



SVHCD FINANCE COMMITTEE

AGENDA

TUESDAY, MAY 24, 2022

5:00 p.m. Regular Session

TO BE HELD VIA ZOOM VIDEOCONFERENCE

To Participate via Zoom Videoconferencing,
use the link below:

<https://sonomavalleyhospital-org.zoom.us/j/93270771849?pwd=VizsUTROdE0ralRkZnhKcGRtUTF1dz09&from=addon>

Meeting ID: 932 7077 1849

Passcode: 582460

One tap mobile

+16692192599, 94673368760# US

+16699009128, 94673368760# US

Dial by your location

+1 669 900 9128

Find your local number: <https://sonomavalleyhospital-org.zoom.us/u/abVQJo0niY>

<p>In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact District Clerk Jenny Fontes at jfontes@sonomavalleyhospital.org or (707) 935.5005 at least 48 hours prior to the meeting.</p>		
AGENDA ITEM	RECOMMENDATION	
<p>MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p>		
<p>1. CALL TO ORDER/ANNOUNCEMENTS</p>	<i>Boerum</i>	
<p>2. PUBLIC COMMENT SECTION <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration.</i></p>	<i>Boerum</i>	
<p>3. CONSENT CALENDAR a. Finance Committee Minutes 04.26.22</p>	<i>Boerum</i>	Action
<p>4. REPORT ON SUB COMMITTEE WITH ADMINISTRATION</p>	<i>Boerum/Lee</i>	Inform
<p>5. FOREFRONT CONTRACT REVIEW</p>	<i>Drummond</i>	Action
<p>6. EPIC CONTRACT UPDATE</p>	<i>Hennelly</i>	Inform

7. ODC UPDATE	<i>Drummond</i>	Inform
8. FINANCIAL REPORT FOR MONTH END APRIL 2022	<i>Armfield</i>	Inform
9. ADJOURN	<i>Boerum</i>	



SVHCD
FINANCE COMMITTEE MEETING
MINUTES
TUESDAY, APRIL 26, 2022
Via Zoom Teleconference

Present	Not Present/Excused	Staff	Public	
Bill Boerum via Zoom Catherine Donahue via Zoom Bruce Flynn via Zoom Carl Gerlach via Zoom Peter Hohorst via Zoom Subhash Mishra (MD) via Zoom Wendy Lee via Zoom Joshua Rymer via Zoom	Art Grandy	Ben Armfield via Zoom Kimberly Drummond via Zoom Sarah Dungan via Zoom Jenny Fontes via Zoom John Hennelly via Zoom Dawn Kuwahara via Zoom Lynn McKissock via Zoom <u>Providers Supporting Staff</u> Securities America Michael Felton via Zoom Margaret Ratto-Young Richard Maxey via Zoom LeafHouse Financial Chris Petzold via Zoom Dave Ramirez via Zoom	Judy Bjorndal via Zoom	
AGENDA ITEM	DISCUSSION		ACTIONS	FOLLOW-UP
MISSION & VISION STATEMENT <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>				
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Boerum</i>			
	Called to order at 5:00 p.m.			
2. PUBLIC COMMENT SECTION	<i>Boerum</i>			
	None			
3. CONSENT CALENDAR (ACTION)	<i>Boerum</i>		Action	
a. Finance Committee Minutes 03.22.22			MOTION: by Flynn to	

		approve with revisions, 2 nd by Mishra. All in favor.	
4. RETIREMENT REVIEW	<i>Securities America /LeafHouse Financial/McKissock</i>	Inform	
	<p>Ms. McKissock introduced the team from Securities America and LeafHouse Financial. Mr. Ramirez from Securities America reviewed the plan performance insights as of March 31, 2022. He said investment assistance is available for participants that want to diversify their account. Since the transition to Securities America in July 2021 there has been an increase in participants enrolled in Retireguide and Target Date Funds. Mr. Petzold from LeafHouse reviewed investment options. Funds are scored by a GPA algorithm. Those that score in the high 3 are funds that are included in line up, below 2.5 is on watchlist, 1.7 and below fails the GPA. The GPA algorithm is determined on performance, risk, and expense metrics over multiple time periods. Over 170K funds are included in the algorithm. Mr. Petzold reviewed the sample lineup report for Sonoma Valley Hospital including domestic and international equities, sector funds, real estate, technology, health care, bond, and target date funds.</p>		
5. REPORT OF FINANCE SUB-COMMITTEE	<i>Boerum</i>	Inform	
	<p>Mr. Boerum reviewed the Budget Readiness draft from the Sub-Committee. He thanked Ms. Donahue for her work on the draft and said he would like the committee to consider reviewing the draft to strategize at the next meeting. (The Sub-Committee was to meet with the Administration next month.)</p>		

6. FINANCE PRIORITIES	<i>Armfield</i>	Inform	
	<p>Mr. Armfield reviewed his slide deck. He reported on Service Line Analytics that support strategic vision, recommendations, revenue enhancements, optimization, and operational excellence.</p> <p>Ms. Lee asked if SVH will be implementing the EPIC revenue management module, she recommended that a market assessment be done as input into the strategy. Mr. Hennelly said that the market assessment is ongoing. She said data will come from EPIC and it is important to define service lines in EPIC where data is captured. Mr. Gerlach asked if there are plans to have a diagnostic aspect of the service line that links to clinical, and stated UCSF's concept of service lines is important to the hospital.</p> <p>Mr. Armfield reviewed service line performance, procedural and OP non-procedural volume. Mr. Boerum said the hospital makes more on Bariatrics than do surgeons, the category should be explored and is very important. Mr. Armfield's data will be used to formulate future strategy.</p>		
7. CONTRACT UPDATES	<i>Drummond/Hennelly</i>	Inform	
	<p>Ms. Drummond reviewed the status of the CT Suite remodel. Amended construction drawings were submitted on 4/6. Ordering of the ducting has been authorized and the pre air balance amended construction document is being submitted to HCAI this week. July milestones include construction completion, architect sign-off, and occupancy. Milestones are slightly ahead of schedule and on budget.</p> <p>Ms. Drummond reviewed the status of the</p>		

	<p>MRI Suite Remodel. They are moving forward with design build. The informal bid package is being developed and will be issued in May. The demolition will be completed by July, and contracts awarded for MRI redesign and CT phase 2. Most of the costs for the MRI suite are TBD.</p> <p>Mr. Boerum asked about the additional 3M needed to complete the project. Ms. Drummond said when RFP is complete for the MRI build, it will give the overall costs of the MRI, and will determine if they exceed the funds.</p>		
8. LINE OF CREDIT PAY DOWN/INTEREST SAVINGS REVIEW	<i>Armfield</i>	Inform	
	<p>Mr. Armfield reviewed the Line of Credit Pay Down/Interest Savings Review memo and analysis. His recommendation is to wait until post EPIC implementation to determine where the hospital is financially. Mr. Rymer suggested comparing the difference between LIBOR and SOFR to determine the difference in savings. Mr. Donahue said rates are going up, so hospital should not fear to pay down because it can borrow back up. Mr. Boerum suggested enhancing the bank relationship by introducing our new CFO, and to show the capacity to pay it down.</p>		
9. FY 2023 BUDGET UPDATE	<i>Dungan</i>	Inform	
	<p>Ms. Dungan is currently reviewing department workbooks and working closely with Mr. McKinney in IS. She received the 6% price increase from PARA, \$900K to \$1M in net revenue is expected with a 6% price increase. Mr. Dungan is meeting with the CFO and CEO to determine expenses and see if adjustments are needed.</p>		
10. REVIEW 3RD QUARTER FY 2022 CAPITAL SPENDING	<i>Dungan</i>	Inform	
	<p>Ms. Dungan said there are two new items on</p>		

	the Capital Spending sheet, a Compounding aseptic isolator system (used), \$5k and roof restoration, \$135K. The CEC loan final payment is due in June, about 46K will saved per year when the CEC loan is paid off, and the Citrix NetScaler loan will be paid off in August.		
11. REVIEW FINANCIAL STATEMENT FORMAT – REVISE FOR FY 2023	<i>Armfield</i>	Inform	
	Mr. Armfield is working closely with Ms. Dungan to revise the financial statement format. Mr. Armfield would like to see how line items change over time on income statements, quarterly perspectives, and surgical volume. He is welcoming input and feedback on schedules and reporting that the Finance Committee would like to see. Mr. Rymer said there is too much duplication and repetition that is not helpful, he would like to see a focus on net income and net margin.		
12. FINANCIAL REPORT FOR MONTH END MARCH 2022	<i>Armfield</i>	Inform	
	Mr. Armfield reviewed the Financial Report for Month end March 2022. There was an operating loss of 800K v. budgeted operating loss of 762K. 25M in gross revenue in March, highest in 2 FY. YTD net patient revenue is at budget. There are positive signs of growth. Uptick in ICU volume in March, 122 total surgeries.		
13. ADJOURN	<i>Boerum</i>		
	Meeting adjourned at 7:12 p.m.		

Summary of Finance Sub-Committee Meeting with SVH CEO and CFO

Date: May 12th / 1:00PM - 2:30PM

Attendees: Joshua Rhymer, John Hennelly, Ben Armfield, Carl Gerlach, Catherine Donahue, Wendy Lee

Documents Reviewed:

1. SVH - Strategic Planning Session (document) prepared by John/Ben for the SVH Offsite
2. "White Paper" prepared by the Sub-Committee of the Finance Committee

Discussion:

- Provided background on the development of the "White Paper"; Sub-committee is genuinely interested in the sustainment and longevity of the hospital; Drafted the "White Paper" as a thought piece on approaches/opportunities for growth and leveraging the UCSF Affiliation
- John/Ben presented (high level) the content of the Strategic Planning Session document
- The content/data of the Strategic Planning Session document, and the analysis of this data is being used to inform specific growth strategies and opportunities - e.g. Physical Therapy
- Other ideas/opportunities included (but not limited to) - leveraging the EPIC implementation and the documentation of 'care pathways' to understand services SVH can offer to UCSF, Kaiser, etc. patients; Performing market analysis on Veteran 'market' in Sonoma;
- Each opportunity is multi-faceted (e.g. complicated) - requiring Recruitment/Staffing Strategies, Compensation Strategies, Capital Requirements/Plans, Cash Flow, Incentives for UCSF and SVH, Accountabilities, etc.
- Integrating the best of UCSF - which is first and foremost an academic/research/tertiary organization - with SVH - a community based primary care organization - will require creative thinking and solutions
- There appear to be several 'foundation' setting strategic investments, upon which 'growth' can happen
 - Implementation of the Electronic Health Record (EPIC)
 - CT and MRI with associated PACS system
 - Recruitment of staff (e.g. Physical Therapy)
- There are opportunities to develop more business - e.g. speaking directly with surgeons - as John has been doing, engaging with the primary care physicians, open communications with the VA (Note, the VA in San Francisco has an affiliation with UCSF), discuss with Kaiser the opportunity to subcontract for PT services
- Opportunities include stopping non-profitable services, capacity can be created - people, dollars and space
- It is clear that the SVH / John / Ben have a lot on their plate!

