favor.
<b>7. ANNUAL REPORT OF CONTRACT ADMINISTRATION &amp; EVALUATION</b>	<i>Lovejoy</i>	Inform/Action
	CIHQ and CMS require completion of an annual evaluation of each Hospital contract. Ms. Lovejoy gave background on the annual contract evaluation process and distributed an example of the standardized evaluation tool used in this process. A full list of Patient and Non-Patient Care Contracts was made available to the Committee in hardcopy.	<b>MOTION</b> by Eisenstark to approve and 2 <sup>nd</sup> by Mainardi. All in favor.
<b>8. CLOSING COMMENTS</b>	<i>Hirsch</i>	
<b>9. ADJOURN</b>	<i>Hirsch</i>	
<b>10. UPON ADJOURNMENT OF REGULAR SESSION</b>	<i>Hirsch</i>	
<b>11. CLOSED SESSION</b>	<i>Cohen, M.D.</i>	Action
<ul style="list-style-type: none"> <li>Calif. Health &amp; Safety Code § 32155 Medical Staff Credentialing &amp; Peer Review Report</li> <li>4<sup>th</sup> Q 2015 Quality Dashboard</li> </ul>	There was no Medical Staff Credentialing & Peer Review Report. Fourth quarter Quality Dashboard results were discussed.	
<b>12. REPORT OF CLOSED SESSION</b>	<i>Hirsch</i>	Inform/Action
<b>13. ADJOURN</b>	<i>Hirsch</i>	
	Meeting adjourned at 6:45pm	



**SONOMA VALLEY HEALTH CARE DISTRICT  
GOVERNANCE COMMITTEE MEETING**

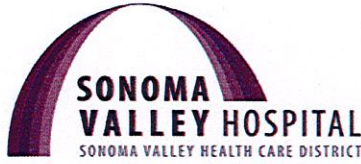
**MINUTES**

**TUESDAY, March 22, 2016**

**8:30AM**

ADMINISTRATION CONFERENCE ROOM  
347 ANDRIEUX STREET, SONOMA, CA 95476

AGENDA ITEM	RECOMMENDATION	
<b>MISSION STATEMENT</b> <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b> Meeting called to order at 8:35am	<i>Hohorst</i>	
<b>2. PUBLIC COMMENT SECTION</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration.</i>	<i>Hohorst</i>	
<b>3. CONSENT CALENDAR</b> <ul style="list-style-type: none"> <li>Minutes from 2.23.16</li> </ul>	<i>Hohorst</i>	Action <b>MOTION</b> to approve by Boerum. All in favor.
<b>4. REVISED POLICY GOVERNING BIDDING FOR FACILITY CONTRACTS</b> The revised policy is with legal counsel for review. The Governance Committee proposed that the memo entitled <i>Thoughts on Policy for Contracting Facility Projects</i> be brought forward to the Board meeting on April 7, 2016.	<i>Hohorst</i>	Bring forward to District Board meeting on 4.7.16 under Committee Reports.
<b>5. ADJOURN</b> Meeting adjourned at 8:50am	<i>Hohorst</i>	



**POLICY AND PROCEDURE**  
**Approvals Signature Page**

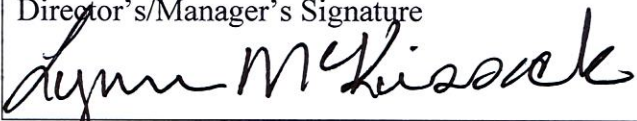
*Healing Here at Home*


**Review and Approval Requirements**

The SVH departmental/organizational policies and/or procedures on the attached list have been reviewed and approved by the following organizational leaders for meeting all of the following criteria. All of these policies and procedures are:

- Consistent with the Mission, Vision and Values of the Sonoma Valley Health Care District
- Consistent with all Board Policy, Hospital Policy and Hospital Procedures
- Meet all applicable law, regulation, and related accreditation standards
- Consistent with prevailing standards of care
- Consistent with evidence-based practice

We recommend their acceptance by the Quality Committee and that the Quality Committee forward them to the Sonoma Valley Health Care District Board with a recommendation to approve.

<b>Departmental of Human Resources</b>	
APPROVED BY: <b>Director of Human Resources</b>	DATE: <b>4-19-16</b>
Director's/Manager's Signature 	Printed Name <b>Lynn McKissock</b>

  
\_\_\_\_\_  
Kelly Mather  
Chief Executive Officer

**4/28/16**  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Jane Hirsch  
Chair, Board of Directors

\_\_\_\_\_  
Date



## Policy Submission Summary Sheet

Title of Document:

New Document or Revision written by:

Date of Document:

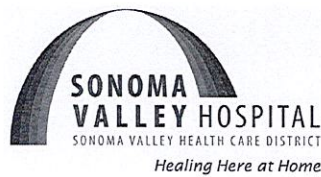
<b>Type:</b> <input checked="" type="checkbox"/> Revision <input type="checkbox"/> New Policy	<b>Regulatory:</b> <input checked="" type="checkbox"/> CIHQ <input checked="" type="checkbox"/> CMS <input checked="" type="checkbox"/> CDPH <input type="checkbox"/> Other:
<b>Organizational:</b> <input checked="" type="checkbox"/> Clinical <input checked="" type="checkbox"/> Non-Clinical	<input type="checkbox"/> Departmental <input type="checkbox"/> Interdepartmental (list departments effected)

**Please briefly state changes to existing document/form or overview of new document/form here:**  
 (include reason for change(s) or new document/form)

**HR8610-365 Required Certifications** - Revised; Removal of Advanced Fetal Heart monitoring (AFHM) from P&P as this is a training course and not a certification. FHM is required upon hire only; Removal of the contracted fee schedule from the P&P as the contracted fee schedule is listed on the Required Certification Reimbursement Form and is subject to change.

Reviewed by:	Date	Approved (Y/N)	Comment
Policy & Procedure Team	4/19/2016	Yes	
Surgery Committee	n/a		
Medicine Committee	n/a		
P.I. or P. T. Committee	n/a		
Medical Executive Committee	n/a		
Board Quality	n/a		
Board of Directors	5/05/2016		





SUBJECT: Required Certifications

POLICY # HR8610-365

DEPARTMENT: Human Resources

PAGE 1 OF 4

EFFECTIVE: 9/13

APPROVED BY: HR Director

REVISED: 9/13,10/14,1/15,  
4/27/16

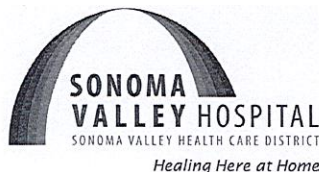
**PURPOSE:**

To identify required certifications for staff in clinical departments and define process for staff reimbursement for maintaining required certifications.

**POLICY:**

Some employees of Sonoma Valley Hospital may be required to maintain current certifications (BLS-HCP, ACLS, PALS and NRP, ~~and AFHM~~) to comply with hospital policy and/or state law. The table below outlines the required certifications by department and position.

Department	Position	Required Certifications
Diagnostic Imaging	Clinical Imaging Staff	BLS
ECHO/ECG	ECHO Tech, ECG tech	BLS
Emergency Room	Registered Nurse	BLS, ACLS, PALS
Emergency Room	ED Technician	BLS
Employee Health	Registered Nurse	BLS
Home Health	Registered Nurse, Home Health Aide, PT, OT, ST, MSW	BLS
ICU	Registered Nurse	BLS, ACLS
Infection Control	Registered Nurse	BLS
Laboratory	Phlebotomist	BLS
Med/Surg	Registered Nurse	BLS, PALS
Med/Surg	Certified Nurse Assistant	BLS
Nursing Administration	Registered Nurse	BLS, ACLS, PALS
Nursing Education	Education Coordinator	BLS, ACLS, PALS
Birth Center	Registered Nurse	BLS, ACLS, NRP AFHM
Occupational Medicine	RN, PA, Medical Assistant	BLS
Operating Room	Registered Nurse/Anesthesia Tech	BLS, ACLS



SUBJECT: Required Certifications

POLICY # HR8610-365

DEPARTMENT: Human Resources

PAGE 2 OF 4

EFFECTIVE: 9/13

APPROVED BY: HR Director

REVISED: 9/13,10/14,1/15,  
4/27/16

Operating Room	OR Tech & GI Techs	BLS
PACU/ACU	Registered Nurse	BLS, ACLS, PALS
Perioperative Services	Director of Perioperative Serv.	BLS, ACLS
Pharmacy	Pharmacist	BLS
Resource Management	Case Manager	BLS
Rehabilitation Services	PT/OT/Speech	BLS
Respiratory Therapy	Respiratory Care Practitioner	BLS, NRP
Senior Wellness	Senior Wellness Coordinator	BLS
Skilled Nursing	Registered Nurse/CNA	BLS
Wound Care	Registered Nurse	BLS

In addition, the Human Resources department maintains current job descriptions that outline certification requirements for all positions.

Although it is the responsibility of the employee to maintain their current certification, the Human Resources Department may send a reminder for renewal to employees. All records are kept in the Human Resources Department. BLS, ACLS, PALS and NRP provider cards and/or instructor cards ~~and AFHM certificates~~ are to be provided to the Human Resources Department.

The staff are responsible for maintaining their current certifications. Staff who do not comply will be counseled and not allowed to work without a current BLS or other required certification cards.

Job descriptions may require additional certifications for any positions as determined by the department manager.

**PROCEDURE:** Employees will have required certifications upon hire. Sonoma Valley Hospital will not pay for new hires to obtain their required certification(s) or pay for certifications for per diem staff.

**For positions requiring BLS:**

- \* Sonoma Valley Hospital will accept American Red Cross BLS certification or American Heart Association BLS upon hire.





SUBJECT: Required Certifications

POLICY # HR8610-365

DEPARTMENT: Human Resources

PAGE 3 OF 4

EFFECTIVE: 9/13

APPROVED BY: HR Director

REVISED: 9/13,10/14,1/15,  
**4/27/16**

- \* If an employee has American Red Cross BLS certification, upon expiration they must obtain American Heart Association BLS-HCP (Health Care Provider) certification.
- \* Employees will be paid for the hours spent at class and the contracted cost of the class. Sonoma Valley Hospital will not pay for BLS certifications for per diem staff.
- \* Employees must complete the "Required Certification Reimbursement Form" to be reimbursed for the contracted cost of the BLS class. (SVH Intranet/Forms Bin/Required Certification Reimbursement Form)
- \* Only American Heart Association Online courses are accepted and only with the completion of an approved American Heart Association practicum.

**For positions requiring ACLS and PALS:**

- \* Sonoma Valley Hospital accepts only American Heart Association ACLS and PALS certifications.
- \* Employees will be paid for hours spent at the class and reimbursed the contracted cost of the class if the certification is required for the employee's position and the employee meets the following requirements:
- \* The employee must be a full time or part time employee. Sonoma Valley Hospital will not pay for ACLS or PALS certifications for per diem staff.
- \* Employees must complete the "Required Certification Reimbursement Form" to be reimbursed for the contracted cost of the ACLS or PALS class. (SVH Intranet/Forms Bin/Required Certification Reimbursement Form)
- \* Only American Heart Association Online courses are accepted and only with the completion of an approved American Heart Association practicum.
- \* ACLS is required upon hire. PALS is required within 30 days of hire.

