



**SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS**

AGENDA

THURSDAY, OCTOBER 6, 2022

REGULAR SESSION 6:00 P.M.

HELD VIA ZOOM VIDEOCONFERENCE ONLY

**To participate via Zoom videoconferencing
use the link below:**

<https://sonomavalleyhospital-org.zoom.us/j/95035482044?pwd=enBpRWIyYkNlbnENlYkdqbWFvRmZTUT09>

and enter the Meeting ID: 950 3548 2044, Passcode: 668583

**To participate via telephone only,
dial: 1-669 900 9128 or 1-669 219 2599**

and enter the Meeting ID: 950 3548 2044, Passcode: 668583

<p>In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact Interim District Clerk Stacey Finn at sfinn@sonomavalleyhospital.org at least 48 hours prior to the meeting.</p>	RECOMMENDATION		
AGENDA ITEM			
<p>MISSION STATEMENT <i>The mission of SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p>			
<p>1. CALL TO ORDER</p>	<i>Rymer</i>		
<p>2. CLOSED SESSION Calif. Government Code §54956.9(d)(1): Conference Regarding Existing Litigation</p>			
<p>3. REPORT ON CLOSED SESSION</p>	<i>Rymer</i>		
<p>4. PUBLIC COMMENT <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>			
<p>5. BOARD CHAIR COMMENTS</p>	<i>Rymer</i>		
<p>6. CONSENT CALENDAR</p> <ul style="list-style-type: none"> a. Board Minutes 09.01.22 b. Finance Committee Minutes 08.23.22 c. Quality Committee Minutes 08.24.22 d. Medical Staff Credentialing e. Policy and Procedures 	<i>Rymer</i>	Action	3-20

7. MARKETING AND PR UPDATE	<i>Cruse De La Rosa</i>	Inform	21- 37
8. CEO REPORT	<i>Hennelly</i>	Inform	38 - 43
9. BOARD RETREAT AGENDA/PROCESS DISCUSSION	<i>Hennelly</i>	Inform/ Action	
10. SUPPLY CHAIN MANAGEMENT AGREEMENT – COMPREHENSIVE PHARMACY SERVICES	<i>Armfield</i>	Inform/ Action	44 - 58
10. ODC UPDATE – MRI PLAN APPROVAL	<i>Drummond/ Hennelly</i>	Inform/ Action	59 - 74
11. EPIC UPDATE – REQUEST FOR FUNDING	<i>Hennelly</i>	Inform/ Action	75 - 79
12. QUALITY COMMITTEE QUARTERLY REPORT	<i>Kornblatt-Idell</i>	Inform	80 - 81
13. FINANCIALS FOR MONTH END AUGUST 2022	<i>Armfield</i>	Inform	82 - 91
14. BOARD COMMENTS	<i>Board Members</i>	Inform	
15. ADJOURN	<i>Rymer</i>		

Note: To view this meeting you may visit <http://sonomatv.org/> or YouTube.com.



**SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS' REGULAR MEETING**

MINUTES

THURSDAY, SEPTEMBER 1, 2022

HELD VIA ZOOM VIDEOCONFERENCE

	RECOMMENDATION	
SONOMA VALLEY HOSPITAL BOARD MEMBERS 1. Joshua Rymer, Chair, Absent 2. Judith Bjorndal, First Vice Chair, Present 3. Michael Mainardi, Second Vice Chair, Present 4. Bill Boerum, Treasurer, Present 5. Susan Kornblatt Idell, Secretary, Present		
MISSION STATEMENT <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>		
1. CALL TO ORDER	<i>Bjorndal</i>	
Meeting called to order at 6:01 p.m. Mr. Rymer is currently out of town so Dr. Bjorndal will be managing the meeting. Dr. Bjorndal gave thanks to Jenny Fontes, Board Clerk for her hard work and positive attitude during her employment.		
2. PUBLIC COMMENT ON CLOSED SESSION	<i>Bjorndal</i>	
None		
3. CLOSED SESSION		
Recommendation for the revised CEO incentive award for 2022		
4. REPORT ON CLOSED SESSION		
The closed session was held to discuss the revised CEO incentive award for 2022. Decision will be made during general session as an action agenda item.		
5. CONSENT CALENDAR	<i>Bjorndal</i>	Action
a. Board Minutes 08.04.22 b. Finance Committee Minutes 07.26.22 c. Quality Committee Minutes 07.27.22 d. Resolution 362: Brown Act Amendment AB 361 - Flexibility for Virtual Meetings f. Medical Staff Credentialing e. Policy and Procedures	<i>Bjorndal</i>	MOTION: by Mainardi to approve, 2 nd by Kronblatt Idell. All in favor.
6. CHIEF OF STAFF REPORT	<i>Dr. Andrew Solomon</i>	Inform
Dr. Solomon reviewed the current Medical Staff roster and the newly appointed physicians. The year to date physician satisfaction and HCAAPS scores were reviewed. While the satisfaction scores showed improvements the HCAAPS showed some decreases. Dr. Solomon		