- John and Ben were acceptable to members of the Finance Committee “throwing suggestions over the fence”; We were clear that no one of the Finance Committee wants to or means to “provide day-to-day oversight of the hospital’s operations” and do not/will not expect these suggestions to necessarily be acted upon or responded to (beyond a courtesy ‘received’).
- We discussed and proposed adjusting the format of the Finance Committee Meetings to include a section on “Strategic Initiatives and Planning” and to shorten the “Review of the Monthly Financials” to 3-5 bullets of executive summary. Recommended moving the Monthly Financials to ‘Consent Items’

All-in-all - the meeting was beneficial - opening up lines of two-way communication that had not previously existed. The Sub-Committee members were appreciative to hear about and understand what efforts are underway and being pursued by the hospital. And, John/Ben were appreciative to hear the thoughts, ideas and experience from the Sub-Committee members.

DRAFT



CULINARY SERVICES AGREEMENT

This Culinary Services Agreement (the “Agreement”) with an effective start date of TBD , 2022 (the “Effective Date”), is by and between Sonoma Valley Hospital (hereinafter, “Client”) and Forefront Healthcare LLC, a Delaware limited liability company doing business as Forefront Healthcare (hereinafter, “Forefront”).

Client and Forefront agree to outsourcing of culinary services based upon the following terms and conditions:

I. PURPOSE OF AGREEMENT

- A. This Agreement outlines the terms and conditions upon which Client provides Forefront the exclusive right to provide the services for Client’s patients, residents, employees, visitors, and guests at Client’s premises.
- B. Forefront shall be an independent contractor and shall retain full control over its employees, management, and company agents. Nothing within this Agreement shall be deemed to create a partnership, agency, joint venture or landlord-tenant relationship between Client and Forefront.
- C. The terms and conditions of the Agreement are confidential. Both parties agree to protect the privacy of the other parties’ confidential information. This information shall include, but not limited to, the contents of this Agreement, promotional materials, and the knowledge of business practices. Any exceptions to this clause must be approved in writing by the consenting party, unless such disclosure is required by applicable federal or state laws and/or regulations. Upon the termination of this Agreement, both parties agree to return any and all property to the disclosing party, including any proprietary information not required to be retained by applicable federal or state laws and/or regulations.

II. LENGTH OF AGREEMENT

- A. This Agreement will commence as of the effective date referenced above and shall run for an initial term (“Initial Term”) of three (3) years. Thereafter the agreement will be automatically renewed annually for a term of one (1) year.
- B. Either party may exercise their right to cancel this Agreement if a material breach of this Agreement is not addressed in a timely fashion as outlined below. If either party believes the other party is in material breach of any provision of this Agreement, the offended party will provide written notice to the other party outlining breach complaints and action required to restore the contract status. In the event the issues outlined in the breach notice are not addressed within a sixty (60) day period, the offended party may provide notice to the breaching party of its intent to cancel the

Initials: Forefront _____ Client _____

Agreement at the conclusion of an additional thirty (30) day period. This right to cure a material breach of this Agreement shall not apply to a breach related to non-payment for services. Breach for non-payment and cure period are outlined in section VII.N of this Agreement. The rights of termination referred to in this Agreement are not intended to be exclusive and are in addition to any other rights or remedies available to either party at law or in equity.

III. FOREFRONT SERVICE RESPONSIBILITIES

- A. Forefront shall be responsible for providing the culinary services management team, hourly employees, and purchasing of supplies for Client as outlined in Exhibit A.
- B. If Client requests a change in the services provided for reasons of opening new units or buildings or permanent closings of units or buildings, changes in the scope of services to be performed, a significant change in patient or resident activity and or use of Client Facility, a reduction in Client's overall workforce, and should such change result in an increase or decrease in Forefront direct costs, Forefront shall be given adequate opportunity to estimate the cost of such increase, reduction or alteration, and to agree with Client upon a revised Agreement amount.

IV. FOREFRONT MANAGEMENT PROFESSIONALS

- A. Forefront shall provide qualified employees to fill the management positions at Client facilities.
- B. Client acknowledges that Forefront's salaried management and clinical professionals are essential to the Forefront's core services of providing management services and are familiar with Forefront's operating procedures and other information proprietary to Forefront. Therefore, Client agrees to not solicit or employ (including employment by any successor contractor) in any of the facilities controlled or owned by Client, of any person who has been employed by Forefront within one (1) year after such employee terminates their employment with Forefront or within one (1) year after the termination of this Agreement. In the event Client breaches this Agreement and solicits a current or former Forefront management or supervisory team member, Client shall pay Forefront one (1) times the annual salary of the management employee hired in breach of this Agreement.

V. FOREFRONT LABOR WORKFORCE

- A. Client shall provide qualified employees to fill all hourly positions for services

required at Client facilities.

- B. Forefront shall provide in-service training to enhance the development of Client's hourly culinary service employees.
- C. Forefront agrees to work with Client to establish an appropriate uniform policy.

VI. EQUIPMENT AND SUPPLIES

- A. All culinary services food and miscellaneous supplies shall be provided by Client or Forefront as outlined in Exhibit A.
- B. Client agrees to provide Forefront adequate office space, office furniture, and storage space for utilization by each department. Client will also pay the full cost of utilities, telephone service, internet service, and service contracts.
- C. Forefront will evaluate current culinary equipment and provide recommendations to Client for additional equipment or repairs required to maintain the standard of service outlined in this Agreement.
- D. Client shall retain ownership of all inventories, including transitioned inventory and inventories purchased by Forefront under delivery of service under this Agreement.
- E. Forefront has agreed to a one-time equipment purchase to enhance Client's retail space and culinary program. In the event this contract is canceled, for any reason, prior to the expiration of the initial three-year contract term, Client shall reimburse Forefront the unamortized balance of the equipment purchased by taking the months remaining in the initial term as of the termination effective date multiplied by \$1,328.57. At the conclusion of the initial contract term, or payment of the unamortized balance upon termination, all equipment included in this one-time purchase shall become the property of Client.

VII. PAYMENT FOR SERVICES

- A. Client agrees to pay Forefront a monthly contract rate of \$43,630.35 covering management and hourly wages and benefits, supply purchasing, and Forefront management and administrative fee. Forefront will invoice Client prior to the start of each service month, with payment due on the 1st of the month for which services are rendered.

All payments shall be sent electronically to:

Level One Bank
32991 Hamilton Court

Initials: Forefront _____ Client _____

Farmington Hills, MI 48334
Routing: 072414310
Account #: 1000164275
Remittance Notification to accounting@Forefronthealthcare.com

- B. At the conclusion of each month, Forefront and Client shall reconcile departmental spending outside the standard scope of this Agreement as outlined in Exhibit A. These charges shall include, but not be limited to, guest meals, retail sales, miscellaneous equipment, and catering. All end of month reconciliation invoices shall be due within thirty (30) days after invoice date.

Retail culinary sales shall be managed by Forefront, with Client receiving credit and cash deposits directly for all applicable retail sales. At the conclusion of each month, Forefront shall invoice client for total retail sales processed during the month, with the charge appearing on the end of month reconciliation invoice. All retail pricing or future adjustments shall be at Forefront's discretion.

- C. Forefront's one-time implementation fee of \$15,975 shall be payable with the invoice for the first month of services under this Agreement.
- D. For each leap year during which this Agreement is in effect, Client shall pay an additional fee equal to 1/365th of the annual contract price. This fee is payable with the standard February invoice within the respective leap year.
- E. Both Forefront and Client agree to issue and receive invoices and payment correspondence electronically at the email addresses outlined below. In the event physical correspondence is required, all physical notifications shall be sent to Forefront or Client at the following addresses.

Forefront Healthcare
22622 Harper Avenue
Saint Clair Shores, MI 48080
accounting@Forefronthealthcare.com

Sonoma Valley Hospital
347 Andrieux Street
Sonoma, CA 95476

- F. If Client provides its internal support service employees an increase in their base wage rate, Client agrees to provide Forefront an increase to its then current annual fee to fund commensurate increases for Forefront team members.
- G. In the event of any federal, state or local mandates, changes and or additions in employee benefit packages and or tax rates, these additional cost increases will be calculated and passed on to Client through an adjustment to the then current monthly contract fee. This includes any changes to Social Security, Federal Unemployment,

State Unemployment, implementation or increases in “Living Wages” or minimum wages, premiums payable on behalf of Forefront employees for workers compensation, general liability, OSHA requirements, or fringe benefits. This would also encompass any increase in operating expenses related to unionization efforts.

- H. As outlined in Exhibit A of this Agreement, Forefront is providing food and supply purchasing on behalf of Client at a guaranteed fix cost. If the cost of food and supply purchasing is impacted pursuant to events outlined in section IX.J of this Agreement, Client agrees to reimburse Forefront any additional expenses incurred for purchasing and services provided by Forefront for Client.
- I. On each anniversary date of this Agreement, the Client agrees to an increase in the then current fee as an offset to increases in management and supervisory wages and other operating expenses. The current rates as of the effective date of this increase shall be increased by the greater of 3% or the trailing 12 months change in the Consumer Price Index.
- J. Upon notice of termination of this Agreement, all outstanding amounts shall become immediately due and payable. Payments earned and due after the receipt of contract termination notification are due upon receipt.
- K. If Client terminates this Agreement, or any portion thereof, Client agrees to reimburse Forefront for temporary travel costs, additional management and supervisory wages and benefits, and other miscellaneous expenses incurred following termination notice, and prior to termination effective date, to ensure no lapse of management and supervisory coverage during the termination transition period.
- L. The Client agrees to pay any applicable local, state, or federal sales tax due on the service fee. These fees are in addition to, and not included within the contract price stated above.
- M. If any unpaid balance on an invoice remains outstanding more than fifteen (15) days past its due date, Client shall pay a late fee at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law. Interest shall accrue daily from the date such interest is due hereunder through and including the date of actual payment in full. Failure of Forefront to exercise its rights hereunder shall not be construed as a waiver of such rights or bar to the later exercise thereof.
- N. A contract breach related to non-payment shall automatically be considered a “material breach” of this Agreement. If upon notification to Client, a non-payment breach is not cured within ten (10) days, Forefront, at its sole discretion may give notice to Client that after an additional period of five (5) days, the Agreement will be terminated.

VIII. NOTIFICATION

- A. Any notice required under this Agreement shall be sent via certified mail or by overnight mail by a reputable carrier, with proper postage prepaid, to the parties at the following addresses:

Forefront Healthcare
22622 Harper Avenue
Saint Clair Shores, MI 48080

Sonoma Valley Hospital
347 Andrieux Street
Sonoma, CA 95476

IX. OTHER

- A. Client shall provide written notice, in accordance with Section VIII.A of this Agreement, within ten (10) days' of its receipt of material information pertaining to any material claims or actions of which Forefront is a named defendant.
- B. In addition to incorporating industry best practices, Forefront also agrees to operate the department in accordance with the standards and requirements established by The Joint Commission, Client, Federal, State, and Local Authorities.
- C. Forefront shall maintain during the term of this Agreement, Commercial General Liability Insurance with a limit of not less than one million dollars (\$1,000,000) per occurrence, covering only the operations and activities of Forefront under this Agreement, and, upon request, shall provide Client with a certificate evidencing such policies. The insurance policies shall contain a provision whereby the insurer(s) shall provide notice of cancellation in accordance with the provisions of the policy. Client shall be named as an additional insured under Forefront's policies of insurance to the extent Client is indemnified pursuant to section IX.D.
- D. Except as otherwise expressly provided in this Agreement, Forefront and Client shall defend, indemnify, and hold each other harmless from and against all claims, liability, loss and expenses, including reasonable costs, collection expenses and attorney's fees, which may arise because of the negligence or willful misconduct of the indemnifying party, its agents or employees in the performance of its obligations under this Agreement. Notwithstanding the foregoing, with respect to property damage, for which the parties maintain a system of coverage on their respective property, each part hereto waives it rights, and the rights of its subsidiaries and affiliates, to recover from the other party hereto and its subsidiaries and affiliates for loss or damage to such party's building, equipment, improvements, and other property of every kind and description resulting from fire, explosion, or other cause

normally covered in standard broad form property insurance policies, whether or not insurance benefits are recovered in respect to any particular loss or damage. This provision is intended, among other things, to bar subrogation against the parties hereto. This clause shall survive termination of this Agreement.