**For positions requiring NRP ~~FHM:~~ and ~~AFHM:~~**

- \* Sonoma Valley Hospital accepts only American Academy of Pediatrics NRP certifications **and is required upon hire.**
- \* ~~Advanced Fetal Heart Monitoring (AFHM) course will be approved by the department director.~~
- \* Employees will be paid for hours spent at the class and reimbursed the cost of the class if the certification is required for the employee's position and the employee meets the following requirements:
- \* The employee must be a full time or part time employee. Sonoma Valley Hospital will not pay for ~~NRP or AFHM~~ certifications for per diem staff.
- \* Employees must complete the "Required Certification Reimbursement Form" to be reimbursed for the NRP ~~and/or AFHM~~ class. (SVH Intranet/Forms Bin/Required Certification Reimbursement Form)





SUBJECT: Required Certifications

POLICY # HR8610-365

DEPARTMENT: Human Resources

PAGE 4 OF 4

EFFECTIVE: 9/13

APPROVED BY: HR Director

REVISED: 9/13,10/14,1/15,  
4/27/16

- \* Only American Academy of Pediatrics Online NRP courses are accepted and only with the completion of an approved American Academy of Pediatrics practicum.
- \* ~~FHM and NRP are required upon hire. AFHM within 30 days of hire.~~

**Contracted Fee Schedule for ~~BLS/ACLS/PALS~~ Required Certifications**

Sonoma Valley Hospital has contracted with local organizations to provide ~~BLS, ACLS, ACLS Renewal, PALS, and PALS Renewal~~ the training needed for renewal of required certifications for employees of Sonoma Valley Hospital. ~~staff.~~ The ~~following~~ reimbursement rates are listed on the Required Certification Reimbursement form. ~~will be provided to employees who are required to maintain certification in these categories:~~

<del>BLS-HCP (BLS Health Care Provider)</del>	<del>\$ 45.00</del>
<del>PALS 2 day Provider</del>	<del>\$ 200.00</del>
<del>PALS 1 day Renewal</del>	<del>\$ 125.00</del>
<del>ACLS 2 day Provider</del>	<del>\$ 200.00</del>
<del>ACLS 1 Day Renewal</del>	<del>\$ 125.00</del>
<del>BLS-HCP Renewal in conjunction with ACLS or PALS</del>	<del>\$ 45.00</del>

~~There are no contracted rates for NRP or AFHM at this time.~~

**Books**

Books are available through the Lending library in the Nursing Supervisor's Office. Books purchased individually will not be reimbursed. A \$50.00 deposit will be required at time of book loan for the ACLS or PALS books. A \$20.00 deposit will be required at time of book loan for the BLS book. An \$85.00 deposit will be required for the NRP book. The check will be returned upon return of the book. If the book and all components are not returned within 2 weeks of the class, the check will be cashed to replace the book.

7.

MOU BETWEEN SVHCD  
AND SVH FOUNDATION  
FOR FUND RAISING  
ACTIVITIES

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
THE SONOMA VALLEY HEALTH CARE DISTRICT  
AND  
THE SONOMA VALLEY HOSPITAL FOUNDATION FOR FUND RAISING ACTIVITIES**

This Agreement is made and executed in Sonoma, California, on June 30, 2016, by and between the Sonoma Valley Health Care District (hereinafter referred to as "District"), a District duly organized and existing under the Local Health Care District Law of the State of California (California Health and Safety Code, Division 23, Sections 3200-32492), with its principal place of business at Sonoma, California and the Sonoma Valley Hospital Foundation, a hospital foundation organized and operating as a tax-exempt 501(c)(3) corporation with its principal place of business at Sonoma, California (hereinafter referred to as "Foundation"). The District and the Foundation may be referred to herein as "Party" or "Parties." The District and the Foundation desire to enter into this Agreement for fund raising activities with respect to the following:

**RECITALS**

Whereas, the District and the Foundation agree that significant philanthropic support is needed to continue to provide patient-focused, state-of-the-art health care and health-related programs to residents and visitors in its service area; and

Whereas, the District and the Foundation agree that such support can most effectively be garnered through a hospital foundation operated as a 501(c)(3) corporation, and as such an organization, the Foundation is best suited to provide and develop philanthropic support for the District; and

Whereas, the District and the Foundation agree that in order to provide and develop philanthropic support for the District, the Foundation will develop and implement a fund development program in support of health care for residents and visitors of the District.

Now therefore, in consideration of the promises and the mutual covenants herein contained, and for other good and valuable consideration, it is agreed:

**1. Responsibilities and Mutual Expectations**

**A. Responsibilities of the Foundation**

- i. The Foundation will develop, implement and refine a rolling three-year philanthropic strategic plan to maximize community support for the health care of the residents and visitors of the District.
- ii. The Foundation will continue to work with the Hospital and District leadership to determine annual and longer term goals and mission.
- iii. The Foundation agrees to support the capital, program, and other needs of District-owned facilities and District-operated programs.
- iv. The Foundation shall ensure there are two (2) ex-officio directors on the Foundation Board. Ex-officio directors shall be selected as follows: one shall be selected by the Board or Directors of the District; one shall be selected by the CEO of the Hospital.
- v. The Foundation will accept and process all gifts in accordance with all applicable laws and regulations.
- vi. The Foundation shall operate according to fundraising best practices and ethical

standards.

- vii. The Foundation shall make its books and records available to the District and its agents for review and inspection upon reasonable written notice and at reasonable times.

**B. Responsibilities of the District.**

- i. The District will direct all charitable contributions in support of the District to the Foundation for acceptance and gift processing. If unusual circumstance requires a gift to be accepted directly by the District, the District will do so in accordance with the Foundation's Gift Acceptance Policy. (see attachment)
- ii. The District agrees to honor donor instructions by using the restricted funds it receives from the Foundation only for the purposes intended by the donor.
- iii. The District shall select one (1) ex-officio director on the Foundation Board, as described in Section 1.A.iv above.
- iv. The District agrees to make all books and records pertinent to the Foundation available to the Foundation for review and inspection upon reasonable notice and at reasonable times.
- v. The District shall be responsible for funding 50% of the cost for annual independent audits of the Foundation's financial statements.

**2. Request for and Transfer of Funds**

- A. All grant funding requests for the District from the Foundation will be submitted in writing to the Foundation and have the Hospital CEO's written approval. The Foundation agrees to review grant requests submitted by the CEO within sixty (60) calendar days or receipt.
- B. If a grant is approved by the Foundation Board, the Foundation will notify the primary project contact, as indicated on the grant application, within seven (7) calendar days of approval.
- C. If a grant is denied by the Foundation Board, explanation of the Board's decision will be submitted in writing to the Hospital CEO within seven (7) calendar days.
- D. Grants approved by the Foundation Board will be paid within thirty (30) days of receiving request for payment, which shall be submitted in writing by the Hospital CEO and shall be accompanied by the invoice or purchase order showing the equipment and/or services.

**3. Funding Cost of Foundation Operations**

- A. Based on a budget approved by the Foundation Board, the Sonoma Valley Hospital will assist in funding an agreed upon portion of operating expenses of the Foundation.

**4. Terms and Termination**

- A. *Term.* The term of this Agreement shall automatically renew at midnight on June 30 of each calendar year unless either Party exercises their right to terminate the Agreement under Section B below.

- B. *Termination.* This Agreement may be terminated by either Party, with or without cause, by giving sixty (60) days written notice as provided in Paragraph 11 of this Agreement.
- C. *Dissolution and Distribution of Assets.* In the event that this MOU is terminated or the Foundation be dissolved by the Foundation Board, all properties, monies, and assets will be distributed as outlined in the Fourth section of the Foundation's Articles of Incorporation.

5. **Negotiation and Mediation Clause.** In the event of disagreement or dispute between the Parties arising out of or connected with this Agreement, the disputed matter shall be resolved as follows:

A. *Negotiation.*

- i. The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between District and Foundation Board Chairs. Any party may give the other party written notice of any dispute not resolved in the normal course of business. Within 15 days after delivery of the notice, the receiving party shall submit to the other a written response. The notice and response shall include with reasonable particularity (a) a statement of each party's position and a summary of arguments supporting that position, and (b) the name and title of the executive who will represent that party and of any other person who will accompany the executive. Within 30 days after delivery of the notice, the chairs of both parties shall meet at a mutually acceptable time and place.
- ii. Unless otherwise agreed in writing by the negotiating parties, the above described negotiation shall end at the close of the first meeting of chairs described above ("First Meeting"). Such closure shall not preclude continuing or later negotiations, if desired.
- iii. All offers, promises, conduct and statements, whether oral or written, made in the course of the negotiation by any of the parties, their agents, employees, experts and attorneys are confidential, privileged and inadmissible for any purpose, including impeachment, in arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation.
- iv. At no time prior to the First Meeting shall either side initiate an arbitration or litigation related to the Agreement except to pursue a provisional remedy that is authorized by law or by agreement of the parties. However, this limitation is inapplicable to a party if the other party refuses to comply with the requirements of Paragraph i above.
- v. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in Paragraphs i and ii above are pending and for 15 calendar days thereafter. The parties will take such action, if any, required to effectuate such tolling.

B. **Mediation.**

- i. If the matter is not resolved by negotiation pursuant to paragraphs i -v above, then the matter will proceed to mediation as set forth below.

- ii. Either party may commence mediation by providing the other party a written request for mediation, setting forth the subject of the dispute and the relief request.
  - iii. The parties agree that any and all disputes, claims or controversies arising out of or relating to this Agreement shall be submitted for mediation.
  - iv. The parties will cooperate in selecting a mediator and in scheduling the mediation proceedings. The parties agree that they will participate in the mediation in good faith and that they will share equally in its costs.
  - v. All offers, promises, conduct and statements, whether written or oral, made in the course of the mediation by any of the parties, their agents, employees, experts and attorneys, and by the mediator, are confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation.
6. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.
7. **Forum.** Any mediation to enforce or interpret the provisions of this Agreement or the Parties' rights and liabilities arising out of this Agreement or the performance hereunder shall be maintained only in the County of Sonoma, California, or within one or such County's incorporated cities.
8. **Severability.** If any provision of the Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.
9. **Integration.** This Agreement contains the entire agreement among the Parties and supersedes all prior and contemporaneous oral and written agreements, understandings, and representations among the Parties. No amendments to this Agreement shall be binding unless executed in writing by all of the Parties.
10. **Waiver.** No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver.
11. **Notices.** Any notice required by this Agreement shall be effective only if sent by certified or registered mail, postage prepaid, as follows:

If to District:

Chair, Board of Directors and President/CEO  
Sonoma Valley Hospital, 347 Andrieux St, Sonoma, CA 95476

If to Foundation:

Chair, Board of Directors and Executive Director  
Sonoma Valley Hospital Foundation, 347 Andrieux St, Sonoma, CA 95476

For the purpose of determining compliance with any time limit in this Agreement, a notice shall be deemed to have been duly given on the second business day after mailing, if mailed to the Party to whom notice is to be given in the manner provided in this Section. Either Party may, at any time, change its address designated above by giving to the other Party thirty (30) days' written notice of the new address to be used for the purposes of this Section.

12. **Assignability.** Neither this Agreement nor any duties or obligations hereunder shall be assignable by any Party hereto without the prior written consent of the other Parties.

In witness whereof, the Parties have executed this Agreement as of the date first above written.