<p>expressed hope that the implementation of EPIC will improve physician communication and overall quality scores. He feels that with a great deal of the medical staff having experience in EPIC that the SVH transition will likely be smooth.</p> <p>He reported that peer review has improved under Ms. Coopers leadership, as well as staffing struggles that are being addressed with physician groups.</p>		
<p>7. NEW QUALITY COMMITTEE MEMBERS</p>	<i>Kornblatt- Idell</i>	Action
<p>Ms. Kornblatt - Idell presented two new candidates for the Board Quality Committee. Carl Speizer, MD MPH and Kathy Beebe, PhD, RNC-OB.</p>		<p>MOTION: by Kornblatt-Idell to approve both Quality Committee candidate's 2nd by Boerum. All in favor.</p>
<p>8. STRATEGIC PLANNING DISCUSSION Sg2</p>	<i>Hennelly</i>	Inform
<p>Mr. Hennelly introduced Amit Sharma and Kimberly Brady of Sg2 Consulting.</p> <p>He gave an overview of Sg2's understanding of the hospital's current situation, crossroads and goals with engagement kickoff, situation assessment and optimal path forward.</p> <p>Upon questions by Board members regarding Sg2's experience with small hospitals with significant government payor mixes Mr. Sharma spoke about forecasting future needs and growth being crucial. This would include leveraging the affiliation with UCSF.</p>		
<p>9. EPIC IMPLEMENTATION UPADTE</p>	<i>Resendez</i>	Inform
<p>Mr. Resendez gave an EPIC implementation update.</p> <p>He reviewed the color-coded criteria of scoring and assessment.</p> <ul style="list-style-type: none"> • Blue – Complete • Green – On track for go live • Yellow – Slightly off track/minor risk • Red- Significantly off track/major risk <p>Most areas are on track in the blue, green and yellow. The identified areas of risk are the Patient Access leader gap, the community physician workflow, clinical content review, dietary modifications and third party interfaces. These areas are all currently being worked on by the team.</p> <p>Mr. Resendez said that staff engagement and excitement has been good regarding the transition.</p> <p>Mr. Boerum asked about the interoperability with UCSF's EPIC and Mr. Resendez responded that most things will be connected.</p>		
<p>10. IS ANNUAL REPORT</p>	<i>McKinney</i>	Inform
<p>Mr. McKinney reviewed the 5 strategic priorities of the Information Systems Department.</p> <ol style="list-style-type: none"> 1. Security strategic priority has been completed with user training and awareness still in process. 2. Epic Implementation completed items reviewed. Implementation activity is in process. 		

<p>3. Infrastructure priorities completed were network core switch stack replacement (755 complete) and overhead paging repaired and wiring and equipment replacement. The things that remain in progress are additional network hardware upgrades, cellular signal boosting, overhead paging system overhaul analysis and phone tree and call routing</p> <p>4. IT service delivery model strategic priority completed is office 365. In project is resources with staffing and services.</p> <p>5. UCSF affiliation priorities benefits include shared high standards, relationship building, access to subject matter experts and cost saving opportunities.</p> <p>Mr. McKinney then spoke about the future state initiatives, ERP migration and eFaxing.</p>		
<p>11. RESOLUTION 367 FOR THE GO BOND TAX RATE</p>	<p><i>Armfield</i></p>	<p>Action</p>
<p>Mr. Armfield presented the resolution 367 for the GO Bond Tax rate. He explained that past years methodology was used for calculating the rate. The recommendation presented was to approve the GO bond tax rate of \$19.90 per \$100,000 of the assessed value of the secured property in the District. This has been reviewed and recommended by the Finance Committee.</p>		<p>Roll Call vote Director Bjordal -Aye Director Kornblatt Idell - Aye Director Boerum- Aye Director Mainardi - Aye</p>
<p>12. CEO REPORT</p>	<p><i>Hennelly</i></p>	<p>Inform</p>
<p>Mr. Hennelly spoke about how the hospital continues to navigate COVID and the challenges it continues to bring. Strict protocols on masking and gathering remain in place. He also reported that the CT went online this week and that the CMO recruitment is in the final stages. Hospital quality continued to be strong for July and financials met targets. Ms. Kuwahara toured UCSF leadership regarding potential space for the GI physician recruitment.</p>		
<p>13. UCSF AFFILIATION UPDATE</p>	<p><i>Hennelly</i></p>	<p>Inform</p>
<p>Mr. Hennelly reported that the Finance Committee requested clarification on the UCSF affiliation. He reviewed the following strategic objectives:</p> <ul style="list-style-type: none"> • Increase Access to San Francisco based UCSF Care – expansion of TeleMed services with UCSF affiliation network and being the BETA site for capacity management (transfer center) • Increase Access to Locally Provided Specialist/Primary Care – physician employment and expansion of the clinically integrated network. • Increase Facility utilization – grow the UCSF surgical presence in Sonoma, explore Orthopedics collaboration, increase UCSF use of ODC and develop a post-acute program. • Enhance IT Integration – maximize data availability between sites and integration of IT management • Share Resources/Reduce Costs – Integration of coordination of care with UCSF and/or Marin Health, leadership 		