- E. Except as may be owed to a third party under a party's indemnification obligations, neither party will be liable to the other party whether in contract, tort, negligence, strict liability in tort, or by statute or otherwise for indirect, exemplary, unforeseeable, loss of profits, loss of use, loss of data, punitive or consequential, incidental, or special damages of any kind, even if advised of the possibility of such damages
- F. Each party shall maintain workers' compensation coverage as required by state law covering all of its employees
- G. The parties hereto do not anticipate that disclosure requirements under the Medicare/Medicaid Acts, or regulations promulgated thereunder, will require Forefront Healthcare, LLC to disclose or afford access to its books and records to the Secretary of Health and Human Services, the Comptroller General, or their representatives. However, if under such Acts or regulations, Forefront Healthcare, LLC should be deemed to be a subcontractor subject to the disclose requirement of 42 U.S.C. S1395x(v)(1)(1), until the expiration of four (4) years following the completion of furnishing services under this Agreement, upon written request of the Client facility, Forefront Healthcare, LLC shall make available to the Secretary of the Department of Health and Human Services, or to the Comptroller General or any duly authorized representatives thereof, a copy of this Agreement and such books, documents and records of Forefront Healthcare, LLC that are necessary to certify the nature and extent of any cost incurred by the Client's facility.
- H. Neither party shall discriminate because of race, color, sex, age, national origin, disability, sexual orientation, genetic information, or veteran status, or any other basis protected by applicable law, in the recruitment, selection, training, utilization, promotion, termination, or other employment related activities concerning Client or Forefront employees. Each party affirms that it is an equal opportunity employer.
- I. Forefront agrees to comply with the applicable provisions of the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. 1320 through d-8 ("HIPAA"), and the requirements of any regulations promulgated thereunder, including, without limitations, the federal privacy regulations as contained in 45 C.F.R. Part 164, and the federal security standards as contained in 45 CFR. Part 142 (Collectively, the "Regulations"). Forefront shall not use or further disclose any protected health information, as defined in 45 CFR. 164.504, or identifiable health information, as defined in 42 U.S.C. 1320d (collectively, the "Protected Health Information"), other than as permitted by this Agreement and the requirements of HIPAA or the Regulations. Forefront will implement appropriate safeguards to prevent the use or disclosure of Protected Health Information other than as contemplated by this Agreement. Forefront will promptly

report to the Client any use of disclosures, of which Forefront becomes aware, of Protected Health Information in violation of HIPAA or the Regulations. In the event that Forefront contracts with any agents to whom Forefront provides Protected Health Information, Forefront shall include provisions in such Agreements pursuant to which Forefront and such agents agree to the same restrictions and conditions that apply to Forefront with respect to Protected Health Information and HIPAA protections and requirements. Forefront will make its internal practices, books and records relating to the use and disclosure of Protected Health Information available to the Secretary to the extent required for determining compliance with HIPAA and the Regulations. No attorney-client, accountant-client or other legal or equitable privilege shall be deemed to have been waived by Forefront, the Client by virtue of this Subsection.

- J. Neither Forefront nor Client shall be liable for failure to perform its respective obligations under this Agreement when such failure is caused by fire, explosion, water, acts of God, pandemic, civil disorder or disturbances, strikes, vandalism, war, riot, sabotage, weather, and energy related closings, governmental rules and regulations, failure of third parties to perform their obligations with respect to the Services, or like causes beyond the reasonable control of such party, or for real or personal property destroyed or damaged due to such causes.
- K. Until the expiration of four (4) years after the furnishing of Services under this Agreement, Forefront and any of its subcontractors whose subcontracts are of a value of ten thousand dollars (\$10,000) or more, shall upon written request, make available to the Secretary of the Department of Health and Human Services, the Comptroller General of the United States, or any of their duly authorized representatives, this Agreement and such books, documents, and records of Forefront and such subcontractors, if any, as are necessary to certify the nature and extent of this costs to Client of performance of this Agreement. The subcontractors, if any, shall contain a clause similarly requiring the retention and availability of like documentation.
- L. This Agreement will be subject to and governed by the laws of the State of California.
- M. It is understood and agreed by the parties hereto that if any part, term, or provision of this Agreement is by the courts held to be illegal or in conflict with any law of the state where made, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular part, term, or provision held to be invalid.
- N. No failure to exercise and no delay in exercising any right, power or privilege under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right, power or privilege under this Agreement preclude any further exercise of the same or any other right, power or privilege hereunder. In addition, no oral waiver of any provision of this Agreement shall be effective unless made in writing and signed by the party to be bound.

O. This Agreement constitutes the entire Agreement between the parties as it relates to its applicable subject matter. It may not be modified, nor will any provision be waived or amended, except in writing duly signed by an authorized representative from each of the parties. Notwithstanding the foregoing, Forefront may amend this Agreement upon written notice to Client if the amendment is necessary to comply with a statutory or regulatory requirement

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the date indicated in the first paragraph above

Forefront Healthcare, LLC

Sonoma Valley Hospital

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A

– CULINARY SCOPE OF SERVICE AND PURCHASING RESPONSIBILITY

(Attached to Agreement between **Sonoma Valley Hospital** (Client) and **FOREFRONT HEALTHCARE, LLC** (Forefront) contract, effective TBD.

CLIENT FACILITY AND ACTIVITY STATISTICS –

	<u>Statistics</u>
Average Daily Census:	33.6/day 12,271/annual
Patient Guest Meals included in rate*	\$0
Estimated Retail Sales per year**	\$100,000
Floor Stocks included in rate***	\$0
Supplements/Nourishments included in rate***	\$24,155
Snacks	\$0
Catering included in rate****	\$0
Repair/Maintenance/Smallwares	\$0
Purchase Services included in rate*****	\$0

- * Patient Guest Meals and Free meals Invoiced at \$6.00 per meal
- ** Actual Retail sales deposited in Hospital business office and paid to Forefront pursuant to Section VII.B of the Agreement (**Actual terms TBD**)
- *** All Floor stocks to be billed at cost
- **** Supplements and Nourishments above annual cap will be billed at cost.
- ***** Catering Invoiced at cost + 10%
- ***** Invoiced at actual cost

Purchasing Responsibility

	FF	Client
Director of Dining Services	X	
Executive Chef	X	
Hourly Culinary Team Members		X
Food Purchasing & Menu Supplies	X	
BeWell Health Snack Program	X	
Hydration Program	X	
Non-Food Supplies (Washwares/Chemicals & Disposables)	X	
Standard Operating Procedures	X	
Training Programs	X	
Department Computer & Printer	X	
Additional Computer & Printer (If required for network access)		X
QAPI Program	X	
Elevating the Moment Customer Services Program	X	
Natural Texture Modified Diets Program	X	

EXHIBIT A

— CULINARY SCOPE OF SERVICE AND PURCHASING RESPONSIBILITY

(Attached to Agreement between **Sonoma Valley Hospital** (Client) and **FOREFRONT HEALTHCARE, LLC**
(Forefront) contract, effective TBD.

RD Continuing Education Credits		X
HPAP Pre Survey Audits	X	
Hospitality Uniforms		X
Hospitality Innovative Concepts	X	
Tablewares and Smallwares Replacements		X
Tablewares and Smallwares Bulk Purchases		X
Non-Exempt Hiring/Recruiting		X
Pre-Employment Physicals & Screenings		X
Initial Food Supply Inventory		X
POS System Implementation & Equipment		X
Tube Feed Formula		X
Guest Meals		X
Marketing & Fundraising Events		X
Catering & Activities Requests		X
Additional Requests Clinical Hours		X
Initial Purchase 3-day Emergency Supply		X
Equipment Repair & Replacement		X
Internet & Phone Access		X
Direct Access to Facilities Technology Infrastructure		X
Office & Storage		X
Office Supplies		X
Menu and Sign printing		X
Trash & Waste Contract		X
Waste Grease Removal		X
Hood Cleaning Contract (above vents)		X
Pest Control & Drain Cleaning		X
Linens & Linen Laundering		X
Utilities		X
All Other Cleaning Supplies Required by other Departments		X
Safety Equipment		X
Personal Protective Equipment		X
Pandemic Related Expenses		X
Revenue collection: Guest /Catering/ Retail		X
Issuance of Reimbursement for Retail sales to Forefront		X



Program Cost Detail

Proposal based on 12,271 Patient/Resident Days

Forefront Management Salary

- Director = \$125,000
- Executive Chef = \$90,000
- Taxes & Benefits @28% = \$60,200
- **Total = \$275,200**

Food Cost

- Patient Food Cost = \$38,739
- Valley of the Moon = \$95,289
- ED Meal Cost = \$5,800
- Nourishments/Supplements= \$24,155
- Café Food Cost = \$55,000
- **Total = \$218,983**

Supplies & General Operating Expenses

- Paper and Plastic for Patients = \$6,450
- Paper and Plastic for Residents = \$9,205
- Café Supplies \$12,480
- Cleaning/Chemicals \$4,800
- Office/Computer Supplies \$1,800
- Marketing = \$1,800
- Technology = \$9,000
- Training = \$1,800
- Insurance = \$6,046
- Misc. = \$1,000
- **Total = \$54,381**

Forefront Administrative Expense = \$45,000

Forefront Management Fee = \$30,000

Yearly Total = \$ 623,564

Less Credit for Retail Sales* of \$100,000

*Per our conversation Forefront will either guarantee \$100,000 in retail sales upfront, which would reduce your yearly guaranteed total to \$523,564. Or we can let the Hospital retain all retail sales until you reach \$100,000. We would then bill you 55% food cost and 10% paper/supply cost for every dollar over the base of \$100,000

The Solution for Food & Nutrition Services

MealSuite Care is the perfect solution for bringing personal care at meal time to patients and residents in all types of setting.

The cloud-based system is simple to access and easy to learn, assuring users of all backgrounds success with the system.

MealSuite provides a comprehensive card file to track each of your patient and resident's needs such as likes, dislikes, allergies, diet orders, food preferences, and even personal menus all assuring the right food is prepared and presented to the right person in the right location at the right time and at the right cost.