**Sonoma Valley Health Care District**

By: \_\_\_\_\_  
Jane Hirsch, Chair, Board of Directors

**Sonoma Valley Hospital Foundation**

By: \_\_\_\_\_  
Kevin Jaggie, Chair, Board of Directors

8.

# HUMAN RESOURCES ANNUAL REPORT

(PowerPoint presentation available at the meeting)





# **Human Resources Department**

## **Annual Report 2015**

**Prepared by: Lynn McKissock, HR Assistant Director & Paula Davis, Chief HR Officer**

## Introduction

Sonoma Valley Hospital (SVH) Human Resources department may be small, but we accomplish loads! As you will see in this 2015 Annual Report, the HR department has made some significant contributions towards a better compensation plan, improved benefit plans, decrease in turnover, implementation of new regulatory requirements, such as compliance with the Affordable Care Act (ACA) and the California Paid Sick Leave, enhancements in our Employee Wellness Program, expanded education opportunities with competency verification, and most importantly, our overall employee engagement!

## 2015 Dashboard

Performance Indicator	2015	2014
Organization Staff Satisfaction	84 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
Turnover	8.1%	10.7%
Salary Costs for FY 2015 and % of Net Income	\$19,349,974 – 48.9%	\$17,613,845 – 48.8%
Benefit Costs for FY 2015 and % of Net Income	\$7,611,573 – 19.2%	\$7,010,563 – 19.4%
Registry/Traveler Costs 2015	\$871,047	\$960,143
Absenteeism – Monthly Average	40	40
Leave of Absences	63	46
Number of Injuries in 2015	6	3
Number of WC Claims	12	14
Workers' Comp Costs	\$154,478	\$185,445
Legal costs for Employee Issues	\$24,865	\$13,602
Wellness Program Participation	162/260 – 62%	168/245 – 69%

## Employee Engagement Survey

Once again this year we conducted the Employee Engagement Survey utilizing Press Ganey's administration services. The survey was conducted 100% online in January, 2016 and we achieved an outstanding 86% participation rate! This year's survey results placed us in the 84<sup>th</sup> Percentile, as compared to the National Healthcare Average, which is a slight drop from last year but may be partially attributable to the change in platform and inability to compare all questions item-by-item from the previous year. That being said, our overall Employee Engagement Score is significantly higher than the National Healthcare Average, as well as the National Community Hospital Average. The highest performing items were: My work unit is adequately staffed; the amount of job stress I feel is reasonable; Different levels of this

organization communicate effectively with each other; this organization makes employees in my work unit want to go above and beyond; I have sufficient time to provide the best care/service for our clients/patients.

It is interesting to note the differing scores based on classification. The engagement scores were higher for Senior Management, Management, Licensed Technical (Laboratory, Medical Imaging, Cardiopulmonary, Pharmacy), Nursing – Other (CNA, Aides, Telemetry Techs, etc.), Clinical Professional (Physical Therapy, Occupational Therapy, CLS, Pharmacist), and Clerical. The engagement score remained consistent within our service areas (Nutritional Services and EVS), and reduced in our Non-clinical Professional (Accounting, Medical Records, Materials Management, etc.) and Nursing. Overall, we are very pleased with our positive results as it is a direct reflection of the high number of employees that believe Sonoma Valley Hospital is a great place to work, feel supported in their roles and would recommend this hospital to their friends and relatives who need care.

The survey results also placed departments into Tier levels, which is a score that is an indicator of the relationship between the work unit Leader and staff, such as: the Leader treats staff with respect; staff respects the abilities of the Leader; Leader encourages teamwork; Leader cares about staff job satisfaction; Leader is a good communicator; and staff is involved in decisions that affect their work. Our Tier distribution shows that we have 54% of our work units in Tier 1 (14), 35% in Tier 2 (9), and 12% in Tier 3 (3).

The Tier Score also represents a work units' readiness for Action Planning: well prepared to engage in action planning; somewhat prepared; less prepared. We were very pleased to see that over 86% of our work units scored high in their Action Planning readiness.

Finally, of course the survey revealed a couple of areas of concern as well. The good news is there were only two significant concerns: Career Development Opportunities and Fairness in Pay. Both of these areas are currently being addressed through organizational action plans.

## **Turnover**

The good news here, as you can see in the Dashboard above, is the turnover for 2015 is down from the previous year! We have an annual goal of keeping turnover under 10% and we did very well in 2015 with a total turnover rate of 8.1%.

The area that experienced the highest rate of turnover this year was in our Nursing units. While analysis continues to fully determine the cause of this high turnover, based on information gathered at this point in time suggests that our current salaries are insufficient and most certainly not competitive with the other hospitals in our immediate region. Nursing is also an area that requires the support of Registry or Travelers in order to maintain sufficient staffing levels, and therefore contributes to that added cost as well. While it is widely understood that pay alone is not the only contributor to turnover, it most certainly is proving to be a factor in

our case and worth immediate evaluation (which is already underway). Additionally, HR will continue to work with Nursing Leaders in developing action plans to address staff engagement issues.

We have a couple of departments in our hospital that, while they do not experience a high level of turnover necessarily, they do have positions that are considered difficult to fill, primarily due to the typical length of time it takes to recruit for those positions. This seems to be the case in our Medical Imaging and Physical Therapy departments, substantiated by their high usage of Travelers/Registry as well. It is believed that our inability to offer competitive wages for these positions is a primary obstacle to recruiting and therefore, targeted for some further salary analysis this coming year.

### **Compensation & Benefits**

The philosophy behind Sonoma Valley Hospital's compensation program is to create and manage a pay structure that supports the Hospital's mission and values as well as attract and retain talented employees who drive the Hospital's success and make SVH a great place to work. When evaluating the salary ranges for each of our positions, we utilize the Allied for Health Survey and benchmark against the Northern California region.

At the beginning of 2015 our compensation plan analysis revealed that we had about 36 position salary ranges that were considered below "market" – as compared to our benchmark data. Obviously, it was our desire to adjust all of these ranges up to our benchmark level, but the finances were not available to do so. Therefore, we decided to address the most egregious ranges – those that were 20% or more below market – and adjust those in small groups on a quarterly basis, adjusting individual's pay that held those positions as well, so as to be placed within the new range. We have successfully accomplished this, adjusting a total of 16 salary ranges, affecting approximately 40 individuals, for a total cost of \$170,000. Additionally, all employees received an annual increase of 3% to their base pay.

Unfortunately, despite these significant improvements to our compensation plan this year, we do continue to struggle – as evidenced by our turnover and the results reported in our Employee Engagement Survey. We continue to have approximately 20 salary ranges that are considered below market, as compared to our benchmark data, ranging from 19% to 3% below. Of course, this also means that we have about 143 salary ranges that are considered "at market." Although, as mentioned in the Turnover discussion, many of the positions that remain below are those we struggle to recruit and retain, such as Nursing, Medical Imaging, Laboratory, Cardiopulmonary, etc. Therefore, there is more work to be done, and hopefully the finances to support it, with further salary range adjustments and increases in individual pay.

In alignment with our commitment to design and manage a pay structure that supports the success of this hospital, we are also looking at some additional strategies, such as broadening the salary ranges to better support our long-term employees and continue to reward their

valuable experience. In addition, we will be utilizing a new benchmark, from the same Allied for Health Survey, but instead of using the benchmark for Northern California, which is a very broad region, we will narrow that down to the North Coast Region, which is just Sonoma, Napa, Lake, and Mendocino counties. This should provide us with a much more accurate and realistic comparison of wages in this high cost of living area.

In regards to benefits, as I'm sure you are aware, the costs continue to go up every year. However, this year, we were able to successfully negotiate a new contract for our dental insurance that provided for a higher maximum benefit while at the same time offering a lower monthly premium! We also contracted with a new insurance carrier for our Life and Long Term Disability Insurance, with a lower premium than our prior plan. As these two plans are 100% paid by employees, this was a savings we were able to pass along to them, along with absorbing the 3% premium increase to the medical plan, keeping the employee contribution the same.

### **Worker's Compensation**

We experienced a couple of more injuries this year compared to last with a total of 6; although only 4 resulted in missed work days and 3 of them closed before the end of the year. The total number of open claims in 2015 is 12; however, 4 of those have also closed as of today's date. The total cost of all claims in 2015 was \$154,478, which is down from last year. Most importantly, as you know, SVH is self insured for Worker's Compensation and we utilize a third-party administrator to handle our claims process. With the typical annual cost of Worker's Compensation full insurance plans running between \$400k and 600k, we experience significant savings with this program! Our total, 2015 administration fees paid to TriStar were only \$9,382.

### **Education**

Bonnie Bernhardt, Education Coordinator, has continued to provide numerous educational opportunities for the staff at SVH, including a total of 83 classes and in-services in 2015, which has proven to be very valuable to our staff and patients. Bonnie continues to work on issues that need improvement and has worked diligently to focus in those areas. Examples include developing a process to care for patients with venous access devices to reflect national best practice standards, prevention of catheter related urinary tract infections, expansion of ECG interpretation screening for new hires in the ED, ICU and SCU, Advance Health Care Directive education materials for staff and community members and obtaining patient movement equipment to improve safe patient handling. Bonnie has high standards and is committed to improving the skill level of our staff. In 2015 she expanded the skills lab competency verification process from 7 hands-on return demonstration stations to 14 stations with 21 high-risk skills. Additionally, she continues to offer adult code blue drills in clinical departments to improve efficiency in responding to cardiac arrest patients as well as first responder skills testing for 235 clinical staff during Skills Lab. In 2015, Bonnie has monitored completion rates for Skills Lab and HealthStream annual online training. Except for staff on LOA, 100% of clinical staff attended Skills Lab and 100% of all staff completed the annual training through

HealthStream. It is Bonnie's goal to continue to support safe and high quality patient care through education and skills competency.

### **Wellness Program**

The SVH Wellness Program saw a slight decrease in participation in 2015 from the previous year; however, we did see an increase in our participants average health score – up 1.2% in 2015 over 2014. Overall, the health score distribution shows more individuals moved into the Excellent and Good categories, decreasing the Average and Poor categories. The risk factors that saw an increase in the Low Risk category includes tobacco use, physical activity, nutrition, and stress.

In an effort to re-energize participation in our Wellness Program, we made some significant changes in 2016 and opened up the program to the spouses of our medical plan covered employees as well! This change has already proven to be a success as we are now up to 191 employees participating in this year's program, along with 35 of their spouses.

### **Goals/Initiatives for 2016**

This year, the number one goal for HR is to focus on the compensation plan – we aim to complete the effort of establishing every position range at market, as compared to our regional salary data. We will be implementing some administrative/management improvements with the compensation plan as well to ensure we continue to effectively recognize our hard-working employees while at the same time providing them with a total compensation package that exemplifies the value they provide to SVH.

An additional goal for 2016 is to continue evaluation and analysis of performance improvement opportunities. This year, we will be conducting a Cost-per-Hire analysis to enhance our understanding of the recruitment, selection, and on-boarding of all new employees, as well as evaluate costs that may be better managed differently. We look forward to presenting our results at the Performance Improvement Project Fair in the fall of this year.

9.