development and exploration of joint venture opportunities around ODC.		
14. CEO REVISED INCENTIVE BONUS APPROVAL	<i>Bjorndal</i>	
Dr. Bjorndal presented the draft FY2023 CEO Goals. These goals were based on input from both Board members and UCSF.		MOTION: by Boerum to approve 2 nd by Mainardi. All in favor
15. ODC UPDATE	<i>Drummond/ Hennelly</i>	Inform
Ms. Drummond reported that the CT is up and operational. HCAI gave us a conditional approval at the end of July due to latent deficiencies from the last contractor.		
16. INCREMENTAL FUNDING REQUEST – ODC	<i>Drummond/ Hennelly</i>	
Ms. Drummond presented the request for approval on the expenditure of \$329,000 to fund required work identified during the HCAI final survey granting occupancy of the CT. She reviewed the breakdown of the deficiencies and their costs. These latent defects are likely due to the former contractor and the hospital will attempt to recoup the costs from the contractor.		MOTION: by Boerum to approve the incremental funding request for ODC 2 nd by Mainardi. All in favor
17. CAPITAL AND CASH FLOW PLAN	<i>Armfield/ Hennelly</i>	Inform
Mr. Armfield presented the five-year capital spending plan, which reflects projected hospital capital expenditures from fiscal year 2023 through fiscal year 2027. The financial objectives are to meet the increasing needs of the community while maintaining the health of the organization. The strategic objectives are to: <ul style="list-style-type: none"> • Generate a positive operating margin by the end of fiscal year 2027. • Fund 100% of total “routine” capital spend from operations • Maintain average days cash on hand in excess of 50.0 days • Develop strategy for paying down line of credit 		
18. FINANCIALS FOR MONTH END JULY 2022	<i>Armfield</i>	Inform
Mr. Armfield reported that the month of July had an operating margin of (\$751,087) was 28% better than what was budgeted for the month, while our operating EDDBA of (\$521,027) was 36% better than budget as well. After accounting for all operating and non-operating revenues and expenses (including parcel tax and GO bond activity), SVH posted a net loss of (\$290,120), which fell short of our total budgeted loss of (\$127,954). Volumes in July were down in surgery, but ED volumes were strong. Cash collection for the July was the highest it has been in the past two fiscal years. Average days of cash on hand was 53.8.		
19. BOARD COMMENTS	<i>Board Members</i>	
Mr. Boerum commented on the two candidates who have stepped		

forward for the upcoming election on new Board members. They are currently running unopposed.		
20. ADJOURN	<i>Bjorndal</i>	
Adjourned at 8:19 pm		



SVHCD
FINANCE COMMITTEE MEETING
MINUTES
TUESDAY, AUGUST 23, 2022
Via Zoom Teleconference

Present	Not Present/Excused	Staff	Public	
Bill Boerum via Zoom Catherine Donahue via Zoom Bruce Flynn via Zoom Art Grandy via Zoom Peter Hohorst via Zoom Wendy Lee via Zoom Joshua Rymer via Zoom Subhash Mishra (MD) via Zoom	Carl Gerlach	Ben Armfield via Zoom Kimberly Drummond via Zoom Jenny Fontes via Zoom John Hennelly via Zoom Dawn Kuwahara via Zoom Celia Kruse De La Rosa via Zoom	Judy Bjorndal via Zoom Denise Kalos 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 5:01 p.m. Mr. Rymer introduced the two Sonoma Valley Hospital Board candidates, Wendy Lee, and Denise Kalos. Their terms will begin in December 2022.		
2. PUBLIC COMMENT SECTION		<i>Boerum</i>		
		None		
3. CONSENT CALENDAR (ACTION)		<i>Boerum</i>	Action	
a. Finance Committee Minutes 07.26.22			MOTION: by Grandy to approve with revisions, 2 nd by Flynn. All in favor.	

4. ODC UPDATE	<i>Drummond</i>	Inform	
	<p>Ms. Drummond gave an update on the ODC. She said CDPH licensed the CT last Thursday and applications training is in progress.</p> <p>When HCAI gave occupancy at end of July, it was conditional on the electrical panel reconciliation and the final air balance. She is proceeding with pricing on those items and phase 2.</p> <p>Ms. Kuwahara said CT training for operators and staff will begin in two weeks. The training happens in real time with patients. The old CT will not be in use after operators and staff are trained.</p>		
5. REPORT ON MEETING WITH GARY HICKS, FINANCIAL ADVISOR	<i>Boerum</i>	Inform	
	<p>Mr. Boerum reported on the meeting with Gary Hicks. Mr. Hicks was the Financial Advisor on the General Obligation Bond and on the refinancing of the Outstanding Bonds. Mr. Hicks met with Mr. Boerum and Mr. Armfield; he gave his point of view on what external capital financing alternatives are available. Mr. Armfield said he is connecting with Mr. Hicks to discuss opportunities.</p>		
6. REPORT AND RECOMENDATIONS OF SUB-COMMITTEE <ul style="list-style-type: none"> •CAPITAL PROJECT REVIEW •EHR/EPIC IMPLEMENTATION •UCSF AFFILIATION AGREEMENT •BANDWIDTH NEEDS •FINANCE COMMITTEE MINUTES 	<i>Boerum/Lee</i>		
	<p>Ms. Lee reported on the recommendations of the sub-committee. Ms. Lee suggested using a standard red/green/yellow template to report on capital projects, such as EPIC and ODC. She suggested going through a project review</p>		

each week to determine if the project is on budget or short of resources. The template will be an agenda item at next month's Finance Committee meeting.