MealSuite Primary Functions & Features

PATIENT AND RESIDENT MANAGEMENT

- Patient and Resident Management / Electronic Card File
- Preferences, Dislikes & Allergies management
- Tracking of resident eating locations to ensure food delivery to the right location
- Tray Cards with support of adaptive feeding devices

CYCLE MENUS

- Non-select, Select, Table-side and Room Service Support
- Menu printing including Diet Spreadsheets, Week-at-a-Glance and Average Nutritional Analysis reports
- Menu costing by meal, day week and cycle
- Automatic substitution of food items to meet nutritional requirements and avoid service of non-compliant items
- Support of Meals-on-Wheels and other Off-campus Dining Requirements

RECIPES

- Automatic recipe scaling, costing and nutritional analysis

PROCUREMENT

- Physical and perpetual inventory and purchasing

Benefits of MealSuite Culinary

- Happy Patients and Residents
- Food Cost Savings
- Allergen Controls
- Nutrition Reports That Meet Guidelines
- Meet HIPAA Requirements
- Implement HACCP Controls

ADDITIONAL MODULES

Add MealSuite Touch to support table-side and inroom service as well as publishing your menus to electronic menu boards. MealSuite Touch also includes a full kitchen management solution.

Add interfaces to connect MealSuite to your electronic medical record system to eliminate admission, discharge and transfer data entry.

Add MealSuite Touch to support resident charges in dining venues and auxiliary locations like salons and gift shops. Coming soon: Meal Plans!

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement ("**BAA**") is made as of the date last written below ("**Effective Date**") by and between SONOMA VALLEY HEALTH CARE DISTRICT, a California health care district doing business as Sonoma Valley Hospital ("**Hospital**") ("**CE**"), and _____ ("**BA**").

RECITALS

- A. CE is a "covered entity" under the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("**HIPAA**") and must enter into "business associate" contracts with contractors that create, receive, maintain, or transmit Protected Health information ("**PHI**") on behalf of CE.
- B. Pursuant to the terms of one or more agreements between the parties, whether oral or in writing (collectively, the "**Contract**"), BA provides certain services to CE, some of which may involve disclosure of PHI by CE to BA.
- C. CE and BA intend to protect the privacy and provide for the security of PHI disclosed to BA pursuant to the Contract in compliance with HIPAA, the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 ("the **HITECH Act**"), and regulations promulgated thereunder by the U.S. Department of Health and Human Services (the "**HIPAA Regulations**") and other applicable laws, including without limitation state laws governing the privacy and security of health information (HIPAA, the HITECH Act, and the HIPAA Regulations, may collectively be referred to as "**Health Information Laws**"), as amended from time to time.
- D. As part of the HIPAA Regulations, the Privacy Rule and the Security Rule (defined below) require CE to enter into a contract containing specific requirements with BA prior to the disclosure of PHI, as set forth in, but not limited to, Title 45, Sections 164.314(a), 164.502(a) and (e) and 164.504(e) of the Code of Federal Regulations ("C.F.R.") and contained in this BAA.

In consideration of the mutual promises below and the exchange of information pursuant to this BAA, the parties agree as follows:

AGREEMENT

1. Definitions.

Capitalized terms not defined in this BAA shall have the meanings assigned to them under HIPAA, the HITECH Act, or the HIPAA Regulations, as applicable.

- a. **Breach** shall have the meaning given to such term under the HITECH Act and HIPAA Regulations [42 U.S.C. Section 17921 and 45 C.F.R. Section 164.402].
- b. **Breach Notification Rule** shall mean the HIPAA Regulation that is codified at 45 C.F.R. Parts 160 and 164, Subparts A and D.
- c. **Business Associate** shall have the meaning given to such term under the Privacy Rule, the Security Rule, and the HITECH Act, including, but not limited to, 42 U.S.C. Section 17938 and 45 C.F.R. Section 160.103.
- d. **Covered Entity** shall have the meaning given to such term under the Privacy Rule and the Security Rule, including, but not limited to, 45 C.F.R. Section 160.103.
- e. **Data Aggregation** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

- f. **Designated Record Set** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.
- g. **Discovery** has the meaning described at 42 U.S.C. Section 17932(c) and 45 C.F.R. Section 164.410.
- h. **Electronic Protected Health Information** means Protected Health Information that is maintained in or transmitted by electronic media.
- i. **Electronic Health Record** shall have the meaning given to such term in the HITECH Act, including, but not limited to, 42 U.S.C. Section 17921.
- j. **Health Care Operations** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.
- k. **Privacy Rule** shall mean the HIPAA Regulation that is codified at 45 C.F.R. Parts 160 and 164, Subparts A and E.
- l. **Protected Health Information** or PHI means any information, whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual, and shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501. *[If the business associate creates, receives, maintains or transmits electronic PHI on behalf of the CE, the following language should be included]:* Protected Health Information includes Electronic Protected Health Information [45 C.F.R. Sections 160.103, 164.501].
- m. **Protected Information** shall mean PHI provided by CE to BA or created, maintained, received or transmitted by BA on CE's behalf.
- n. **Security Incident** shall have the meaning given to such term under the Security Rule, including, but not limited to, 45 C.F.R. Section 164.304.
- o. **Security Rule** shall mean the HIPAA Regulation that is codified at 45 C.F.R. Parts 160 and 164, Subparts A and C.
- p. **Subcontractor** means a person to whom BA delegates a function, activity, or service, other than in the capacity of a member of the workforce of BA.
- q. **Unsecured PHI** shall have the meaning given to such term under the HITECH Act and any guidance issued pursuant to such Act including, but not limited to, 42 U.S.C. Section 17932(h) and 45 C.F.R. Section 164.402.

2. Obligations of Business Associate

- a. **In General.** BA shall comply with the provisions of HIPAA, the HITECH Act, and the HIPAA Regulations that directly apply to BA. Except as expressly provided in this BAA, BA shall not permit the unauthorized or unlawful access to, nor use or disclose, PHI, other than as permitted or required by the Contract, this BAA, or as required by law. To the extent BA carries out one or more of CE's obligation(s) under the Privacy Rule, BA shall comply with the requirements of the Privacy Rule that apply to CE in the performance of such obligations.
- b. **Permitted Uses.** BA shall use Protected Information only for the purpose of performing BA's obligations under the Contract and as permitted or required under the Contract, this BAA, or as required by law. Further, BA shall not use Protected Information in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so used by CE. However, BA may use Protected Information as necessary (i) for the

proper management and administration of BA; (ii) to carry out the legal responsibilities of BA; (iii) as required by law; or (iv) for Data Aggregation purposes relating to the Health Care Operations of CE [45 C.F.R. Section 164.504(e)(2) and 164.504(e)(4)(i)].

- c. **Permitted Disclosures.** BA shall disclose Protected Information only for the purpose of performing BA's obligations under the Contract and as permitted or required under the Contract and BAA, or as required by law. BA shall not disclose Protected Information in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so disclosed by CE. However, BA may disclose Protected Information as necessary (i) for the proper management and administration of BA; (ii) to carry out the legal responsibilities of BA; (iii) as required by law; or (iv) for Data Aggregation purposes relating to the Health Care Operations of CE. If BA discloses Protected Information to a third party, BA must obtain, prior to making any such disclosure, (i) reasonable written assurances from such third party that such Protected Information will be held confidential as provided pursuant to this BAA and used or disclosed only as required by law or for the purposes for which it was disclosed to such third party, and (ii) a written agreement from such third party to immediately notify BA of any breaches, suspected breaches, security incidents, or unauthorized uses or disclosures of the Protected Information in accordance with this BAA, to the extent it has obtained knowledge of such occurrences [42 U.S.C. Section 17932; 45 C.F.R. Section 164.504(e)].
- d. **Prohibited Uses and Disclosures.** BA shall not use or disclose PHI other than as permitted or required by the Contract and BAA, or as required by law. Notwithstanding any provision of this BAA: (i) except with CE's prior written consent, BA shall not use or disclose Protected Information for Fundraising (as described at 45 C.F.R. 164.514(f)) or Marketing purposes; (ii) BA shall not disclose Protected Information to a health plan for Payment or Health Care Operations purposes if the patient has requested this special restriction and has paid CE out of pocket in full for the health care item or service to which the Protected Information solely relates; and (iii) BA shall not engage in the Sale of PHI (as described at 45 C.F.R. 164.502(a)(5)) with respect to Protected Information, except with CE's prior written consent, provided that this prohibition shall not affect payment by CE to BA for services provided pursuant to the Contract. BA shall not use or disclose Protected Information for fundraising or marketing purposes.
- e. **Appropriate Safeguards.** BA shall implement appropriate safeguards to prevent the use or disclosure of Protected Information other than as permitted by the Contract or BAA, including, but not limited to, administrative, physical and technical safeguards in accordance with the Security Rule, including, but not limited to, 45 C.F.R. Sections 164.308, 164.310, and 164.312. [45 C.F.R. Section 164.504(e)(2)(ii)(B); 45 C.F.R. Section 164.308(b)]. BA shall comply with the policies and procedures and documentation requirements of the Security Rule, including, but not limited to, 45 C.F.R. Section 164.316. [42 U.S.C. Section 17931]
- f. **Business Associate's Subcontractors and Agents.** BA shall ensure that any Subcontractors or agents that create, receive, maintain, or transmit Protected Information on behalf of BA agree *in writing* to the same restrictions and conditions that apply to BA with respect to such Protected Information and implement the safeguards required under paragraph 2e above with respect to Electronic Protected Health Information [45 C.F.R. Section 164.504(e)(2)(ii)(D); 45 C.F.R. Section 164.308(b)]. BA shall implement and maintain sanctions against agents and Subcontractors that violate such restrictions and conditions and shall mitigate the effects of any such violation (45 C.F.R. Sections 164.5300 and 164.530(e)(1)). Such written arrangement shall include, without limitation the duty to notify BA of the Discovery of any suspected or actual access, use, or disclosure of Protected Information not permitted by the Contract, this BAA, or applicable Health Information Laws without unreasonable delay and in no event later than *two (2) business days* after Discovery.