FY17 THREE-YEAR  
ROLLING STRATEGIC  
PLAN

# FY 2017 Three-Year Rolling Strategic Plan

Sonoma Valley Hospital (“SVH”) is a 75-bed acute care hospital serving the health care district made up of the Sonoma Valley including the City of Sonoma. We have 48 Acute Care beds and 27 Skilled Nursing (long term) beds. By all objective measures, SVH consistently demonstrates performance that is commensurate with or outperforms hospitals across the country. Patients and the industry recognize the extraordinary level of quality and safety that SVH provides. SVH offers a wide variety of health care services based on the needs of our district. The Emergency Department is the key service line, which requires an Intensive Care and Medical Surgical Unit, Surgery, Laboratory, Radiology and Cardiopulmonary services. In addition to these essential services, SVH provides a Skilled Nursing Facility, Home Health, a Birth Center, Occupational Health, Wound Care and Wellness programs to our community.



**OUR VALUES: C.R.E.A.T.I.N.G** **Compassion:** We show consideration of the feelings of others at all times. **Respect:** We honor and acknowledge the value of the people, place and resources in providing care. **Excellence:** We strive to exceed the expectations of the people we serve. **Accountability:** We are reliable, self-responsible owners of the outcomes of our organization. **Teamwork:** We are productive and participative staff members who energize others. **Innovation:** We seek new and creative solutions to deliver quality healthcare. **Nurturing:** We cultivate, develop and educate those with whom we work to achieve their highest potential. **Guidance:** We direct and lead our community members through their healthcare journey and in health improvement.



# Strategic Priorities 2017-2019

1. **Achieve the highest levels of safety and quality health care** – SVH has excellent quality outcomes. SVH will remain in the top quartile in the Center for Medicare Services (CMS) quality outcome measures, patient and staff satisfaction.
2. **Systematically identify new and enhanced service and revenue opportunities** – Working in partnership with our excellent physicians and other affiliate groups and institutions, we will continue to expand the health care services based on community need to increase local access to health care. In addition, we will ensure quality health care with fiduciary oversight and ask the community to renew its support for the parcel tax to ensure we can to have a high quality hospital.
3. **Continuously improve efficiency** – SVH is a small hospital in a small community and must have a laser-like focus on efficiency and financial discipline. Through evidence-based medicine and other innovative best practices, we will continue to provide the highest quality of care at the lowest possible cost.
4. **Support progress toward a Healthy Community** – SVH lives our mission to restore, maintain and improve the health of everyone in our community. We do this through a population health strategy that includes children's health education, health awareness and disease management programs.

# Environment Assessment:

## Trends in Hospital Health Care

The disruption in health care signaled by reform, changes in government reimbursement programs, and mandates to reduce utilization of hospital inpatient care continues to affect hospital operations. In addition, commercial payers continue the trend of compensating hospitals differently for many services. As a result, hospitals find themselves moving toward a team approach that coordinates inpatient and outpatient care for defined populations, continuing to closely monitor quality of care outcomes even outside of the hospital, while necessarily becoming more creative in providing the services that the community needs.

The challenges are especially critical for small hospitals like ours, which serve a smaller patient base and lack economies of scale. We see several important trends that are impacting our hospital: 1) continued declines in reimbursement for services; 2) the challenges of managing more efficiently while simultaneously providing high quality care and outstanding service because patients have increased choices; 3) the importance of a convenient and well-managed Emergency Department; and 4) the increased integration of various providers and payers linked to an overall patient management regime. While the future role of a primary care hospital in smaller communities is still emerging, SVH is at the forefront in defining a sustainable and successful model.

We are seeing dramatic and continuous declines in reimbursement driven by government insurance programs, which impacts all types of insurance. This downward pressure on margins means that all hospitals must be much more efficient while growing new service revenues. For small hospitals in California, the dominance of government as the main reimbursement source for patients underscores the need for efficiency as the level of that reimbursement is so low. With over 80% of our patients in Medicare or Medi-Cal insurance programs, SVH has made progress in managing costs, improving margins, and sustaining our Hospital with lower reimbursement even while increasing quality.

Emergency care remains the foundation for our community engagement. We have strengthened our emergency services to maintain high patient satisfaction, while seeing patient visits to the Emergency Department increase by 20 percent in just the past year. A major focus is to continue growing outpatient services, all of which are important for our future. We also are identifying creative new solutions, such as our recent successful efforts to attract new physicians through our physician timeshare offices and to maintain physicians in the community through both a 1206(b) and 1206(l) clinic.

As we move ahead, tighter integration of physicians, providers and hospital networks is needed to deliver comprehensive and coordinated care, including wellness/prevention, episodic care, and management of chronic conditions, mental/behavioral health, and appropriate end-of-life care. Effective integration management will be critical to ensure sustainable delivery systems, especially as reimbursement moves toward bundled payments and capitation arrangements based on the wellness, outcomes and the health status of individuals. SVH is well positioned for this because we offer services across the entire continuum of care including Skilled Nursing, Home Health Care and Outpatient Rehabilitation.

The implementation of the Affordable Care Act, expansion of Medi-Cal and the decline of inpatient services continue to stimulate a wide variety of changes, which particularly affect small hospitals. These include a decrease in the number of uninsured patients; restrictions on access to some physicians and hospitals (narrow networks); higher out-of-pocket costs for patients who selected certain options; and an increase in the numbers of individuals covered by Medi-Cal. With more patients now having health insurance, the need for more physicians in every community has increased.

Finally, there continues to be strong emphasis on quality, patient safety, and outcomes, as well as advances in information technology, electronic health records, and telemedicine. While positive and necessary, these contribute to rising health care expenditures and must be managed appropriately. With so many changes happening over the last few years, it is clear that access and efficiency for outpatient services is the key to a sustainable hospital.

# SVH Situation Analysis

- **The community served**

SVH serves a small community, running from Glen Ellen down through the city of Sonoma, including Boyes Hot Springs, El Verano and Vineburg. The two main zip codes served are 95476 and 95442. The population of these areas is approximately 42,000 and very limited growth is anticipated in the coming years.

- **Age of residents and growth rates of seniors**

SVH's service area has a disproportionate share of 50+ residents and is under-represented in younger age categories. In 2014, residents aged 55 and older made up 39% of the total population. This group is predicted to climb to 42% in the next three years. Statewide, the percentage of the population over 55 years old is just 21%.

- **Growth of Latino population**

Over that past three years Sonoma's Latino population has grown from 26% to 28%, and is projected to grow to 31% within the next three years. SVH continues to support this population with increased access to health care services as well as bilingual health education services.

- **Payer mix trends**

The Hospital continues to address the effects of a changing payer mix. Medi-Cal now represents around 20% of SVH volume, an increase from just 7% less than two years ago. Although low reimbursement causes significant fiscal strain, the supplemental payments received do help cushion the Hospital's loss on these patients. Medicare volumes are stable, continuing to represent approximately half of our payer mix, while the commercially insured payer volumes have dropped from 24% to 20% of the total, which equates to over \$2 million dollars less revenue per year.

- **Patient satisfaction and experience**

SVH has high patient satisfaction and it continues to improve. Over the past twelve months, SVH has scored above the 60<sup>th</sup> percentile in six of the nine areas surveyed and often is in the 80<sup>th</sup> percentile in several areas. This means we are above average compared to hospitals in the nation as monitored by the Center for Medicare Services.

- **Quality Outcomes**

SVH is in the top 25% of hospitals in the nation according to a set of surveys monitored by the Center for Medicare Services. The Value Based Purchasing score is monitored

annually and SVH received a bonus for the past two years for being in the top quartile for quality outcomes.

- **Inpatient admissions**

Inpatient admissions, while having declined rapidly for many years, actually increased approximately 4% this past year versus the prior year (1,214 in FY15, up from 1,168 in FY14).

- **Emergency services**

Emergency Department visits are expected to remain over 10,500 annually with over 70% market share. ED visits have increased over 20% in the last two years, and admissions from this service also are projected to continue to increase.

- **Managing service line profitability**

SVH is an innovative leader in the hospital industry for its use of a cost accounting system to manage service lines for improved safety, efficiency and profitability. There is an ongoing process to achieve the highest efficiency in each of our 10 service units and all currently have positive operating margins.

- **Outpatient market share**

SVH has been successful in increasing outpatient volumes over the past few years. The market for outpatient procedures for Valley residents is projected to grow by 3.6% from FY 2014 to FY 2017, and SVH will continue to compete to be the preferred provider in many areas. SVH has a high market share in Lab, Radiology and Rehabilitation with a year-over-year increase in Orthopedic Surgery. General Surgery has declined this past year. We currently have specialists in Urology, General Surgery, Bariatrics, Orthopedics, ENT, Spine, Vascular, Cardiology, Pain Management, and Nephrology.

- **Primary Care**

Primary Care continues to be in large demand in our area. Working closely with Prima Medical Foundation (the 1206(I) physician clinic), SVH is continuously monitoring the supply and demand situation for Primary Care and working with our partners to recruit new providers as necessary.

- **Innovation**

Over the past few years, SVH has worked with many different community partners to bring services and education to our community. Satellite Healthcare (a dialysis company) is moving into the hospital. In addition, we work with many organizations, such as the Sonoma Valley Community Health Center to improve access to health care.

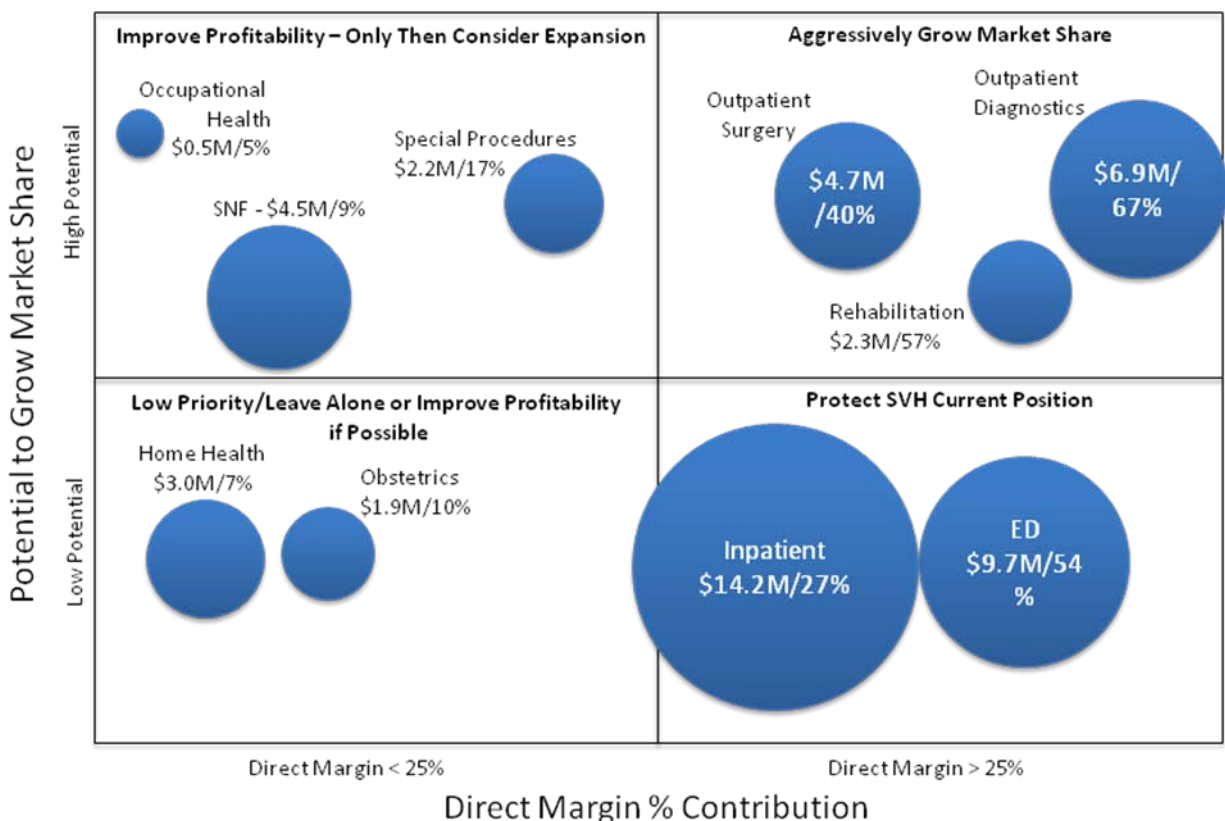
# Competitive Assessment

Sonoma Valley is a relatively isolated community and SVH is the only hospital in the Valley. However, there are eleven other hospitals in the closely surrounding communities. Kaiser Permanente has the highest inpatient market share in the Valley after SVH. Many of the larger employers in the Valley choose Kaiser as their primary insurance option because it has historically offered a low cost solution.