Ms. Lee asked if there is inoperability between EPIC and UCSF and if it is in the current scope. She also asked if SVH is implementing EPICS revenue management module called Resolute, and if there is a plan to integrate primary care physicians with EPIC. Mr. Hennelly said inoperability is a work in progress and it is not scoped, it is part of the go forward plan with UCSF. Primary Care with EPIC is not in scope but they have a sub-team that is working to solve the problem. Mr. Rymer mentioned that upon launch of EPIC, patients will be able to transfer their data to their physicians that are on EPIC. Mr. Armfield confirmed Resolute is part of the implementation.

Ms. Lee requested regular updates about the UCSF Affiliation. Mr. Hennelly said they are developing a grid with initiatives, and they can share the grid with the Finance Committee.

Ms. Lee spoke about bandwidth needs. She said the committee offers support and would like to hear about the critical needs and solutions. Mr. Hennelly said the most critical need right now is a Capital Project Manager. He said PT is fully staffed.

Lastly, Ms. Lee said she would like the Board Clerk to maintain a running list of action items and who is accountable for closing the item and the due date. Ms. Lee said she will work with Ms. Fontes to develop a template to maintain the list. A list of action items will be reviewed at the end of each Finance

	Committee meetings		
7. RESOLUTION 367 FOR GO BOND TAX RATE	<i>Armfield</i>	Action	
	Mr. Armfield said Mr. Hicks reviewed the calculations and looked at what the hospital is reserving and the proposed tax rate. Mr. Hicks confirmed the calculations are accurate and the tax rate is reasonable. The tax rate they came up with for fiscal year 2022-23 is \$19.90 per 100K of assessed valuation.	MOTION: by Rymer to approve 2 nd by Grandy. All in favor.	
8. STRATEGIC PLANNING DISCUSSION AND FOLLOW UP/CAPITAL AND CASH FLOW PLAN	<i>Hennelly</i>	Inform	
	Mr. Hennelly said they have been meeting with professional strategic planners, so the October meeting is productive in moving towards a finalized plan. The next step is to get clarity on the big picture. They met with SG2, and Mr. Hennelly is waiting for a quote.		
9. CAPITAL AND CASH FLOW PLAN	<i>Armfield</i>	Inform	
	Mr. Armfield reviewed the Capital and Cash Flow Plan. He said they are focused on near and long-term goals, a positive operating margin, and to maximize revenue enhancement. Tangible actions he would like to move forward with in the near term are in the payer contracting space, and realigning payer contracts to match existing footprints. Mr. Armfield said he wants to quantify the opportunities with EPIC. Mr. Grandy mentioned code requirements for earthquake upgrades. Mr. Hennelly said there are 2030 requirements which may be refined after negotiations. Mr. Grandy said it will take several years of build up and suggested adding upgrades it to the capital plan after there is more information on upgrade requirements.		

	<p>Mr. Rymer asked if Mr. Armfield has a sense of when there will be close of gap in the 3.6M in operating margin. Mr. Armfield said initiatives related to strategic growth will drive the gap, success in financial initiatives, and revenue enhancements.</p>		
10. FINANCIAL REPORT FOR MONTH END JULY 2022	<i>Armfield</i>	Inform	
	<p>Mr. Armfield said July performance was similar to June. The budget was 30% better than budgeted, operating margin was 36% better than budget. Volumes were down but the net revenue exceeded budget by 8%, acuity was high in July. Per case net revenue was positive, operating expenses were close to budget and FTEs are 3% less than prior year.</p> <p>Ms. Lee asked if the UCSF agreement precludes SVH from leveraging their supply chain management, such as materials management, and purchasing agreements. Mr. Armfield said he is not aware of anything in the agreement that would prohibit them from moving forward with leveraging UCSF. Mr. Hennelly said SVH could leverage their infrastructure to support efforts.</p>		
11. ADJOURN	<i>Boerum</i>		
	Meeting adjourned at 6:17 p.m.		



**SONOMA VALLEY HEALTH CARE DISTRICT
QUALITY COMMITTEE**

August 24, 2022, 5:00 PM

MINUTES

Via Zoom Teleconference

Members Present – Via Zoom	Members Present cont.	Excused	Public/Staff – Via Zoom
Susan Kornblatt Idell Ingrid Sheets Carol Snyder Howard Eisenstark Michael Mainardi, MD			John Hennelly, CEO Jessica Winkler, CNO Chris Kutza, Pharmacy Director Andrew Solomon, MD, Chief of Staff Kylie Cooper, Quality and Risk Mgmt. Judy Bjorndal, Board Member Jenny Fontes, Board Clerk and Executive Assistant Kathy Beebe, Public

AGENDA ITEM	DISCUSSION	ACTION
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Kornblatt Idell</i>	
	Meeting called to order at 5:00 p.m.	
2. PUBLIC COMMENT	<i>Kornblatt Idell</i>	
	None	
3. CONSENT CALENDAR	<i>Kornblatt Idell</i>	ACTION
<ul style="list-style-type: none"> QC Minutes 07.27.22 		MOTION: by Mainardi to approve with revisions, 2 nd by Eisenstark. All in favor.
4. PHARMACY QI/PI	<i>Kutza</i>	INFORM
	Mr. Kutza reviewed the Pharmacy QI/PI. He discussed adverse drug events, including administration errors, high risk med errors, near misses, smart pump – no drug selected, and smart pump hard alerts and soft alerts. Mr. Kutza reviewed the antimicrobial	