- g. **Access to Protected Information.** If the BA maintains a Designated Record Set on behalf of CE, BA shall make Protected Information maintained by BA or its agents or Subcontractors in Designated Record Sets available to CE for inspection and copying within *five (5) days* of a request by CE to enable CE to fulfill its obligations under state law [Health and Safety Code Section 123110] and the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.524 [45 C.F.R. Section 164.504(e)(2) (ii)(E)]. If BA maintains Protected Information in electronic format, BA shall provide such information in electronic format as necessary to enable CE to fulfill its obligations under the HITECH Act and HIPAA Regulations, including, but not limited to, 42 U.S.C. Section 17935(e) and 45 C.F.R. Section 164.524.
- h. **Amendment of PHI.** If the BA maintains a Designated Record Set on behalf of CE, within *ten (10) days* of a request by CE for an amendment of Protected Information or a record about an individual contained in a Designated Record Set, BA and its agents and Subcontractors shall make such Protected Information available to CE for amendment and incorporate any such amendment or other documentation to enable CE to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.526. If an individual requests an amendment of Protected Information directly from BA or its agents or Subcontractors, BA must notify CE in writing within *five (5) days* of the request and of any approval or denial of amendment of Protected Information maintained by BA or its agents or Subcontractors [45 C.F.R. Section 164.504(e)(2)(ii)(F)].
- i. **Accounting of Disclosures.** Promptly upon any disclosure of Protected Information for which CE is required to account to an individual, BA and its agents and Subcontractors shall make available to CE the information required to provide an accounting of disclosures to enable CE to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.528, and the HITECH Act, including but not limited to 42 U.S.C. Section 17935(c), as determined by CE. BA agrees to implement a process that allows for an accounting to be collected and maintained by BA and its agents and Subcontractors for at least six (6) years prior to the request. However, accounting of disclosures from an Electronic Health Record for treatment, payment or health care operations purposes are required to be collected and maintained for only three (3) years prior to the request, and only to the extent that BA maintains an Electronic Health Record. At a minimum, the information collected and maintained shall include: (i) the date of disclosure; (ii) the name of the entity or person who received Protected Information and, if known, the address of the entity or person; (iii) a brief description of Protected Information disclosed; and (iv) a brief statement of purpose of the disclosure that reasonably informs the individual of the basis for the disclosure, or a copy of the individual's authorization, or a copy of the written request for disclosure. If a patient submits a request for an accounting directly to BA or its agents or Subcontractors, BA shall within *five (5) days* of the request forward it to CE in writing.
- j. **Governmental Access to Records.** BA shall make its internal practices, books and records relating to the use and disclosure of Protected Information available to CE and to the Secretary of the U.S. Department of Health and Human Services (the "**Secretary**") for purposes of determining BA's compliance with HIPAA [45 C.F.R. Section 164.504(e)(2)(ii)(I)]. BA shall provide CE a copy of any Protected Information and other documents and records that BA provides to the Secretary concurrently with providing such Protected Information to the Secretary.
- k. **Minimum Necessary.** BA, its agents and Subcontractors, shall request, use and disclose only the minimum amount of Protected Information necessary to accomplish the purpose of the request, use or disclosure. [42 U.S.C. Section 17935(b); 45 C.F.R. Section 164.514(d)] BA understands and agrees that the definition of "minimum necessary" is in flux and shall keep itself informed of guidance issued by the Secretary with respect to what constitutes "minimum necessary."

- l. **Data Ownership.** Except as otherwise agreed in writing by the parties: (i) BA has no ownership rights with respect to the Protected Information; and (ii) BA shall have no right to compile or distribute any statistical analysis or report utilizing such Protected Information, any aggregate information derived from such Protected Information, or any other Protected Information obtained from CE.
- m. **Business Associate's Insurance.** BA shall obtain insurance for itself and all its employees, agents, and independent contractors in an amount not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) annual aggregate if Commercial General Liability insurance and Two Million Dollars (\$2,000,000) per occurrence and Four Million Dollars (\$4,000,000) annual aggregate of Errors and Omissions insurance. The Errors and Omissions insurance shall cover, among other things, Breaches. BA shall provide CE with certificates of insurance or other written evidence of the insurance policy or policies required herein prior to execution of this BAA (or shortly thereafter as is practicable) and as of each annual renewal of such insurance policies during the period of such coverage. Further, in the event of any modification, termination, expiration, non-renewal or cancellation of any such insurance policies, BA shall give written notice thereof to CE not more than ten (10) days following BA's receipt of such notification.
- n. **Reporting Improper Access, Use or Disclosure.**
 1. **Initial Report; Corrective Actions.** BA shall provide an initial telephone report to CE's Privacy Officer within *twenty-four (24)* hours of any suspected or actual Breach of Protected Information; any use or disclosure of Protected Information not permitted by the Contract or BAA; any security incident (i.e., any attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system) related to Protected Information, or any actual or suspected use or disclosure of data in violation of the Contracts, the BAA or applicable Health Information Laws. BA shall take (i) prompt corrective action to cure any deficiencies that led to such unauthorized access, use, or disclosure; and (ii) any action pertaining to unauthorized uses or disclosures required by applicable federal and state laws. [42 U.S.C. Section 17921; 45 C.F.R. Section 164.504(e)(2)(ii)(C); 45 C.F.R. Section 164.308(b)]. CE shall make the determination whether notification to the patient is necessary.
 2. **Reporting Breaches of Unsecured PHI.** Without limiting Section 1, following the Discovery of any actual or suspected Breach of Unsecured PHI, BA also shall notify CE's Privacy Officer *in writing* of such Breach without unreasonable delay and in no case later than *three (3) business days* after Discovery. The notice shall include, to the extent possible, (i) a brief description of what happened, including the date of the breach and the date of the Discovery of the Breach, (ii) the identification of each individual whose Unsecured Protected Information has been, or is reasonably believed by the business associate to have been, accessed, acquired, used, or disclosed, (iii) a description of the types of Unsecured PHI that were involved in the breach (such as whether full name, social security number, date of birth, home address, account number, diagnosis, etc.); (iv) any steps individuals should take to protect themselves from potential harm resulting from the Breach; (v) a brief description of what BA is doing to investigate the Breach, to mitigate harm to individuals, and to protect against any further breaches; and (vi) contact procedures for individuals to ask questions learn additional information, which shall include a toll free telephone number, an e-mail address, website, or postal address, as well as any other available information that CE is required to include in notification to the individual, the media, the Secretary, and any other entity under the Breach Notification Rule and any other applicable state or federal laws, including, but not limited, to 45 C.F.R. Section 164.404 through 45 C.F.R. Section 164.408, at the time of the notification required by this paragraph or promptly thereafter as information

becomes available. BA also shall provide written updates to CE regarding the information specified above promptly as new information becomes available.

3. **Cost of Notification.** BA shall pay the actual, reasonable costs of CE to provide the notifications required under this Section that relate to Breaches, to the extent: (i) such PHI is in BA's possession, custody, or under BA's control at the time of the Breach and (ii) such Breach does not arise out of or in connection with CE's failure to comply with applicable Health Information Laws, including, without Limitation, CE's failure to implement appropriate Administrative, Technical, and Physical Safeguards with respect to any Protected Information which CA and CE exercise shared possession, custody or control.
- o. **Breach Pattern or Practice by Business Associate's Subcontractors and Agents.** Pursuant to 42 U.S.C. Section 17934(b) and 45 C.F.R. Section 164.504(e)(1)(ii), if the BA knows of a pattern of activity or practice of a Subcontractor or agent that constitutes a material breach or violation of the Subcontractor or agent's obligations under the Contract, this BAA or other arrangement, the BA must take reasonable steps to cure the breach or end the violation. If the steps are unsuccessful, the BA must terminate the contract with the Subcontractor or agent if feasible. BA shall provide written notice to CE of any pattern of activity or practice of a Subcontractor or agent that BA believes constitutes a material breach or violation of the Subcontractor or agent's obligations under the Contract, BAA or other arrangement within *twenty-four hours (24)* of Discovery and shall meet with CE to discuss and attempt to resolve the problem as one of the reasonable steps to cure the breach or end the violation.
- p. **Mitigation.** BA shall mitigate, to the extent practicable and at BA's expense, any harmful effect that is known to BA of access, use, or disclosure of Protected Information not authorized by the Contract, this BAA, or applicable Health information Laws.
- q. **Audits, Inspection and Enforcement.** Within *ten (10) days* of a request by CE, BA and its agents and Subcontractors shall allow CE or its agents or Subcontractors to conduct a reasonable inspection of the facilities, systems, books, records, agreements, policies and procedures relating to the use or disclosure of Protected Information pursuant to this BAA for the purpose of determining whether BA has complied with this BAA or maintains adequate security safeguards; provided, however, that (i) BA and CE shall mutually agree in advance upon the scope, timing and location of such an inspection, (ii) CE shall protect the confidentiality of all confidential and proprietary information of BA to which CE has access during the course of such inspection; and (iii) CE shall execute a nondisclosure agreement, upon terms mutually agreed upon by the parties, if requested by BA. The fact that CE inspects, or fails to inspect, or has the right to inspect, BA's facilities, systems, books, records, agreements, policies and procedures does not relieve BA of its responsibility to comply with this BAA, nor does CE's (i) failure to detect or (ii) detection, but failure to notify BA or require BA's remediation of any unsatisfactory practices, constitute acceptance of such practice or a waiver of CE's enforcement rights under the Contract or BAA. BA shall notify CE within *five (5) days* of learning that BA has become the subject of an audit, compliance review, or complaint investigation by the Office for Civil Rights or other state or federal government entity.

3. Termination

- a. **Material Breach.** A breach by BA of any provision of this BAA, as determined by CE, shall constitute a material breach of the Contract and shall provide grounds for *immediate* termination of the Contract, any provision in the Contract or separate written agreement to the contrary notwithstanding. [45 C.F.R. Section 164.504(e)(2)(iii)].
- b. **Judicial or Administrative Proceedings.** CE may terminate the Contract, effective immediately, if (i) BA is named as a defendant in a criminal proceeding for a violation of HIPAA, the HITECH Act, the HIPAA Regulations or other security or privacy laws or (ii) a finding or stipulation that the BA has violated any standard or requirement of HIPAA, the HITECH Act, the HIPAA Regulations or other security or privacy laws is made in any administrative or civil proceeding in which the party has been joined.
- c. **Effect of Termination.** Upon termination of the Contract for any reason, BA shall, at the option of CE, return or destroy all Protected Information that BA and its agents and Subcontractors still maintain in any form, and shall retain no copies of such Protected Information. If return or destruction is not feasible, as determined by CE, BA shall continue to extend the protections and satisfy the obligations of Section 2 of this BAA to such information, and limit further use and disclosure of such PHI to those purposes that make the return or destruction of the information infeasible [45 C.F.R. Section 164.504(e)(ii)(2)(J)]. If CE elects destruction of the PHI, BA shall certify in writing to CE that such PHI has been destroyed in accordance with the Secretary's guidance regarding proper destruction of PHI.

4. Indemnification.

To the extent permitted by law, BA shall indemnify, defend, and hold harmless CE from any and all liability, claim, penalty, lawsuit, injury, loss, expense or damage resulting from or relating to the acts or omissions of BA in connection with the representations, duties, and obligations of BA under this BAA. Any limitation of liability contained in the BAA shall not apply to the indemnification requirement of this provision. This Section shall survive the termination of this BAA.

5. Amendment to Comply with Law.

The parties acknowledge that state and federal laws relating to data security and privacy are rapidly evolving and that amendment of the Contract or BAA may be required to provide for procedures to ensure compliance with such developments. The parties specifically agree to take such action as is necessary to implement the standards and requirements of HIPAA, the HITECH Act, the HIPAA regulations and other applicable state or federal laws relating to the security or confidentiality of PHI. The parties understand and agree that CE must receive satisfactory written assurance from BA that BA will adequately safeguard all Protected Information. Upon the request of either party, the other party agrees to promptly enter into negotiations concerning the terms of an amendment to this BAA embodying written assurances consistent with the standards and requirements of HIPAA, the HITECH Act, the HIPAA regulations or other applicable laws. CE may terminate the Contract upon thirty (30) days written notice in the event (i) BA does not promptly enter into negotiations to amend the Contract or BAA when requested by CE pursuant to this section or (ii) BA does not enter into an amendment to the Contract or BAA providing assurances regarding the safeguarding of PHI that CE, in its sole discretion, deems sufficient to satisfy the standards and requirements of applicable laws.

6. Litigation or Administrative Proceedings

BA shall notify CE within *forty-eight (48) hours* of any litigation or administrative proceedings commenced against BA or its agents or Subcontractors. In addition, BA shall make itself and any Subcontractors, employees and agents assisting BA in the performance of its obligations under the Contract or BAA, available to CE, at no cost to CE, to testify as a witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against CE, its directors, officers or employees based upon a claimed violation of HIPAA, the

HITECH Act, the HIPAA regulations, or other state or federal laws relating to security and privacy, except where BA or its subcontractor, employee or agent is a named adverse party.