(Insert picture of hospitals in the area)

Marin General, Santa Rosa Memorial and UCSF, which are tertiary hospitals, receive the highest number of inpatient admissions from our service area. Most of these admissions are for services that a primary care hospital should not provide.

SVH has a strong market share in Emergency Services, Outpatient Diagnostics, Skilled Nursing, Occupational Health and Home Health Care. There are opportunities to improve market share in Surgery, Obstetrics, Special Procedures and Inpatient Services.



# Strategies & Tactics FY 2017

Strategic Priorities	Continuing & New Initiatives	Programs and Tactics
Achieve the highest levels of safety and quality health care	Staff Satisfaction	Maintain good staff retention, implement more salary adjustments and continue to enhance Wellness Program participation and Culture of Health.
	Inpatient Satisfaction	The Patient Experience Team is implementing more of the best practices and adding a patient advisor.
	Emergency Services Satisfaction	Hardwire best practices from other Emergency Departments. Increase the number of patients who receive the survey.
	Physician Satisfaction	Continue to work closely with physicians on collaboration and use the annual satisfaction survey and action plan.
	Evidence-Based Medicine	Continue to be at the top quartile for Value Based Purchasing. Start monitoring the Hospital Readmission and Monitoring score and publish results. Publish an outcome registry for Total Joint Replacement and Bariatrics. Work with Hospitalists to implement best practices for inpatient optimization.
	Culture of Safety	Continue our excellent results as being one of the safest hospitals in the country.
Systematically identify new and enhanced service and revenue opportunities	Physician Recruitment	Recruit a new Primary Care physician to replace a physician departure.
	Bariatric Institute	Continue marketing and create a center for services. Consider creating a Metabolic Center with this program.
	General Surgery	Recruit another dedicated General Surgeon to add another physician clinic in Sonoma. Market this service line.
	Physician Clinics	Offer 1206(b) option to some physicians. Consider becoming a Rural Health Center for higher reimbursement. Seek out a common space for SVH affiliated physicians. Research options for Urgent Care.
	Destination Hospital	Become a preferred choice for the Employer Direct program and become the preferred choice for Occupational Health and Wound Care in Sonoma County.
	Parcel Tax Renewal	Pass the parcel tax for another five years in 2017.

	Marketing	Enhance promotion of cross-referral systems and consider enhancing our patient engagement.
	Cancer Support Sonoma	Complete the research on the healing effects of integrative therapies for people with cancer.
Continuously improve efficiency	Technology Upgrades	Implement a better Health Information Exchange, upgrade our Electronic Health Record and implement new Electronic Health Records in Outpatient Rehab and Occupational Health
	Improve Margins	Use the cost accounting system for inpatient optimization and to continue to increase margins.
	Outpatient Diagnostic Center	SVH Foundation to consider raising at least \$3 million for better patient experience, centralized scheduling and improved efficiency by combining four different diagnostic services into one space.
	Purchase Property	Purchase the south lot using our option for operational savings. Determine the best way to make this asset contribute to our financial stability.
	Sustainability	Investigate energy savings ideas to reduce costs and continue to be a Practice Green Health hospital.
	Large Hospital Systems	Continue discussions and partnerships with larger hospitals to increase admissions and keep patients in Sonoma.
Support progress toward a Healthy Community	Population Health	Continue supporting health awareness and education through "Healthy Kids are Contagious," GirlTalk, Active Aging, Integrative Health Network, Compass, Ceres Project and the Sonoma Valley Health Roundtable.
	Community Care Network	Through a grant from PRIME, implement the community care network to reduce re-admissions.
	Workplace Wellness	Through Occupational Health, offer employers with over 25 employees the opportunity to partner with SVH to use our Wellness program and create a "Culture of Health" at their organizations.
	Healing Hospital™	Continue to offer Wellness University™ to the staff and community. Publish the new "Clinical Healers" educational seminar. Promote SVH as a model.
	SVH Foundation Sustainable Giving	Maintain and enhance the engagement of the community and donors to give to SVH annually and consider a legacy gift.



10.

FINANCIAL REPORT  
MONTH ENDING  
APRIL 30, 2016



*Healing Here at Home*

**To:** SVH Finance Committee  
**From:** Ken Jensen, CFO  
**Date:** April 26, 2016  
**Subject:** Financial Report for the Month Ending March 31, 2016

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For the month of March cash collections for patient accounts were \$4,155,402, the highest the hospital has collected to date. As for the YTD EBIDA the Hospital is at 5.6% vs. the budgeted 4.2%. We are anticipating ending the fiscal year on budget with a 4% EBIDA.

Historically, the month of March experiences higher inpatient volume and therefore we budgeted inpatient volume accordingly. Instead the hospital experienced higher outpatient volume, primarily in the Emergency department. The Operating Margin for the hospital was a loss of (\$468,843), unfavorable to budget by (\$210,896). The year-to-date actual loss from operations is (\$2,747,251) which is favorable to the expected year-to-date loss of (\$3,280,244). After accounting for all other activity, the net loss for March was (\$131,602) vs. the budgeted net income of \$158,552. The March EBIDA was 2.0% vs. a budgeted 6.0%. Year-to-date, the total net income is \$432,575 better than budget.

**Gross patient revenue** for March was \$21,897,803, \$916,232 better than expected. Inpatient gross revenue was under budget by (\$747,354) due to patient days being under budgeted expectations by (24) days and inpatient surgeries being unfavorable to budget by (12) cases. Outpatient revenue was over budget by \$827,241 due to a higher than budgeted volume for outpatient visits and procedures. The Emergency Room gross revenue is over budget by \$1,771,819 due to the consistent increase in volume. SNF was under expectations by (\$860,332) due to lower than projected volume. Home Health is under budgeted expectations due to purposely reducing services provided to Marin patients (\$75,142).

**Deductions from revenue** were unfavorable to budgeted expectations by (\$1,293,869) primarily due to the ER gross revenue being over budgeted expectations by \$1.77M, with a higher payer mix of Medicare, Medicare Managed care, and Medi-Cal. Medicare Managed care accounts continue to increase and were at 10.1% of gross revenue on budgeted expectations on 4.7% and Medi-Cal accounts were at 20.0% of gross revenue on budgeted expectations 18.0%.

After accounting for all other operating revenue, the **total operating revenue** was unfavorable to budget by (\$424,138).



**Operating Expenses** of \$4,968,153 were under budget by \$213,241 primarily due to lower inpatient volume than budgeted. The significant negative variances were: Employee Benefits (\$96,282), physician and professional fees (\$71,345), and interest expense (27,438). PTO was over budget in March by (\$77,277) due to paid sick leave for per diem employees that were not budgeted and an increased use of PTO in March primarily in Med-Surg, OB, SNF, and Home Health. Employee benefits are over budget by (\$19,005) due to an increase in the cost of health benefits due to an increase in participation from open enrollment. Physician fees are over budget by (\$121,074) due to an increase in physician contracts (\$61,074) and an additional fee for physician recruitment (\$60,000). Physician fees were offset by a positive variance for Professional fees of \$49,729. Interest expense is over budgeted expectations due to the true up of the Celtic lease.

After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net loss for March was (\$260,640) vs. a budgeted net loss of (\$25,985). The total net loss for March after all activity was (\$131,602) vs. a budgeted net income of \$158,552.

EBIDA for the month of March was 2.0% vs. the budgeted 6.0%.

#### Patient Volumes – March

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	99	130	-31	113
Newborn Discharges	18	14	4	16
Acute Patient Days	426	450	-24	401
SNF Patient Days	580	750	-170	669
Home Care Visits	879	1,206	-327	1,232
OP Gross Revenue	\$14,266	\$11,649	\$2,617	\$11,839
Surgical Cases	141	156	-15	137

#### Overall Payer Mix – March

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	42.9%	49.8%	-6.9%	46.5%	49.1%	-2.6%
Medicare Mgd Care	10.1%	4.7%	5.4%	8.1%	4.8%	3.3%
Medi-Cal	20.0%	18.0%	2.0%	19.3%	17.7%	1.6%
Self Pay	0.4%	1.6%	-1.2%	0.9%	1.8%	-0.9%
Commercial	20.8%	19.9%	0.9%	19.9%	20.4%	-0.5%
Workers Comp	4.1%	3.1%	1.0%	2.9%	3.3%	-0.4%
Capitated	1.7%	2.9%	-1.2%	2.4%	2.9%	-0.5%
Total	100.0%	100.0%		100.0%	100.0%	

**Cash Activity for March:**

For the month of March the cash collection goal was \$3,311,138 and the Hospital collected \$4,155,402, or over the goal by \$844,264. The year-to-date cash goal is \$30,733,960 and the Hospital has collected \$31,706,162 or over the goal by \$972,202. The cash collection goal is based upon net hospital revenue from 90 days ago. Days of cash on hand are 10 days at March 31, 2016. Accounts Receivable decreased from February, from 52.0 days to 49.7 days in March. Accounts Payable has increased by \$84,259 from February and Accounts Payable days are at 48.2.