	<p>stewardship which included cefepime DOT, ertapenem DOT, levofloxacin DOT, meropenem DOT, pip-tazo dot, and antimicrobial spend PAPD. He touched on controlled substances and said they monitor anesthesia narcotic use and waste and do random audits of in-patient documentation of narcotic usage and said they are looking for patterns of use that may be concerning. Mr. Kutza discussed the IV room slide and said the IV room is where they mix IVs for patient use. On an annual basis they have a board of Pharmacy inspection for relicensing, so the IV room needs to be monitored closely. Pharmacy services include after hours interventions, pharmacy ED Tat, after hours pharmacy errors and clinical interventions-dollars saved. Lastly, Mr. Kutza reviewed ER pyxis override, pyxis overrides, and pyxis stockouts.</p>	
5. QUALITY INDICATOR PERFORMANCE AND PLAN	<i>Cooper</i>	INFORM
	<p>Ms. Cooper reviewed the Quality Indicator Performance and Plan for July 2022, which included mortality, AHRQ patient safety indicators, patient falls, readmissions, blood culture contamination, CIHQ stroke certification measures, utilization management, core measures, core measures sepsis, and infection prevention, inpatient patient satisfaction and ambulatory surgery patient satisfaction.</p>	
6. PATIENT SATISFACTION DISCUSSION	<i>Cooper</i>	INFORM
	<p>Ms. Cooper discussed the patient satisfaction results. She said the ER had 114 patients reply, the majority of people picked 5 out of 5. In-patient care, the Imaging Department, Physical Therapy, and Out-Patient Therapy all had great responses. Ms. Cooper said HCAPS are tied to Medicare and Rate My Hospital is an internal process to understand patient feedback. She said communication with patients is working because there has been a positive increase in the past three months. Ms. Cooper said communication, education on medications, and discharge instructions can have the</p>	

	most impact. Ms. Idell Kornblatt would like to continue this conversation at future Quality Committee meetings.	
7. COMMITTEE MEMBER OPENING	<i>Kornblatt Idell</i>	INFORM
	Ms. Kornblatt Idell reminded the committee that there are two openings for community members on the committee.	
8. POLICIES AND PROCEDURES	<i>Cooper</i>	REVIEW/ RECOMMEND
	<u>Ms. Cooper reviewed the following policies:</u> PPE 90-day Supply Policy (EP) Stroke Admission Transfer Guidelines	
10. CLOSED SESSION/REPORT ON CLOSED SESSION	<i>Kornblatt Idell</i>	ACTION
a. Calif. Health & Safety Code §32155: Medical Staff Credentialing & Peer Review Report	Medical Staff Credentialing was reviewed and approved.	MOTION: by Eisenstark to approve, 2nd by Sheets. All in favor.
11. ADJOURN	<i>Kornblatt Idell</i>	
	5:59 pm	

Document Tasks By Committee

Listing of currently pending and/or upcoming document tasks grouped by committee.

Sonoma Valley Hospital

Run by: Finn, Stacey (sfinn)
Run date: 09/29/2022 9:44 AM

Report Parameters

Filtered by: Document Set: - All Available Document Sets -
Committee: 09 BOD-Board of Directors
Include Current Tasks: Yes
Include Upcoming Tasks: No

Grouped by: Committee

Sorted by: Document Title

Report Statistics

Total Documents: 20

Committee: 09 BOD-Board of Directors

Committee Members: Finn, Stacey (sfinn), Newman, Cindi (cnewman)

Current Approval Tasks (due now)

Document	Task/Status	Pending Since	Days Pending
Change from Natural Gas to Propane <i>Engineering Dept</i>	Pending Approval	9/29/2022	0
<p>Summary Of Changes: Reviewed, no changes.</p> <p>Moderators: Newman, Cindi (cnewman)</p> <p>Lead Authors: Gatenian, Grigory (ggatenian)</p> <p>Approvers: Drummond, Kimberly (kdrummond) -> 01 P&P Committee - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)</p>			
COVID-19 Surge Planning-Pharmacy <i>Emergency Preparedness Policies (EP)</i>	Pending Approval	9/29/2022	0
<p>Summary Of Changes: Deleted COVID-19 from title. Policy is generic to all pharmacy surge planning. no other changes</p> <p>Moderators: Newman, Cindi (cnewman)</p> <p>Lead Authors: Kutza, Chris (ckutza), Kobe, Mark (mkobe)</p> <p>Approvers: 00 Clinical P&P multidisciplinary review -> 01 P&P Committee - (Committee) -> 04 MS-Performance Improvement/Pharmacy & Therapeutics Committee - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)</p>			
Critical Tests Results-Medical Imaging <i>Targeted Quality & Safety Initiatives Policies (QS)</i>	Pending Approval	9/29/2022	0
<p>Summary Of Changes: Reviewed Policy, Title Changes, Grammatical Changes, Change in Vendor for Remote Radiology Service, change is stat turn around time for Teleradiology services</p> <p>Moderators: Newman, Cindi (cnewman)</p> <p>Lead Authors: Young, Dave (dyoung)</p> <p>ExpertReviewers: Medical Director-Diagnostic Radiology</p> <p>Approvers: Kuwahara, Dawn (dkuwahara) -> 01 P&P Committee - (Committee) -> 02 MS-Medicine Department - (Committee) -> 04 MS-Performance Improvement/Pharmacy & Therapeutics Committee - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)</p>			