7. No Third-Party Beneficiaries

Nothing express or implied in the Contract or this BAA is intended to confer, nor shall anything herein confer upon any person other than CE, BA and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

8. Assistance in Litigation. BA shall make itself and any Subcontractors, employees, or agents assisting BA in the performance of its obligations under the Contract or this BAA available to CE, at no cost to CE, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against CE, its directors, officers, agents, or employees based upon a claim of violation of Health Information Laws, except where BA or its Subcontractor is named as an adverse party.

9. Notices

All notices hereunder shall be in writing, delivered personally, by certified or registered mail, return receipt requested, or by overnight courier, and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, postage prepaid, or deposited with the overnight courier addressed as follows:

If to CE: Sonoma Valley Hospital
 347 Andrieux Street
 Sonoma CA 95476
 Attention: President and CEO

If to BA: _____

Or to other such persons or places as either party may from time to time designate by written notice to the other in accordance with this Section.

10. Interpretation

The provisions of this BAA shall prevail over any provisions in the Contract that may conflict or appear inconsistent with any provision in this BAA. This BAA and the Contract shall be interpreted as broadly as necessary to implement and comply with HIPAA, the HITECH Act, the HIPAA regulations, and other state and federal laws related to security and privacy. The parties agree that any ambiguity in this BAA shall be resolved in favor of a meaning that complies and is consistent with HIPAA, the HITECH Act, the HIPAA regulations, and other state and federal laws related to security and privacy. Except as specifically required to implement this BAA, or to the extent inconsistent with this BAA, all other terms of the Contract shall remain in effect.

11. Entire Agreement of the Parties

This BAA supersedes any and all prior and contemporaneous business associate agreements or addenda between the parties and constitutes the final and entire agreement between the parties with respect to the subject matter hereof. No representations, inducements, promises, or agreements, oral or otherwise, with respect to the subject matter hereof, have been made by either party, or by anyone acting on behalf of either party, which are not embodied herein. No other agreement, statement or promise, with respect to the subject matter hereof, not contained in this BAA shall be valid or binding.

12. Regulatory References.

A reference in this BAA to a section of regulations means the section as in effect or as amended, and for which compliance is required.

13. Identity Theft Program Compliance.

If CE is required to comply with the “Identity Theft Red Flags and Address Discrepancies under the Fair and Accurate Credit Transactions Act of 2003,” as promulgated and enforced by the Federal Trade Commission [16 C.F.R. Part 6781] (“Red Flag Rule”), then to the extent BA is performing an activity in connection with one or more “covered accounts” (as defined in the Red Flags Rule) pursuant to the Contract, BA shall establish and comply with its own reasonable policies and procedures designed to detect, prevent, and mitigate the risk of identifying theft, which shall be consistent with and no less stringent than those required under the Red Flag Rule or the policies and procedures of CE’s Red Flag Program. BA shall provide its services pursuant to the Contract in accordance with such policies and procedures. BA shall report any detected “red flags” (as defined in the Red Flags Rule) to CE and shall, in cooperation with CE, take appropriate steps to prevent or mitigate identity theft.

14. Counterparts.

This BAA may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this BAA as of the Effective Date.

COVERED ENTITY
SONOMA VALLEY
HEALTH CARE DISTRICT

BUSINESS ASSOCIATE

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Sonoma Hospital Improvement

Salad Bar Retrofit	\$ 1,100.00
Liminate for Counter Fronts	\$ 4,600.00
Crockery for Salad Bar	\$ 1,800.00
Deli Station and Center Island for Impluse Items	\$4,930
Recyle and Waste Center	\$4,800
Patient Hotel Trays and Placemats	\$ 1,770.00
Freestanding Soup/Chili Station	\$ 4,700.00
Restaurant Style Crockery for Hot Entrée Line	\$ 5,600.00
Open-aire Merchandiser for Grab-go Program	\$ 4,100.00
Heated Tray Cabinets for Patient Trays	\$ 3,600.00
Misc Set Up	<u>\$ 3,000.00</u>
Total Investment	\$ 40,000.00



To: SVH Finance Committee
From: Benjamin Armfield, CFO
Date: May 24, 2022
Subject: Financial Report for the Month Ending April 30, 2022

For the month of April, the hospital's actual operating margin of (\$630,363) was \$82,088 or 12% favorable to the budgeted operating margin of (\$712,451). After accounting for all other activity, the net income for April was \$37,560 vs. the budgeted net income of \$326,783 with a monthly EBDA of -2.5% vs. a budgeted -3.6%.

Gross patient revenue for April was \$25,126,632, which was \$1,899,654 or 8% over budget. Inpatient gross revenue was over budget by \$990,432, or 16%. Inpatient days were over budget by 2 days and inpatient surgeries were over budget by 4 cases. Outpatient gross revenue was under budget by (\$636,790) or (6%). Outpatient visits were over budget by 179 visits or 4%, outpatient surgeries were under budget by (4) cases, and special procedures were under budget by (1) case. The Emergency Room gross revenue was over budget by \$1,546,012 or 24% with ER visits over budgeted expectations by 11% or 79 visits.

Deductions from revenue were unfavorable to budgeted expectations by (\$1,679,342) or (9%) primarily due to higher gross revenue than budgeted. The hospital received \$340,880 from Partnership Health Plan for FY 20/21 Quality Improvement Program as well as received higher than accrued AB915 Medi-Cal funds by \$16,922 and accrued \$86,362 for the 21/22 NDPH IGT that will be received before June 30th.

After accounting for all other operating revenue, the **total operating revenue** was favorable to budgeted expectations by \$257,937 or 6%.

Operating Expenses of \$4,862,769 were unfavorable to budget by (\$175,849) or (4%). Salaries and wages were under budget by \$79,981 and agency fees are over by (\$127,959). Professional fees were over budget by (\$87,142) due to higher than budgeted UCSF management costs and the unbudgeted UCSF IT director, dietary management services and chef all of which are offset with a savings in salaries. Supplies are over budget by (\$56,504) due to higher costs in laboratory for COVID testing. Purchased services are over budget by (\$91,295) due to higher than budgeted costs in Radiology and IT as well as in Human Resources for the wage analysis. Utilities are over budget due to increases with PG&E. There was a matching fee for \$41,568.



After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net loss for April was (\$327,764) vs. a budgeted net loss of (\$394,808). In the month of April, the hospital received \$185,407 in donations from the Sonoma Valley Hospital Foundation. The total net income for April after all activity was \$37,560 vs. a budgeted net income of \$326,783.

EBDA for the month of April was -2.5% vs. the budgeted -3.6%.

Patient Volumes – April

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	80	82	-2	75
Acute Patient Days	269	267	2	281
Observation Days	6	0	6	12
OP Gross Revenue	\$17,802	\$16,893	\$909	\$17,176
Surgical Cases	119	119	0	123

Gross Revenue Overall Payer Mix – April

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	38.7%	39.6%	-0.9%	36.8%	39.7%	-2.9%
Medicare Mgd Care	20.1%	15.4%	4.7%	17.7%	15.4%	2.3%
Medi-Cal	14.9%	19.1%	-4.2%	16.6%	19.1%	-2.5%
Self Pay	1.5%	1.1%	0.4%	1.6%	1.1%	0.5%
Commercial	22.5%	21.7%	0.8%	24.3%	21.6%	2.7%
Workers Comp	2.3%	3.1%	-0.8%	3.0%	3.1%	-0.1%
Total	100.0%	100.0%		100.0%	100.0%	

Cash Activity for April:

For the month of April, the cash collection goal was \$3,552,564 and the Hospital collected \$3,465,906 or under the goal by (\$86,658). The year-to-date cash collection goal was \$36,995,992 and the Hospital has collected \$36,440,646 or under goal by (\$555,346).

	CURRENT MONTH	PRIOR MONTH	VARIANCE	PRIOR YEAR
Days of Cash on Hand – Avg.	59.2	58.8	0.4	32.4
Accounts Receivable Days	39.3	38.5	0.8	35.5
Accounts Payable	\$3,948,671	\$3,900,288	\$48,383	\$3,331,798
Accounts Payable Days	47.3	47.0	0.3	45.0

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
- Attachment F is the Cash Projection



Sonoma Valley Hospital
Payer Mix for the month of April 30, 2022

ATTACHMENT A

	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Gross Revenue:								
Medicare	9,717,644	9,174,870	542,774	5.9%	88,753,607	88,043,628	709,979	0.8%
Medicare Managed Care	5,041,277	3,582,882	1,458,395	40.7%	42,711,508	34,273,410	8,438,098	24.6%
Medi-Cal	3,745,889	4,442,411	-696,522	-15.7%	39,900,753	42,316,962	-2,416,209	-5.7%
Self Pay	379,863	255,058	124,805	48.9%	3,847,363	2,380,450	1,466,913	61.6%
Commercial & Other Government	5,667,496	5,059,042	608,454	12.0%	58,701,770	48,307,593	10,394,177	21.5%
Worker's Comp.	574,463	712,715	-138,252	-19.4%	7,203,576	6,842,634	360,942	5.3%
Total	25,126,632	23,226,978	1,899,654		241,118,577	222,164,677	18,953,900	

	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Net Revenue:								
Medicare	1,058,557	1,089,776	-31,219	-2.9%	9,946,020	10,504,628	-558,608	-5.3%
Medicare Managed Care	520,764	413,465	107,299	26.0%	4,481,338	3,930,151	551,187	14.0%
Medi-Cal	362,227	467,786	-105,559	-22.6%	4,037,812	4,425,976	-388,164	-8.8%
Self Pay	185,525	96,233	89,292	92.8%	1,574,901	898,143	676,758	75.4%
Commercial & Other Government	1,456,106	1,447,606	8,500	0.6%	15,720,435	13,879,977	1,840,458	13.3%
Worker's Comp.	89,789	131,924	-42,135	-31.9%	1,176,926	1,254,128	-77,202	-6.2%
Prior Period Adj./IGT	444,164	250,030	194,134	77.6%	5,095,053	7,085,030	-1,989,977	-28.1%
Total	4,117,132	3,896,820	220,312	5.7%	42,032,485	41,978,033	54,452	0.1%

	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Percent of Net Revenue:								
Medicare	25.7%	28.0%	-2.3%	-8.2%	23.7%	25.0%	-1.4%	-5.6%
Medicare Managed Care	12.6%	10.6%	2.0%	18.9%	10.7%	9.4%	1.3%	13.8%
Medi-Cal	8.8%	12.0%	-3.2%	-26.7%	9.6%	10.5%	-0.9%	-8.6%
Self Pay	4.5%	2.5%	2.0%	80.0%	3.7%	2.1%	1.6%	76.2%
Commercial & Other Government	35.4%	37.1%	-1.7%	-4.6%	37.4%	33.1%	4.3%	13.0%
Worker's Comp.	2.2%	3.4%	-1.2%	-35.3%	2.8%	3.0%	-0.2%	-6.7%
Prior Period Adj./IGT	10.8%	6.4%	4.4%	68.8%	12.1%	16.9%	-4.8%	-28.4%
Total	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%	-0.1%	-0.1%