**ATTACHMENTS:**

- Attachment A is the Payer Mix Analysis which includes the projected collection percentage by payer.
- Attachment B is the Operating Indicators Report
- Attachment C is the Balance Sheet
- Attachment D (two pages) is the Statement of Revenue and Expense. The first page breaks out the hospital operations and page two includes all other activity.
- Attachment E is the Variance Analysis. The line number tie to the Statement of Revenue and Expense line numbers and explains any significant variances.
- Attachment F are the graphs for Revenue and Accounts Payable.
- Attachment G is the Statistical Analysis
- Attachment H is the Cash Forecast



**Sonoma Valley Hospital**  
**Net Revenue by Payer for the month of March 31, 2016**

ATTACHMENT A

**March-16**

<b>Gross Revenue:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
Medicare	9,390,581	10,395,695	-1,005,114	-9.7%
Medi-Cal	4,378,110	3,751,811	626,299	16.7%
Self Pay	84,811	342,501	-257,690	-75.2%
Commercial	4,554,680	4,251,281	303,399	7.1%
Medicare Managed Care	2,203,971	989,198	1,214,773	122.8%
Worker's Comp.	904,999	647,181	257,818	39.8%
Capitated	380,651	603,904	-223,253	-37.0%
<b>Total</b>	<b>21,897,803</b>	<b>20,981,571</b>	<b>916,232</b>	

**YTD**

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
	84,822,939	83,811,692	1,011,247	1.2%
	35,115,455	30,203,729	4,911,726	16.3%
	1,612,408	3,023,714	-1,411,306	-46.7%
	36,452,556	35,659,365	793,191	2.2%
	14,724,327	8,261,558	6,462,769	78.2%
	5,358,479	5,570,390	-211,911	-3.8%
	4,505,740	5,076,073	-570,333	-11.2%
	<b>182,591,904</b>	<b>171,606,521</b>	<b>10,985,383</b>	

<b>Net Revenue:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
Medicare	1,407,648	1,764,248	-356,600	-20.2%
Medi-Cal	579,662	561,271	18,391	3.3%
Self Pay	49,370	212,351	-162,981	-76.8%
Commercial	1,667,013	1,751,528	-84,515	-4.8%
Medicare Managed Care	325,526	146,105	179,422	122.8%
Worker's Comp.	202,991	152,476	50,515	33.1%
Capitated	14,731	24,579	-9,848	-40.1%
Prior Period Adj/IGT	113,228	125,250	-12,022	-9.6%
<b>Total</b>	<b>4,360,169</b>	<b>4,737,806</b>	<b>(377,637)</b>	<b>-8.0%</b>

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
	14,980,834	15,767,723	-786,889	-5.0%
	5,119,503	4,682,708	436,795	9.3%
	528,939	1,134,979	-606,040	-53.4%
	13,532,712	13,267,400	265,312	2.0%
	2,118,166	1,293,526	824,640	63.8%
	1,206,853	1,351,699	-144,846	-10.7%
	160,694	184,989	-24,295	-13.1%
	1,916,055	1,126,750	789,305	70.1%
	<b>39,563,756</b>	<b>38,809,774</b>	<b>753,982</b>	<b>1.9%</b>

<b>Percent of Net Revenue:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
Medicare	32.3%	37.3%	-5.0%	-13.4%
Medi-Cal	13.3%	11.8%	1.5%	12.7%
Self Pay	1.1%	4.5%	-3.4%	-75.6%
Commercial	38.2%	37.0%	1.2%	3.2%
Medicare Managed Care	7.5%	3.1%	4.4%	141.9%
Worker's Comp.	4.7%	3.2%	1.5%	46.9%
Capitated	0.3%	0.5%	-0.2%	-40.0%
Prior Period Adj/IGT	2.6%	2.6%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
	37.9%	40.6%	-2.8%	-6.9%
	12.9%	12.1%	0.8%	6.6%
	1.3%	2.9%	-1.6%	-55.2%
	34.2%	34.2%	0.0%	0.0%
	5.4%	3.3%	2.1%	63.6%
	3.1%	3.5%	-0.4%	-11.4%
	0.4%	0.5%	-0.1%	-20.0%
	4.8%	2.9%	2.0%	69.0%
	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>

<b>Projected Collection Percentage:</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
Medicare	15.0%	17.0%	-2.0%	-11.7%
Medi-Cal	13.2%	15.0%	-1.7%	-11.5%
Self Pay	58.2%	62.0%	-3.8%	-6.1%
Commercial	36.6%	41.2%	-4.6%	-11.2%
Medicare Managed Care	14.8%	14.8%	0.0%	0.0%
Worker's Comp.	22.4%	23.6%	-1.1%	-4.8%
Capitated	3.9%	4.1%	-0.2%	-4.9%
Prior Period Adj/IGT	0.5%	0.6%	-0.1%	-13.4%

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>% Variance</b>
	17.7%	18.8%	-1.2%	-6.1%
	14.6%	15.5%	-0.9%	-6.0%
	32.8%	37.5%	-4.7%	-12.6%
	37.1%	37.2%	-0.1%	-0.2%
	14.4%	15.7%	-1.3%	-8.1%
	22.5%	24.3%	-1.7%	-7.2%
	3.6%	3.6%	-0.1%	-2.1%
	1.0%	0.7%	0.4%	59.8%

**Sonoma Valley Health Care District**  
**Balance Sheet**  
**As of March 31, 2016**

**ATTACHMENT C**

		<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
<b>Assets</b>				
Current Assets:				
1	Cash	\$ 1,544,645	\$ 1,842,966	\$ 2,177,242
2	Trustee Funds	2,286,037	2,970,872	1,825,643
3	Net Patient Receivables	8,150,659	8,556,938	7,061,014
4	Allow Uncollect Accts	(718,232)	(632,008)	(620,633)
5	Net A/R	7,432,427	7,924,930	6,440,382
6	Other Accts/Notes Rec	3,875,906	4,509,697	3,932,731
7	3rd Party Receivables, Net	875,069	727,100	1,587,264
8	Inventory	915,675	908,797	748,486
9	Prepaid Expenses	845,029	732,717	888,146
10	Total Current Assets	\$ 17,774,788	\$ 19,617,079	\$ 17,599,894
12	Property, Plant & Equip, Net	\$ 52,968,535	\$ 52,897,846	\$ 55,341,279
13	Specific Funds	439,199	439,163	403,430
14	Other Assets	143,918	143,691	143,164
15	Total Assets	\$ 71,326,440	\$ 73,097,779	\$ 73,487,766
<b>Liabilities &amp; Fund Balances</b>				
Current Liabilities:				
16	Accounts Payable	\$ 3,430,271	\$ 3,346,012	\$ 3,708,759
17	Accrued Compensation	4,211,103	4,565,618	4,145,169
18	Interest Payable	228,513	799,793	235,858
19	Accrued Expenses	1,483,266	1,334,648	1,041,494
20	Advances From 3rd Parties	186,530	867,474	668,079
21	Deferred Tax Revenue	1,478,332	1,971,110	2,229,055
22	Current Maturities-LTD	1,658,687	1,709,727	1,658,687
23	Line of Credit - Union Bank	5,923,734	5,923,734	5,698,734
24	Other Liabilities	158,932	145,077	719,549
25	Total Current Liabilities	\$ 18,759,368	\$ 20,663,193	\$ 20,105,384
26	Long Term Debt, net current portion	\$ 36,887,816	\$ 36,623,727	\$ 39,387,264
27	Fund Balances:			
28	Unrestricted	\$ 12,566,598	\$ 12,698,717	\$ 12,092,301
29	Restricted	3,112,659	3,112,142	1,902,816
30	Total Fund Balances	\$ 15,679,257	\$ 15,810,859	\$ 13,995,117
31	Total Liabilities & Fund Balances	\$ 71,326,440	\$ 73,097,779	\$ 73,487,766

**Sonoma Valley Health Care District  
Statement of Revenue and Expenses  
Comparative Results  
For the Period Ended March 31, 2016**

ATTACHMENT D

	Month					Year-To- Date				YTD
	This Year		Variance			This Year		Variance		
	Actual	Budget	\$	%		Actual	Budget	\$	%	Prior Year
					Volume Information					
1	99	130	(31)	-24%	Acute Discharges	891	929	(38)	-4%	925
2	580	750	(170)	-23%	SNF Days	5,679	5,683	(4)	0%	5,568
3	879	1,206	(327)	-27%	Home Care Visits	8,498	10,866	(2,368)	-22%	10,316
4	14,266	11,649	2,617	22%	Gross O/P Revenue (000's)	\$ 114,001	\$ 103,071	10,930	11%	\$ 99,747
					Financial Results					
					Gross Patient Revenue					
5	\$ 5,651,245	\$ 6,398,599	(747,354)	-12%	Inpatient	\$ 48,949,796	\$ 46,905,912	2,043,884	4%	\$ 47,204,732
6	7,958,766	7,131,525	827,241	12%	Outpatient	64,821,669	62,841,250	1,980,419	3%	59,609,379
7	6,013,171	4,241,352	1,771,819	42%	Emergency	46,631,496	37,744,148	8,887,348	24%	36,963,730
8	1,980,590	2,840,922	(860,332)	-30%	SNF	19,390,786	20,789,056	(1,398,270)	-7%	18,782,816
9	294,031	369,173	(75,142)	-20%	Home Care	2,798,157	3,326,155	(527,998)	-16%	3,173,456
10	\$ 21,897,803	\$ 20,981,571	916,232	4%	Total Gross Patient Revenue	\$ 182,591,904	\$ 171,606,521	10,985,383	6%	\$ 165,734,114
					Deductions from Revenue					
11	\$ (17,509,162)	\$ (16,258,437)	(1,250,725)	-8%	Contractual Discounts	\$ (143,997,137)	\$ (132,928,795)	(11,068,342)	-8%	\$ (129,813,096)
12	(100,000)	(89,314)	(10,686)	-12%	Bad Debt	(690,000)	(803,826)	113,826	14%	(965,000)
13	(41,700)	(21,264)	(20,436)	-96%	Charity Care Provision	(257,066)	(191,376)	(65,690)	-34%	(161,100)
14	113,228	125,250	(12,022)	-10%	Prior Period Adj/Government Program Revenue	1,916,055	1,127,250	788,805	0%	1,325,255
15	\$ (17,537,634)	\$ (16,243,765)	(1,293,869)	8%	Total Deductions from Revenue	\$ (143,028,148)	\$ (132,796,747)	(10,231,401)	8%	\$ (129,613,941)
16	\$ 4,360,169	\$ 4,737,806	(377,637)	-8%	Net Patient Service Revenue	\$ 39,563,756	\$ 38,809,774	753,982	2%	\$ 36,120,173
17	\$ 123,448	\$ 171,184	(47,736)	-28%	Risk contract revenue	\$ 1,303,242	\$ 1,540,656	(237,414)	-15%	\$ 2,199,483
18	\$ 4,483,617	\$ 4,908,990	(425,373)	-9%	Net Hospital Revenue	\$ 40,866,998	\$ 40,350,430	516,568	1%	\$ 38,319,656
19	\$ 15,693	\$ 14,458	1,235	9%	Other Op Rev & Electronic Health Records	\$ 209,472	\$ 130,122	79,350	61%	\$ 491,728
20	\$ 4,499,310	\$ 4,923,448	(424,138)	-9%	Total Operating Revenue	\$ 41,076,470	\$ 40,480,552	595,918	1%	\$ 38,811,384
					Operating Expenses					
21	\$ 2,392,429	\$ 2,441,728	49,299	2%	Salary and Wages and Agency Fees	\$ 19,940,882	\$ 19,806,011	(134,871)	-1%	\$ 18,251,795
22	885,590	789,308	(96,282)	-12%	Employee Benefits	7,611,573	7,173,789	(437,784)	-6%	7,010,563
23	\$ 3,278,019	\$ 3,231,036	(46,983)	-1%	Total People Cost	\$ 27,552,455	\$ 26,979,800	(572,655)	-2%	\$ 25,262,358
24	\$ 442,950	\$ 371,606	(71,345)	-19%	Med and Prof Fees (excl Agency)	\$ 3,256,074	\$ 3,188,365	(67,709)	-2%	\$ 3,163,018
25	456,513	568,563	112,050	20%	Supplies	4,581,036	4,454,397	(126,639)	-3%	4,380,390
26	187,199	352,170	164,971	47%	Purchased Services	2,439,467	3,169,530	730,063	23%	3,112,549
27	285,715	283,132	(2,583)	-1%	Depreciation	2,606,873	2,548,184	(58,689)	-2%	2,587,680
28	84,889	98,958	14,069	14%	Utilities	843,436	890,622	47,186	5%	829,889
29	25,266	20,834	(4,432)	-21%	Insurance	227,272	187,506	(39,766)	-21%	173,338
30	64,107	36,669	(27,438)	-75%	Interest	491,097	358,304	(132,793)	-37%	388,197
31	143,495	155,927	12,432	8%	Other	1,457,985	1,421,588	(36,397)	-3%	1,194,349
32	0	62,500	62,500	100%	Matching Fees (Government Programs)	368,026	562,500	194,474	35%	645,940
33	\$ 4,968,153	\$ 5,181,394	213,241	4%	Operating expenses	\$ 43,823,721	\$ 43,760,796	(62,925)	0%	\$ 41,737,709
34	\$ (468,843)	\$ (257,947)	(210,896)	-82%	Operating Margin	\$ (2,747,251)	\$ (3,280,244)	532,993	16%	\$ (2,926,326)