Document Tasks by Committee

Sonoma Valley Hospital

Run by: Finn, Stacey (sfinn)

Run date: 09/29/2022 9:44 AM

Listing of currently pending and/or upcoming document tasks grouped by committee.

Electrical Lock Out Procedure <i>Engineering Dept</i>	Pending Approval	9/29/2022	0
Summary Of Changes:	Reviewed, no changes other than Approval personnel workflow		
Moderators:	Newman, Cindi (cnewman)		
Lead Authors:	Gatenian, Grigory (ggatenian)		
Approvers:	Drummond, Kimberly (kdrummond) -> 01 P&P Committee - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)		
Electrical Safety <i>Engineering Dept</i>	Pending Approval	9/29/2022	0
Summary Of Changes:	Reviewed, no changes other than approval personnel		
Moderators:	Newman, Cindi (cnewman)		
Lead Authors:	Gatenian, Grigory (ggatenian)		
Approvers:	Drummond, Kimberly (kdrummond) -> 01 P&P Committee - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)		
Emergency Battery Powered Lghts <i>Engineering Dept</i>	Pending Approval	9/29/2022	0
Summary Of Changes:	The policy was reviewed and no changes were made.		
Moderators:	Newman, Cindi (cnewman)		
Lead Authors:	Gatenian, Grigory (ggatenian)		
Approvers:	Drummond, Kimberly (kdrummond) -> 01 P&P Committee - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)		
Emergency Operations Plan <i>Emergency Preparedness Policies (EP)</i>	Pending Approval	9/29/2022	0
Summary Of Changes:	Substantive revisions including updating essential and emergent resource contacts, citation of SVH reference policy, Multiple grammatical changes. Addition Attachment I Temporary Emergent Staffing Agreement, Attachment J SVH Specialty Services & Transfer Guide. Attachment K, The First 10 Minutes of an Emergency, Update Long Term Care facilities list. Updated current reference links. Include link to Incident Response Guides including updated information on response to Active Shooter		
Moderators:	Newman, Cindi (cnewman)		
Lead Authors:	Kobe, Mark (mkobe)		
ExpertReviewers:	Cooper, Kylie (kcooper), Finn, Stacey (sfinn), Hennelly, John (jhennelly), Kutza, Chris (ckutza), Kuwahara, Dawn (dkuwahara), McKissock, Lynn (lmckissock)		
Approvers:	00 Clinical P&P multidisciplinary review -> 01 P&P Committee - (Committee) -> 02 MS-Medicine Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)		
Hospital Evacuation During Disaster <i>Emergency Preparedness Policies (EP)</i>	Pending Approval	9/29/2022	0
Summary Of Changes:	Minor grammatical changes, updated Author/Reviewers list and updated hospital department locations		
Moderators:	Newman, Cindi (cnewman)		
Lead Authors:	Kobe, Mark (mkobe)		
ExpertReviewers:	Finn, Stacey (sfinn)		
Approvers:	Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 02 MS-Medicine Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)		

Document Tasks by Committee

Sonoma Valley Hospital

Run by: Finn, Stacey (sfinn)

Run date: 09/29/2022 9:44 AM

Listing of currently pending and/or upcoming document tasks grouped by committee.