	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Projected Collection Percentage:								
Medicare	10.9%	11.9%	-1.0%	-8.4%	11.2%	11.9%	-0.7%	-5.9%
Medicare Managed Care	10.3%	11.5%	-1.2%	-10.4%	10.5%	11.5%	-1.0%	-8.7%
Medi-Cal	9.7%	10.5%	-0.8%	-7.6%	10.1%	10.5%	-0.4%	-3.8%
Self Pay	48.8%	37.7%	11.1%	29.4%	40.9%	37.7%	3.2%	8.5%
Commercial & Other Government	25.7%	28.6%	-2.9%	-10.1%	26.8%	28.7%	-1.9%	-6.6%
Worker's Comp.	15.6%	18.5%	-2.9%	-15.7%	16.3%	18.3%	-2.0%	-10.9%

**SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the Period Ended April 30, 2022**

ATTACHMENT B

	<u>CURRENT MONTH</u>				<u>YEAR-TO-DATE</u>			<u>YTD</u>
	<u>Actual</u> <u>04/30/22</u>	<u>Budget</u> <u>04/30/22</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>		<u>Actual</u> <u>04/30/22</u>	<u>Budget</u> <u>04/30/22</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>	<u>Prior</u> <u>Year</u> <u>04/30/21</u>
				Inpatient Utilization				
				Discharges				
1	67	66	1	Med/Surg	483	602	(119)	511
2	13	16	(3)	ICU	149	153	(4)	136
3	80	82	(2)	Total Discharges	632	755	(123)	647
				Patient Days:				
4	166	175	(9)	Med/Surg	1,708	1,729	(21)	1,769
5	103	92	11	ICU	924	907	17	909
6	269	267	2	Total Patient Days	2,632	2,636	(4)	2,678
7	6	-	6	Observation days	186	-	186	181
				Average Length of Stay:				
8	2.5	2.7	(0.2)	Med/Surg	3.5	2.9	0.7	3.5
9	7.9	5.8	2.2	ICU	6.2	5.9	0.3	6.7
10	3.4	3.3	0.1	Avg. Length of Stay	4.2	3.5	0.7	4.1
				Average Daily Census:				
11	5.5	5.8	(0.3)	Med/Surg	5.6	5.7	(0.1)	5.8
12	3.4	3.1	0.4	ICU	3.0	3.0	0.1	3.0
13	9.0	8.9	0.1	Avg. Daily Census	8.7	8.7	(0.0)	8.8
				Other Utilization Statistics				
				Emergency Room Statistics				
14	773	694	79	Total ER Visits	7,523	6,339	1,184	6,979
				Outpatient Statistics:				
15	4,811	4,632	179	Total Outpatients Visits	46,644	45,484	1,160	39,768
16	21	17	4	IP Surgeries	124	164	(40)	165
17	98	102	(4)	OP Surgeries	1,027	979	48	991
18	43	44	(1)	Special Procedures	527	426	101	460
19	274	300	(26)	Adjusted Discharges	2,743	2,722	21	2,389
20	922	978	(56)	Adjusted Patient Days	11,461	9,485	1,975	9,847
21	30.7	32.6	(1.9)	Adj. Avg. Daily Census	37.7	31.2	6.5	32.4
22	1.4675	1.4000	0.068	Case Mix Index - Medicare	1.4467	1.4000	0.047	1.5611
23	1.4680	1.4000	0.068	Case Mix Index - All payers	1.4229	1.4000	0.023	1.4982
				Labor Statistics				
24	208	214	6	FTE's - Worked	205	209	4.0	208
25	228	236	8	FTE's - Paid	227	231	4.0	228
26	48.63	45.77	(2.87)	Average Hourly Rate	46.61	45.00	(1.61)	46.72
27	7.42	7.25	(0.17)	FTE / Adj. Pat Day	6.03	7.41	1.38	7.04
28	42.3	41.3	(1.0)	Manhours / Adj. Pat Day	34.3	42.2	7.9	40.1
29	142.1	134.4	(7.7)	Manhours / Adj. Discharge	143.5	147.1	3.6	165.3
30	24.6%	24.8%	0.2%	Benefits % of Salaries	24.6%	24.7%	0.1%	22.3%
				Non-Labor Statistics				
31	15.2%	14.6%	-0.6%	Supply Expense % Net Revenue	16.6%	13.4%	-3.2%	13.8%
32	2,284	1,898	(386)	Supply Exp. / Adj. Discharge	2,279	2,066	(212)	2,377
33	17,920	15,886	(2,033)	Total Expense / Adj. Discharge	18,001	17,819	(182)	20,304
				Other Indicators				
34	57.5			Days Cash - Operating Funds				
35	39.3	50.0	(10.7)	Days in Net AR	41.4	50.0	(8.6)	50.1
36	97%			Collections % of Cash Goal	99%			102.4%
37	47.3	55.0	(7.7)	Days in Accounts Payable	47.3	55.0	(7.7)	46.2
38	16.4%	16.8%	-0.4%	% Net revenue to Gross revenue	15.7%	18.9%	-3.3%	20.1%
39	14.7%			% Net AR to Gross AR	14.7%			17.8%

Sonoma Valley Health Care District
Balance Sheet
As of April 30, 2022

ATTACHMENT C

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets			
Current Assets:			
1 Cash	\$ 2,920,110	\$ 2,856,174	\$ 2,816,185
2 Cash - Money Market	5,844,748	5,844,476	1,638,243
3 Net Patient Receivables	6,289,515	7,072,017	6,269,820
4 Allow Uncollect Accts	(1,329,479)	(2,283,478)	(979,996)
5 Net A/R	4,960,036	4,788,539	5,289,824
6 Other Accts/Notes Rec	1,735,967	1,831,571	1,624,496
7 Parcel Tax Receivable	207,928	1,665,888	185,362
8 GO Bond Tax Receivable	1,225,217	1,225,217	1,411,343
9 3rd Party Receivables, Net	212,052	495,689	5,220,366
10 Inventory	1,034,500	1,033,302	881,081
11 Prepaid Expenses	927,672	906,701	829,085
12 Total Current Assets	\$ 19,068,230	\$ 20,647,557	\$ 19,895,985
13 Property, Plant & Equip, Net	\$ 52,080,041	\$ 51,363,470	\$ 52,744,211
14 Trustee Funds - GO Bonds	4,785,913	4,785,876	4,573,552
15 Designated Funds - Board Approved	1,000,000	1,000,000	1,000,000
16 Total Assets	\$ 76,934,184	\$ 77,796,903	\$ 78,213,748
Liabilities & Fund Balances			
Current Liabilities:			
17 Accounts Payable	\$ 3,948,671	\$ 3,900,288	\$ 3,331,798
18 Accrued Compensation	4,003,079	3,850,924	3,834,359
19 Interest Payable - GO Bonds	113,609	61,714	269,178
20 Accrued Expenses	1,575,907	2,010,048	1,939,694
21 Advances From 3rd Parties	-	-	-
22 Deferred Parcel Tax Revenue	633,334	950,001	633,318
23 Deferred GO Bond Tax Revenue	463,625	695,437	551,535
24 Current Maturities-LTD	348,292	348,292	277,946
25 Line of Credit - Union Bank	5,473,734	5,473,734	5,473,734
26 Other Liabilities	1,500,767	1,569,456	252,412
27 Total Current Liabilities	\$ 18,061,018	\$ 18,859,894	\$ 16,563,974
28 Long Term Debt, net current portion	\$ 24,932,445	\$ 25,033,848	\$ 27,183,233
29 Fund Balances:			
30 Unrestricted	\$ 18,099,934	\$ 18,247,781	\$ 19,430,553
31 Restricted	15,840,787	15,655,380	15,035,988
32 Total Fund Balances	\$ 33,940,721	\$ 33,903,161	\$ 34,466,541
33 Total Liabilities & Fund Balances	\$ 76,934,184	\$ 77,796,903	\$ 78,213,748

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended April 30, 2022**

ATTACHMENT D

	Month				Volume Information	Year-To-Date				YTD	
	This Year		Variance			This Year		Variance			Prior Year
	Actual	Budget	\$	%		Actual	Budget	\$	%		
1	80	82	(2)	-2%	Acute Discharges	632	755	(123)	-16%	647	
2	269	267	2	1%	Patient Days	2,632	2,636	(4)	0%	2,678	
3	6	-	6	0%	Observation Days	186	-	186	*	181	
4	\$ 17,802	\$ 16,893	\$ 909	5%	Gross O/P Revenue (000's)	\$ 185,300	\$ 160,526	\$ 24,774	15%	\$ 148,956	
					Financial Results						
					Gross Patient Revenue						
5	\$ 7,324,289	\$ 6,333,857	990,432	16%	Inpatient	\$ 55,819,037	\$ 61,639,033	(5,819,996)	-9%	\$ 55,615,311	
6	9,914,345	10,551,135	(636,790)	-6%	Outpatient	111,864,911	101,203,806	10,661,105	11%	90,264,468	
7	7,887,998	6,341,986	1,546,012	24%	Emergency	73,434,629	59,321,838	14,112,791	24%	58,971,801	
8	\$ 25,126,632	\$ 23,226,978	1,899,654	8%	Total Gross Patient Revenue	\$ 241,118,577	\$ 222,164,677	18,953,900	9%	\$ 204,851,580	
					Deductions from Revenue						
9	(21,246,664)	(19,402,617)	(1,844,047)	-10%	Contractual Discounts	\$ (202,298,420)	\$ (185,495,964)	(16,802,456)	-9%	\$ (170,458,605)	
10	(200,000)	(150,000)	(50,000)	-33%	Bad Debt	(1,800,000)	(1,500,000)	(300,000)	-20%	(1,170,000)	
11	(7,000)	(27,571)	20,571	75%	Charity Care Provision	(82,725)	(275,710)	192,985	70%	(245,743)	
12	444,164	250,030	194,134	78%	Prior Period Adj/Government Program Revenue	5,095,053	7,085,030	(1,989,977)	-28%	8,100,240	
13	\$ (21,009,500)	\$ (19,330,158)	(1,679,342)	9%	Total Deductions from Revenue	\$ (199,086,092)	\$ (180,186,644)	(18,899,448)	10%	\$ (163,774,108)	
14	\$ 4,117,132	\$ 3,896,820	220,312	6%	Net Patient Service Revenue	\$ 42,032,485	\$ 41,978,033	54,452	0%	\$ 41,077,472	
15	\$ 115,274	\$ 77,649	37,625	48%	Other Op Rev & Electronic Health Records	\$ 954,136	\$ 866,490	87,646	10%	\$ 890,687	
16	\$ 4,232,406	\$ 3,974,469	257,937	6%	Total Operating Revenue	\$ 42,986,621	\$ 42,844,523	\$ 142,098	0%	\$ 41,968,159	
					Operating Expenses						
17	\$ 1,895,708	\$ 1,847,730	(47,978)	-3%	Salary and Wages and Agency Fees	\$ 18,342,567	\$ 18,022,309	(320,258)	-2%	\$ 18,453,094	
18	683,934	705,153	21,219	3%	Employee Benefits	6,913,587	6,854,525	(59,062)	-1%	6,591,100	
19	\$ 2,579,642	\$ 2,552,883	(26,759)	-1%	Total People Cost	\$ 25,256,154	\$ 24,876,834	(379,320)	-2%	\$ 25,044,194	
20	\$ 600,120	\$ 512,978	(87,142)	-17%	Med and Prof Fees (excl Agency)	\$ 5,756,810	\$ 5,124,502	(632,308)	-12%	\$ 4,437,002	
21	626,448	569,944	(56,504)	-10%	Supplies	6,250,812	5,625,679	(625,133)	-11%	5,676,949	
22	497,233	405,938	(91,295)	-22%	Purchased Services	4,296,598	3,998,905	(297,693)	-7%	4,234,810	
23	223,988	252,880	28,892	11%	Depreciation	2,329,794	2,528,800	199,006	8%	2,553,705	
24	116,641	98,539	(18,102)	-18%	Utilities	1,238,343	1,117,855	(120,488)	-11%	1,155,093	
25	48,877	46,909	(1,968)	-4%	Insurance	514,703	469,090	(45,613)	-10%	446,384	
26	17,337	17,966	629	4%	Interest	164,303	179,660	15,357	9%	173,742	
27	110,915	103,493	(7,422)	-7%	Other	1,189,681	1,020,214	(169,467)	-17%	1,052,651	
28	41,568	125,390	83,822	-67%	Matching Fees (Government Programs)	1,643,092	2,725,390	1,082,298	-40%	2,818,574	
29	\$ 4,862,769	\$ 4,686,920	(175,849)	-4%	Operating expenses	\$ 48,640,290	\$ 47,666,929	(973,361)	-2%	\$ 47,593,104	
30	\$ (630,363)	\$ (712,451)	\$ 82,088	12%	Operating Margin	\$ (5,653,669)	\$ (4,822,406)	(831,263)	-17%	\$ (5,624,945)	