## ATTACHMENT D

**Sonoma Valley Health Care District  
Statement of Revenue and Expenses  
Comparative Results  
For the Period Ended March 31, 2016**

	Month				
	This Year		Variance		
	Actual	Budget	\$		%
35	\$ (15,881)	\$ 13,657	(29,538)		-216%
36	11,584	5,805	5,779		100%
37	(37,500)	(37,500)	-		0%
38	250,000	250,000	-		0%
39	<b>\$ 208,203</b>	<b>\$ 231,962</b>	<b>(23,759)</b>		<b>-10%</b>
40	<b>\$ (260,640)</b>	<b>\$ (25,985)</b>	<b>(234,655)</b>		<b>903%</b>
41	\$ 517	\$ 35,183	(34,666)		-99%
42	\$ -	\$ 20,833	(20,833)		0%
43	<b>\$ (260,123)</b>	<b>\$ 30,031</b>	<b>(290,154)</b>		<b>-966%</b>
44	242,777	242,777	-		0%
45	(114,256)	(114,256)	-		0%
46	<b>\$ (131,602)</b>	<b>\$ 158,552</b>	<b>(290,154)</b>		<b>-183%</b>
	\$ 89,182	\$ 293,816			
	2.0%	6.0%			

<b>Non Operating Rev and Expense</b>
Miscellaneous Revenue
Donations
Physician Practice Support-Prima
Parcel Tax Assessment Rev
<b>Total Non-Operating Rev/Exp</b>
<b>Net Income / (Loss) prior to Restricted Contributions</b>

Capital Campaign Contribution
Restricted Foundation Contributions
<b>Net Income / (Loss) w/ Restricted Contributions</b>

GO Bond Tax Assessment Rev
GO Bond Interest

**Net Income/(Loss) w GO Bond Activity**

**EBIDA - Not including Restricted Contributions**

	Year-To- Date					YTD
	This Year		Variance			Prior Year
	Actual	Budget	\$		%	
	\$ 3,065	\$ 122,913	(119,848)		-98%	\$ 87,783
	11,584	52,245	(40,661)		78%	48,587
	(337,500)	(337,500)	-		0%	(337,500)
	2,251,954	2,250,000	1,954		0%	2,250,000
	<b>\$ 1,929,103</b>	<b>\$ 2,087,658</b>	<b>(158,555)</b>		<b>-8%</b>	<b>\$ 2,048,871</b>
	<b>\$ (818,148)</b>	<b>\$ (1,192,586)</b>	<b>374,438</b>		<b>-31%</b>	<b>\$ (877,455)</b>
	\$ 612,284	\$ 316,647	295,637		93%	\$ 608,782
	\$ 450,000	\$ 687,501	(237,501)		100%	\$ -
	<b>\$ 244,136</b>	<b>\$ (188,438)</b>	<b>432,574</b>		<b>-230%</b>	<b>\$ (268,673)</b>
	2,184,993	2,184,993	-		0%	1,372,622
	(1,031,977)	(1,031,978)	1		0%	(1,124,949)
	<b>\$ 1,397,152</b>	<b>\$ 964,577</b>	<b>432,575</b>		<b>45%</b>	<b>\$ (20,999)</b>
	\$ 2,279,822	\$ 1,713,902				\$ 2,098,423
	5.6%	4.2%				5.4%



**Sonoma Valley Health Care District**  
**Statement of Revenue and Expenses Variance Analysis**  
**For the Period Ended March 31, 2016**

ATTACHMENT E

	YTD	MONTH	
Description	Variance	Variance	
<b>Volume Information</b>			
1 Acute Discharges	(38)	(31)	
2 SNF Days	(4)	(170)	
3 Home Care Visits	(2,368)	(327)	
4 Gross O/P Revenue (000's)	10,930	2,617	
<b>Financial Results</b>			
<b>Gross Patient Revenue</b>			
5 Inpatient	2,043,884	(747,354)	Acute patient days were under budget by (24) days and inpatient surgeries were under budget by (12) cases.
6 Outpatient	1,980,419	827,241	Outpatient visits were over budget by 443 visits and outpatient surgeries were at budget.
7 Emergency	8,887,348	1,771,819	ER visits were over budget by 80 visits and had a higher than expected case mix (higher acuity).
8 SNF	(1,398,270)	(860,332)	SNF patient days were under budget by (170) days.
9 Home Care	(527,998)	(75,142)	Home Care visits were under budget by (327) visits.
10 <b>Total Gross Patient Revenue</b>	<b>10,985,383</b>	<b>916,232</b>	
<b>Deductions from Revenue</b>			
11 Contractual Discounts	(11,068,342)	(1,250,725)	The unfavorable variance is primarily due to the ER gross revenue being over budgeted expectations by \$1.77M. Furthermore, Medicare insurance was 42.9% of gross revenue vs. 49.8% budgeted and Medi-Cal was 20.0% of gross revenue vs. 18.0% budgeted.
12 Bad Debt	113,826	(10,686)	
13 Charity Care Provision	(65,690)	(20,436)	
14 Prior Period Adj/Government Program Revenue	788,805	(12,022)	
15 <b>Total Deductions from Revenue</b>	<b>(10,231,401)</b>	<b>(1,293,869)</b>	
16 <b>Net Patient Service Revenue</b>	<b>753,982</b>	<b>(377,637)</b>	
<b>Risk contract revenue</b>	<b>(237,414)</b>	<b>(47,736)</b>	Blue Shield capitation received was under budget.
18 <b>Net Hospital Revenue</b>	<b>516,568</b>	<b>(425,373)</b>	
19 Other Op Rev & Electronic Health Records	79,350	1,235	
20 <b>Total Operating Revenue</b>	<b>595,918</b>	<b>(424,138)</b>	
<b>Operating Expenses</b>			
21 Salary and Wages and Agency Fees	(134,871)	49,299	Salaries & wages are under budget by \$108,328 due to lower than projected IP volume, and agency costs over budget (\$59,029).
22 Employee Benefits	(437,784)	(96,282)	PTO was over budget in March by (\$77,277) due to unbudgeted paid sick leave for per diem employees and an increase in use over budgeted expectations. Employee benefits are over budget by (\$19,005) due to an increase in the cost of health benefits due to increased participation during open enrollment.
23 <b>Total People Cost</b>	<b>(572,655)</b>	<b>(46,983)</b>	
24 Med and Prof Fees (excl Agency)	(67,709)	(71,345)	Physician fees are over budget by (\$121,074) due to an increase in physician contracts (\$61,074) and an additional fee for physician recruitment (\$60,000). Physician fees were offset by a positive variance for Professional fees of \$49,729.
25 Supplies	(126,639)	112,050	Supplies are under budget due to lower than projected inpatient volume in March.
26 Purchased Services	730,063	164,971	Budgeted Services not used during March.
27 Depreciation	(58,689)	(2,583)	
28 Utilities	47,186	14,069	
29 Insurance	(39,766)	(4,432)	Insurance premiums increased over budgeted expectations.
30 Interest	(132,793)	(27,438)	Variance due to the true up of the Celtic financing lease - true up being spread over 6 months.
31 Other	(36,397)	12,432	
32 Matching Fees (Government Programs)	194,474	62,500	There were no matching fees in March. This expense is offset from the revenue above from line 14.
33 <b>Operating expenses</b>	<b>(62,925)</b>	<b>213,241</b>	
34 <b>Operating Margin</b>	<b>532,993</b>	<b>(210,896)</b>	
<b>Non Operating Rev and Expense</b>			
35 Miscellaneous Revenue	(119,848)	(29,538)	
36 Donations	(40,661)	5,779	Received donations from the Foundation for reimbursement of minor equipment purchased for Physical Therapy and Wound Care.

	YTD	MONTH	
Description	Variance	Variance	
Physician Practice Support-Prima	-	-	
Parcel Tax Assessment Rev	1,954	-	
<b>Total Non-Operating Rev/Exp</b>	<b>(158,555)</b>	<b>(23,759)</b>	
		-	
<b>Net Income / (Loss) prior to Restricted Contributions</b>	<b>374,438</b>	<b>(234,655)</b>	
		-	
Capital Campaign Contribution	295,637	(34,666)	Capital campaign donations received from the Foundation were under budgeted expectations.
Restricted Foundation Contributions	(237,501)	(20,833)	There were no restricted donations in March.
<b>Net Income / (Loss) w/ Restricted Contributions</b>	<b>432,574</b>	<b>(290,154)</b>	
GO Bond Tax Assessment Rev	-	-	
GO Bond Interest	1	-	
<b>Net Income/(Loss) w GO Bond Activity</b>	<b>432,575</b>	<b>(290,154)</b>	

11.

ADMINISTRATIVE  
REPORT  
APRIL 2016



**To:** SVHCD Board of Directors  
**From:** Kelly Mather  
**Date:** 4/27/16  
**Subject:** Administrative Report

### Summary

March was a good month for cash collections and outpatient volumes. The Emergency department and Occupational Health had the highest number of visits on record in March. However, the inpatient volumes were much lower than expected this past month. The good news is that the inpatient admissions are up over the prior year. We are now at year to date EBIDA of 5.6%, which is better than prior years. The parcel tax for the spring has been received and this will significantly help our cash on hand. The new FY 2017 strategic plan is ready for board review and approval and was developed by a great team that included two board members and our Chief of Staff.

### Dashboard and Trended Results

The inpatient and emergency satisfaction results continue to be inconsistent and the patient experience team is now developing a more robust monitoring system. The Value Based Purchasing score continues to be at the 90<sup>th</sup> percentile. The staff satisfaction results have been shared with the staff at the forums this month and we are at the 84<sup>th</sup> percentile compared to all healthcare facilities. The score was 4.33/5. Fourteen departments scored above 4.15, nine departments were above 3.8 and only three departments scored below 3.8. The two major areas of opportunity are a perception that the “pay is fair” and that we need more opportunities for career advancement. An action plan for each department is due in June.