NEW VERSION::Annual Performance Evaluations	Pending Approval	9/29/2022	0
<i>Human Resources Policies (HR)</i>			
Summary Of Changes:	NEW Policy		
	<p>Replacing previous, outdated version that has now been retired. Changed the schedule for the annual reviews to occur on the annual anniversary of the employee's employment or effective date of new position. Updated procedures to correspond to current, electronic system and process.</p>		
Moderators:	Newman, Cindi (cnewman)		
Lead Authors:	McKissock, Lynn (lmckissock)		
Approvers:	Cooper, Kylie (kcooper) -> 01 P&P Committee - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)		
NEW:: FNS Department Employee Meals	Pending Approval	9/29/2022	0
<i>Food & Nutrition Services Dept Policies</i>			
Summary Of Changes:	New policy providing guidelines for FNS department employee meals		
Moderators:	Newman, Cindi (cnewman)		
Lead Authors:	Finn, Bridget (bfinn)		
Approvers:	Drummond, Kimberly (kdrummond) -> 01 P&P Committee - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)		
NEW::Delegation of Responsibilities, Clinical Lab	Pending Approval	9/29/2022	0
<i>Laboratory Services Policies (LB)</i>			
Summary Of Changes:	NEW POLICY		
	<p>This policy is being written as a result of our recent CLIA Survey. It is in response to a cited deficiency.</p> <p>WHY: It identifies what responsibilities can be delegated by the Lab Medical Director to the Lab General Supervisor and Lab Technical Supervisor.</p>		
Moderators:	Newman, Cindi (cnewman)		
Lead Authors:	Kuwahara, Dawn (dkuwahara), Ramos, Karen (kramos)		
ExpertReviewers:	Medical Director-Lab		
Approvers:	01 P&P Committee -> 02 MS-Medicine Department - (Committee) -> 03 MS-Surgery Department - (Committee) -> 04 MS-Performance Improvement/Pharmacy & Therapeutics Committee - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)		
NEW::Medicinal Cannabis Use in the Terminally Ill	Pending Approval	9/29/2022	0
<i>Patient Rights Policies (PR)</i>			
Summary Of Changes:	NEW POLICY		
	<p>To formulate a policy that allows permission for terminally ill patients to use medicinal cannabis while in the care of Sonoma Valley Hospital as required by SB 311, known as the Compassionate Access to Medical Cannabis Act.</p> <p>WHY: Effective January 1, 2022, SB 311, known as the Compassionate Access to Medical Cannabis Act (the Act), requires general acute care hospitals to permit terminally ill patients to use medicinal cannabis while in the health care facility.</p> <p>Updated to include documentation in the medical record and monitoring by RN's</p>		
Moderators:	Newman, Cindi (cnewman)		
Lead Authors:	Kutza, Chris (ckutza), Cooper, Kylie (kcooper)		
ExpertReviewers:	Kutza, Chris (ckutza)		

Document Tasks by Committee

Sonoma Valley Hospital

Run by: Finn, Stacey (sfinn)

Run date: 09/29/2022 9:44 AM

Listing of currently pending and/or upcoming document tasks grouped by committee.

Approvers: **06 CMO/Designee for signature -> 01 P&P Committee - (Committee) -> 02 MS-Medicine Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 04 MS-Performance Improvement/Pharmacy & Therapeutics Committee - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Performance Evaluations	Pending Approval	9/29/2022	0
<i>Human Resources Policies (HR)</i>			

Summary Of Changes: **RECOMMEND RETIRE in place of new policy (Annual Performance Evaluation)
Updated the annual review schedule, measured by an employee's date of hire or effective date of transfer into a new position**

Moderators: **Newman, Cindi (cnewman)**

Lead Authors: **McKissock, Lynn (lmckissock)**

Approvers: **Cooper, Kylie (kcooper) -> 01 P&P Committee - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Post Discharge SSI Surveillance	Pending Approval	9/29/2022	0
<i>Infection Prevention & Control Policies (IC)</i>			

Summary Of Changes: **Defined acronyms
Updated References
Updated Author/reviewers/approvals**

Moderators: **Newman, Cindi (cnewman)**

Lead Authors: **Montecino, Stephanie (smontecino)**

ExpertReviewers: **Fry, Dana (dfry)**

Approvers: **Cooper, Kylie (kcooper) -> 01 P&P Committee - (Committee) -> 04 MS-Performance Improvement/Pharmacy & Therapeutics Committee - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Prevention of Surgical Site Infections	Pending Approval	9/29/2022	0
<i>Infection Prevention & Control Policies (IC)</i>			

Summary Of Changes: **Fixed Acronyms**

**Removed screen shots of paragon regarding where to document CHG bathing. Now states that CHG must be documented by nurse in electronic health record.
spelling mupirocin
no gel nails
updated references**

Moderators: **Newman, Cindi (cnewman)**

Lead Authors: **Montecino, Stephanie (smontecino)**

ExpertReviewers: **Fry, Dana (dfry), Winkler, Jessica (jwinkler)**

Approvers: **Cooper, Kylie (kcooper) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Prevention of Ventilator Associated Pneumonia (VAP) and Nonventilator Pneumonia	Pending Approval	9/29/2022	0
<i>Infection Prevention & Control Policies (IC)</i>			

Summary Of Changes: **Reviewed. Updated Reference to include EBSCO Dynamic Health.**

Moderators: **Newman, Cindi (cnewman)**

Lead Authors: **Montecino, Stephanie (smontecino)**

ExpertReviewers: **06 CMO/Designee for signature**

Approvers: **Cooper, Kylie (kcooper) -> 01 P&P Committee - (Committee) -> 04 MS-Performance Improvement/Pharmacy & Therapeutics Committee - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Document Tasks by Committee

Sonoma Valley Hospital

Run by: Finn, Stacey (sfinn)

Run date: 09/29/2022 9:44 AM

Listing of currently pending and/or upcoming document tasks grouped by committee.