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended April 30, 2022**

ATTACHMENT D

	Month					Year-To- Date				YTD	
	This Year		Variance			This Year		Variance			Prior Year
	Actual	Budget	\$	%		Actual	Budget	\$	%		
31	\$ (14,068)	\$ 976	(15,044)	*						\$ 11,649	
32	-	-	-	0%	Miscellaneous Revenue/(Expenses)	\$ (103,106)	\$ 9,760	(112,866)	*	\$ 498	
33	-	-	-	*	Donations	26,864	-	26,864	0%	0	
34	316,667	316,667	-	0%	Physician Practice Support-Prima	-	-	-	*	3,166,670	
35	-	-	-	0%	Parcel Tax Assessment Rev	3,166,670	3,166,670	-	0%	36	
36	\$ 302,599	\$ 317,643	(15,044)	-5%	Extraordinary Items	(97,933)	-	(97,933)	0%	\$ 3,178,853	
					Total Non-Operating Rev/Exp	\$ 2,992,495	\$ 3,176,430	(86,002)	-6%		
37	\$ (327,764)	\$ (394,808)	67,044	-17%	Net Income / (Loss) prior to Restricted Contributions	\$ (2,661,174)	\$ (1,645,976)	(917,265)	56%	\$ (2,446,092)	
38	\$ -	\$ -	-	0%	Capital Campaign Contribution	\$ -	\$ -	-	0%	\$ -	
39	\$ 185,407	\$ 523,803	(338,396)	0%	Restricted Foundation Contributions	\$ 623,231	\$ 5,238,030	(4,614,799)	100%	\$ 5,741,055	
40	\$ (142,357)	\$ 128,995	(271,352)	-210%	Net Income / (Loss) w/ Restricted Contributions	\$ (2,037,943)	\$ 3,592,054	(5,629,997)	-157%	\$ 3,294,963	
41	179,917	197,788	(17,871)	-9%	GO Bond Activity, Net	1,584,084	1,971,797	(387,713)	-20%	1,854,640	
42	\$ 37,560	\$ 326,783	(289,223)	-89%	Net Income/(Loss) w GO Bond Activity	\$ (453,859)	\$ 5,563,851	(6,017,710)	-108%	\$ 5,149,603	
	\$ (103,776)	\$ (141,928)	38,152		EBDA - Not including Restricted Contributions	\$ (331,380)	\$ 882,824	(1,214,204)		\$ 107,613	
	-2.5%	-3.6%				-0.8%	2.1%			0.3%	

* Operating Margin without Depreciation expense:

\$ (630,363)	\$ (712,451)	\$ 82,088	12%	Operating Margin	\$ (5,653,669)	\$ (4,822,406)	\$ (831,263)	-17%	\$ (5,624,945)
223,988	252,880	28,892	11%	Add back Depreciation	2,329,794	2,528,800	199,006	8%	2,553,705
\$ (406,375)	\$ (459,571)	\$ 110,980	12%	Operating Margin without Depreciation expense	\$ (3,323,875)	\$ (2,293,606)	\$ (632,257)	-45%	\$ (3,071,240)

**Sonoma Valley Health Care District
Variance Analysis
For the Period Ended April 30, 2022**

ATTACHMENT E

Operating Expenses	YTD Variance	Month Variance	
Salary and Wages and Agency Fees	(320,258)	(47,978)	Salaries and wages are under budget by \$79,981 and agency fees are over by (\$127,959). Agency fees are over budget in ICU, Med-Surg, Emergency room, surgery, respiratory therapy, and physical therapy.
Employee Benefits	(59,062)	21,219	Paid time off is over budget by (\$2,600) and employee benefits are under by \$23,819.
Total People Cost	(379,320)	(26,759)	
Med and Prof Fees (excl Agency)	(632,308)	(87,142)	Professional fees are over budget due to higher than budgeted UCSF management costs including the unbudgeted position of IT director which is offset by a savings in salaries & wages. The hospital has also contracted management and chef costs for dietary for 8-weeks beginning in March.
Supplies	(625,133)	(56,504)	
Purchased Services	(297,693)	(91,295)	Purchased services are over budget by (\$91,295) due to higher than budgeted costs in Radiology and IT as well as in Human Resources for the wage analysis.
Depreciation	199,006	28,892	
Utilities	(120,488)	(18,102)	Utilities are over budget due to higher monthly PG&E costs for electricity.
Insurance	(45,613)	(1,968)	
Interest	15,357	629	
Other	(169,467)	(7,422)	
Matching Fees (Government Programs)	1,082,298	83,822	21/22 NDPH Matching fee
Operating expenses	(973,361)	(175,849)	

Sonoma Valley Hospital
Cash Forecast
FY 2022

ATTACHMENT F

	Actual July	Actual Aug	Actual Sept	Actual Oct	Actual Nov	Actual Dec	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Forecast May	Forecast Jun	TOTAL
Hospital Operating Sources													
1 Patient Payments Collected	3,768,614	3,604,012	3,741,094	3,556,171	3,899,456	4,078,858	3,650,080	3,486,789	4,046,254	3,503,549	3,557,629	3,579,175	44,471,681
2 Other Operating Revenue	50,926	33,133	27,360	158,301	168,773	44,417	57,192	298,629	63,676	264,816	80,485	80,485	1,328,193
3 Other Non-Operating Revenue	10,121	10,229	9,624	10,574	10,823	9,676	11,783	17,553	5,064	9,937	14,516	14,518	134,418
4 Unrestricted Contributions	14,875			6,564	12,201		8,303	6,126	279	15,416			63,763
5 Line of Credit													-
Sub-Total Hospital Sources	3,844,535	3,647,375	3,778,079	3,731,610	4,091,253	4,132,951	3,727,358	3,809,097	4,115,273	3,793,717	3,652,630	3,674,178	45,998,056
Hospital Uses of Cash													
6 Operating Expenses	5,686,921	4,339,055	4,171,999	4,009,059	3,881,749	5,466,683	4,329,164	4,812,819	4,572,839	5,000,268	4,256,798	4,216,081	54,743,434
7 Add Capital Lease Payments	116,550	26,560	34,320	20,919	15,355	93,827	13,280	13,280	13,280	101,402	14,502	82,109	545,384
8 Additional Liabilities/LOC													-
9 Capital Expenditures	114,099	104,421	21,501	56,972	29,172	308,751	190,985	66,365	32,940	940,342	525,512	1,225,512	3,616,572
Total Hospital Uses	5,917,571	4,470,037	4,227,821	4,086,949	3,926,275	5,869,260	4,533,429	4,892,464	4,619,059	6,042,012	4,796,812	5,523,702	58,905,391
Net Hospital Sources/Uses of Cash	(2,073,036)	(822,662)	(449,742)	(355,339)	164,978	(1,736,310)	(806,072)	(1,083,367)	(503,786)	(2,248,295)	(1,144,182)	(1,849,524)	(12,907,335)
Non-Hospital Sources													
10 Restricted Cash/Money Market			1,000,000	2,000,000	(1,203,742)		(2,000,000)						(203,742)
11 Restricted Capital Donations	107,079	101,291	27,342	19,084	8,258		146,527		17,940	168,037	525,512	525,511	1,646,582
12 Parcel Tax Revenue	164,000					2,134,112				1,457,960			3,756,072
13 Other Payments - Ins. Claims/HHS/Grants/Loans					1,203,742	173,982					602,403	850,000	2,830,127
14 Other:													-
15 IGT			51,360				2,717,483	1,298,801				257,922	4,325,566
16 IGT - AB915			70,338							386,922			457,259
17 QIP					42,180					340,880			383,060
Sub-Total Non-Hospital Sources	271,080	101,291	1,149,040	2,019,084	50,438	2,308,094	864,010	1,298,801	17,940	2,353,799	1,127,915	1,633,433	13,194,924
Non-Hospital Uses of Cash													
18 Matching Fees		29,494		1,096,301		398,059		78,482		41,568	8,911		1,652,815
Sub-Total Non-Hospital Uses of Cash	-	29,494	-	1,096,301	-	398,059	-	78,482	-	41,568	8,911	-	1,652,815
Net Non-Hospital Sources/Uses of Cash	271,080	71,797	1,149,040	922,783	50,438	1,910,035	864,010	1,220,319	17,940	2,312,231	1,119,004	1,633,433	11,542,110
Net Sources/Uses	(1,801,956)	(750,865)	699,298	567,444	215,416	173,725	57,939	136,952	(485,846)	63,937	(25,178)	(216,091)	
Operating Cash at beginning of period	4,044,067	2,242,111	1,491,246	2,190,544	2,757,988	2,973,404	3,147,129	3,205,068	3,342,020	2,856,174	2,920,110	2,894,932	
Operating Cash at End of Period	2,242,111	1,491,246	2,190,544	2,757,988	2,973,404	3,147,129	3,205,068	3,342,020	2,856,174	2,920,110	2,894,932	2,678,841	
Money Market Account Balance - Undesignated	5,638,824	5,639,115	4,639,373	2,639,564	3,843,478	3,843,684	5,843,923	5,844,185	5,844,476	5,844,748	5,844,748	6,844,748	
Total Cash at End of Period	7,880,935	7,130,361	6,829,917	5,397,552	6,816,883	6,990,813	9,048,991	9,186,205	8,700,650	8,764,858	8,739,680	9,523,589	
Average Days of Cash on Hand	58.8	52.3	45.5	40.0	36.6	46.3	54.3	58.5	58.8	59.2			
Days of Cash on Hand at End of Month	54.6	50.1	47.3	35.3	45.1	46.0	59.7	60.0	57.2	57.5	58.7	63.9	