### Strategic Update

Strategic Priorities	Update	Completion Date
1206b Clinic	We have engaged a consultant to help us execute this strategy and a budget will be ready in May.	June
Recruit another General Surgeon	Dr. Sawyer starts in June	June
Staff Compensation	Salary increases of 1.5% will be implemented July 1 for all staff who received a longevity payment.	July
South Lot	A presentation of options will be done for the board in June	June
Physician Time Share Offices	Dr. Weiss’ office opened on April 4 <sup>th</sup> . There is space for a few more physicians in this office. The 1 <sup>st</sup> street West office is now full.	Complete
Cancer Support Sonoma	We are meeting with the Department of Health Services to determine the best solution for this service placement on May 13 <sup>th</sup>	May

## MARCH DASHBOARD

PILLAR	PERFORMANCE GOAL	METRIC	ACTUAL RESULT	GOAL LEVEL
<b>Service Excellence</b>	Highly satisfied Inpatients	Maintain at least 5 out of 9 HCAHPS domain results above the 70 <sup>th</sup> percentile	3 out of 9 in February	>7 = 5 (stretch) 6 = 4 5 = 3 (Goal) 4 = 2 <b>&lt;4=1</b>
<b>Service Excellence</b>	Highly satisfied Emergency Patients	Maintain at least 5 out of 7 ERCAPS domain results above the 70 <sup>th</sup> percentile	1 out of 7 in February	7 = 5 (stretch) 6 = 4 5 = 3 (Goal) 4 = 2 <b>3 = 1</b>
<b>Quality</b>	Excellent Clinical Outcomes	Value Based Purchasing Clinical Score at 50 or higher	53.5 (90 <sup>TH</sup> percentile)	>55 = 5 (stretch) <b>&gt;52 = 4</b> >50 = 3 (Goal) >47 = 2 <40 = 1
<b>People</b>	Highly Engaged and Satisfied Staff	Press Ganey percentile ranking of 75 <sup>th</sup> percentile or higher	4.33/5 or the 84 <sup>th</sup> percentile	<b>&gt;80<sup>th</sup> = 5 (stretch)</b> >77 <sup>th</sup> =4 >75 <sup>th</sup> =3 (Goal) >72 <sup>nd</sup> =2 <70 <sup>th</sup> =1
<b>Finance</b>	Financial Viability	YTD EBIDA	5.6%	<b>&gt;5% (stretch)</b> >4.5%=4 >4.0% (Goal) >3/5%=2 <3.5%=1
	Efficiency and Financial Management	Meet FY 2016 Budgeted Expenses	\$43,823,721 (actual) \$43,760,796 (budget)	<2% = 5 (stretch) <1% = 4 <Budget=3 (Goal) <b>&gt;1% = 2</b> >2% = 1
<b>Growth</b>	Surgical Cases	Increase surgeries by 2% over prior year	1160 YTD FY2016 1118 YTD FY2015	>2% = 5 <b>&gt;1% = 3</b> < 1% = 2
	Outpatient & Emergency Volumes	2% increase (gross outpatient revenue over prior year)	\$114 mm YTD \$96 mm prior year	<b>&gt;5% = 5 (stretch)</b> >3% = 4 >2% = 3 (Goal) <2% = 2
<b>Community</b>	Community Benefit Hours	Hours of time spent on community benefit activities per year	1420 hours for 7 months	>1500 = 5 <b>&gt;1200 = 4</b> >1000 = 3 >750 = 2 >500 = 1



## FY 2016 TRENDED RESULTS

MEASUREMENT	Goal FY 2016	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2015	May 2015	Jun 2015
Inpatient Satisfaction	6/9	5	5	2	6	7	8	3	2				
Emergency Satisfaction	5/7	2	3	4	5	5	6	1	1				
Value Based Purchasing	>50	52	52.2	53.5	52.5	53	53.5	53.5			47	48	48
Staff Satisfaction	>75th	91	91	91	91	91	91	91	91	84	91	91	91
FY YTD Turnover	<10%	1.2	1.2	1.8	2.8	3.4	4.6	5.2	6.1	6.7	7.6	8	8.3
YTD EBIDA	>4%	8.2	7.6	7.7	7.3	5.7	6.6	6.2	6	5.6	4.7	4.2	3.8
Net Operating Revenue	>4.5m	4.48	4.6	4.7	4.7	4.1	4.7	4.5	4.6	4.5	4.1	4.1	4.5
Expense Management	<4.8m	4.7	4.8	4.9	4.9	4.6	4.8	4.9	4.9	4.9	4.8	4.6	5.1
Net Income	>50k	202	174	27.8	104	244	575	19	203	-131	-278	74	139
Days Cash on Hand	>20	22	16	18	13	9	21	14	12	12	20	17	16
A/R Days	<50	46	45	49	47	53	51	53	52	50	47	43	47
Total FTE's	<315	313	310	312	327	322	317	319	324	326	304	307	309
FTEs/AOB	<4.0	3.6	3.77	3.65	3.77	4.1	3.77	3.57	3.58	3.5	4.05	3.91	3.36
Inpatient Discharges	>100	110	74	92	97	85	109	124	101	99	95	97	97
Outpatient Revenue	>\$12m	12.6	12.9	12.7	13.1	11.9	12.2	12.1	12.1	14.2	11.2	10.7	12.0
Surgeries	>130	125	122	127	131	114	136	124	127	141	144	118	122
Home Health	>1000	981	917	948	948	1088	915	933	889	879	1154	963	1014
Births	>15	16	15	11	11	14	24	17	9	17	7	11	24
SNF days	>660	619	634	607	666	544	648	710	671	580	487	626	669
MRI	>120	143	131	119	132	109	113	102	119	127	138	125	144
Cardiology (Echos)	>65	66	62	63	77	41	50	46	60	67	61	63	66
Laboratory	>12.5	12.1	12.2	11.5	11.7	11.6	11.4	11.9	12.1	12.4	12.3	11.9	12.3
Radiology	>850	1036	1011	997	1018	875	907	904	961	1010	1030	1014	965
Rehab	>2587	3014	2384	2773	2886	2297	3003	2815	2708	2979	3063	3008	2873
CT	>300	384	352	343	336	381	323	379	352	398	302	357	335
ER	>800	878	888	871	820	841	863	864	919	945	876	943	846
Mammography	>475	462	439	367	543	406	492	446	437	432	497	476	453
Ultrasound	>325	395	314	320	353	246	290	296	304	317	391	354	345
Occupational Health	>650	733	728	646	871	681	683	600	597	757	687	573	660
Wound Care										222			

12.

## COMMITTEE REPORTS



To: SVH Board of Directors  
Meeting Date: May 5, 2016  
Prepared by: Peter Hohorst, Board Member  
Agenda Item Title: **POLICY CONCERNING CEO ANNUAL EVALUATION  
PROCEDURE AND SCHEDULE**

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Recommendation:

That the Board approve of the revised policy at the June Board meeting

Background and Reasoning:

Minor changes to the evaluation policy have been made to reflect the process that was followed last year.

The list of people who will be asked to participate in the survey tool has been revised.

- The Marin CEO has been removed from the list as there is no longer a reporting relationship.
- Kelly's direct reports have been added as their input last year was useful.
- The title of the Chief of the Medical Staff was changed to President of the Medical Staff in order to be consistent with the Medical Staff By-Laws.
- The President Elect of the Medical Staff has been added.

The wording of item seven in the policy has been changed from **“The Committee may also consider other objective, measurable metrics.”** to **“The Committee may also include other objective, measurable metrics in the report.”** Not much of a change.

The wording of item eight in the policy has been expanded to reflect the information that was considered last year. The wording is changed from:

**“The CEO Evaluation Report prepared by the Committee shall contain a recommendation to the Board for the CEO's compensation for the coming year and a calculation of the bonus earned for performance against the agreed upon objectives for the year.”**

**“The CEO Evaluation Report prepared by the Committee shall contain a recommendation to the Board for the CEO's compensation for the coming year and a calculation of the bonus earned for performance against the agreed upon objectives for the year.”**



**In determining the recommendation for the CEO's compensation for the coming year, the committee shall consider, in addition to the above mentioned information:**

- a. The board approved fiscal year's budgeted salary increases for the SVH employees.**
- b. CEO compensation market survey data for similar sized hospitals, responsibility and years of experience**
- c. The SVHF fundraising performance for the past year (this function is viewed as an adjunct responsibility of the CEO. Although it is not included in the CEO's annual objectives, it has a direct bearing on the Hospital's ability to replace and update medical equipment.)**
- d. The Hospital's financial position.**

Consequences of Negative Action/Alternative Actions: The experience gained from the past year's evaluation process will not be readily available to this year's committee.

Financial Impact: No direct financial impact

Selection Process and Policy History: The policy was initially approved in June, 2013.

Board Committee: Governance

Attachments: Revised Board Policy



## **POLICY CONCERNING CEO ANNUAL EVALUATION PROCEDURE AND SCHEDULE**

A standard process and timetable for accomplishing an objective evaluation of the District's CEO is essential to the effective management of the District and the Hospital. Because the evaluation must be based on the operating results of the prior fiscal year the process cannot start until these results are available at the end of July of each year. Accordingly, it will be the policy of the District Board to adhere to the following process and timetable for the evaluation.

1. The Board shall annually review the performance of the CEO and President of the District.
2. The Board shall establish a Board Advisory Committee (the Committee) during the regular July Board meeting to evaluate the performance of the CEO during the prior fiscal year and to prepare a CEO Evaluation Report for submission to the full Board for review, refinement and approval in September.
3. The Board Chair shall appoint, with the Board's approval, two Board members to the Committee at the same July meeting that the Committee is established.
4. The Committee shall make the evaluation of the CEO's performance based on a comparison of the final results of the prior fiscal year compared to the Board approved objectives and on a summary of the information gained through the use of the survey tool used during the 2012 performance evaluation (or similar instrument approved in advance by the Board)
5. The Committee shall request the following individuals complete the survey.
  - a. The five members of the District Board of Directors
  - b. The CEO's direct reports
  - c. The President and the President Elect of the Medical Staff
  - d. The CEO and President of the District

This list may only be amended by a vote of the Board at a regular Board meeting.

The survey shall be issued by and returned to the HR Director of the Hospital during the month of July. The HR Director shall collect the raw data, and shall assist as requested by the Committee in the development of reports or information derived from this data. The HR Director shall provide the raw data, reports or any other information coming from the data only to the Committee, or the full Board and to no other individuals.

6. The Committee shall prepare a summary of the survey information for inclusion in the CEO Evaluation Report.

7. The Committee may also include other objective, measurable metrics in the report.
8. The CEO Evaluation Report prepared by the Committee shall contain a recommendation to the Board for the CEO's compensation for the coming year and a calculation of the bonus earned for performance against the agreed upon objectives for the year.  
In determining the recommendation for the CEO's compensation for the coming year, the committee shall consider, in addition to the above mentioned information:
  - a. The board approved fiscal year's budgeted salary increases for the SVH employees.
  - b. CEO compensation market survey data for similar sized hospitals, responsibility and years of experience
  - c. The SVHF fundraising performance for the past year (this function is viewed as an adjunct responsibility of the CEO. Although it is not included in the CEO's annual objectives, it has a direct bearing on the Hospital's ability to replace and update medical equipment.)
  - d. The Hospital's financial position.
9. The Committee shall be dissolved after the Board acts on the report and its recommendations.
10. Nothing in this Board Policy shall preclude the Board from conducting a performance evaluation of the CEO and taking appropriate action at any time.

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**Chair Board of Directors**

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**Date**