Reporting Positive Culture Results After Transfer to Another Facility <i>Infection Prevention & Control Policies (IC)</i>	Pending Approval	9/29/2022	0
<p>Summary Of Changes: Reviewed Acronyms have been defined. Added "infection preventionist" and references. No content changes made</p> <p>Moderators: Newman, Cindi (cnewman)</p> <p>Lead Authors: Montecino, Stephanie (smontecino)</p> <p>ExpertReviewers: Kuwahara, Dawn (dkuwahara)</p> <p>Approvers: Cooper, Kylie (kcooper) -> 01 P&P Committee - (Committee) -> 04 MS-Performance Improvement/Pharmacy & Therapeutics Committee - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)</p>			
RETIRE:: Bio-Med Safety PM Program <i>Engineering Dept</i>	Pending Approval	9/29/2022	0
<p>Summary Of Changes: Retire::Duplicate of Organizational policy addressing Periodic Maintenance (EC-EQP8610-108.)</p> <p>Moderators: Newman, Cindi (cnewman)</p> <p>Lead Authors: Gatenian, Grigory (ggatenian)</p> <p>Approvers: Drummond, Kimberly (kdrummond) -> 01 P&P Committee - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)</p>			
Surge Policy to Manage Patient Influx <i>Emergency Preparedness Policies (EP)</i>	Pending Approval	9/29/2022	0
<p>Summary Of Changes: Included reference to EOP and CMS 1135 Waiver policy. Updated surge planning and added 2nd floor overflow schematic Updated to include emergency plans for ventilators, IV pumps and staffing algorithm</p> <p>Moderators: Newman, Cindi (cnewman)</p> <p>Lead Authors: Kobe, Mark (mkobe)</p> <p>ExpertReviewers: Finn, Stacey (sfinn)</p> <p>Approvers: Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 02 MS-Medicine Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)</p>			
Tracking of On-duty Staff During a Disaster <i>Emergency Preparedness Policies (EP)</i>	Pending Approval	9/29/2022	0
<p>Summary Of Changes: Updated to include tracking of patients during evacuation.</p> <p>Moderators: Newman, Cindi (cnewman)</p> <p>Lead Authors: McKissock, Lynn (lmckissock), Kobe, Mark (mkobe)</p> <p>ExpertReviewers: Finn, Stacey (sfinn)</p> <p>Approvers: Kobe, Mark (mkobe), McKissock, Lynn (lmckissock) -> 01 P&P Committee - (Committee) -> 07 BOD-Quality (P&P Review) - (Committee) -> 09 BOD-Board of Directors - (Committee)</p>			



COMMUNITY OUTREACH & MARKETING REPORT

JULY 2021 – JUNE 2022

OVERVIEW

JULY 2021 – JUNE 2022

- **Continued Support For Covid Response**
- **Community Highlights**
- **Marketing Highlights**
- **What's Ahead**



Overall Strategy

- **First Choice, Top of Mind, Trusted**
- **Best in Class for healthcare and state-of-the art diagnostics**
- **Best in Class for Patient Support**
- **Community Partner**
- **UCSF Affiliation +**



CONTINUED SUPPORT FOR COVID RESPONSE

Affirmed our critical role in
community health

- **Strengthened** Collaborations
 - SVCHC
 - SOS
- **Established** New Partnerships
 - SVUSD
 - Sonoma Valley Mental Health Coalition (SVMHC)



COMMUNITY OUTREACH

Broadened Our Voice

- **Sonoma Valley Mental Health Coalition**
 - Upstream Safety Net
 - 17 Community Organizations
- **Sonoma Valley Collaborative**
 - Housing
 - SDC

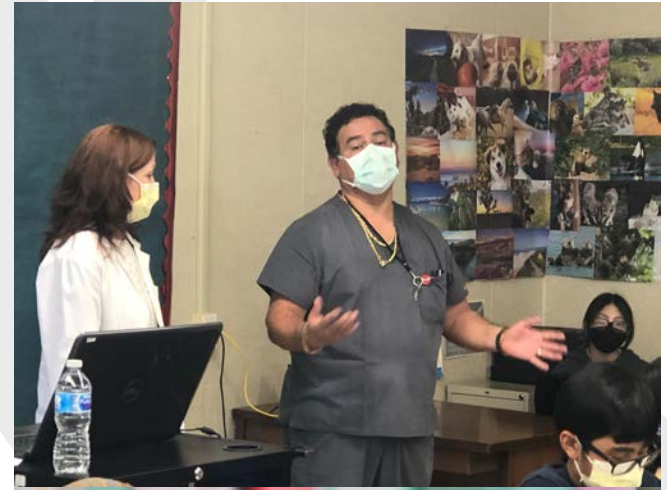
Sonoma Valley Mental Health Collective brings 17 groups together



COMMUNITY OUTREACH

Invested In Our Future

- **Sonoma Valley High School**
 - Presentations and Internships
- **Middle Schools**
 - Presentations



MARKETING STRATEGY FIRST CHOICE

- Top of the line, health experts
- Best in class
- This is where you want to be
- UCSF Health Affiliation and UCSF Resources
 - Co-Op Marketing
 - DEI – We are here for YOU as YOU present
 - AHA Award – Emergency Stroke Care
 - International/national research and healthcare experts
- Community Outreach and Partnerships

MARKETING

- **Broadcast Our Achievements**
 - AHA Stroke Award – National Recognition
 - SVCHC Recognition
 - MediCal Partnership Recognition



SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
AN AFFILIATE OF UCSF HEALTH

**Sonoma Valley Hospital
Recognized for
Commitment to
Providing
High-Quality
Stroke Care**

2022
GET WITH THE
GUIDELINES.

SILVER PLUS

STROKE

SVH receives American Heart Association's
Silver Plus Get with The Guidelines Award



PARTNERSHIP
HEALTHPLAN of CALIFORNIA
A Public Agency



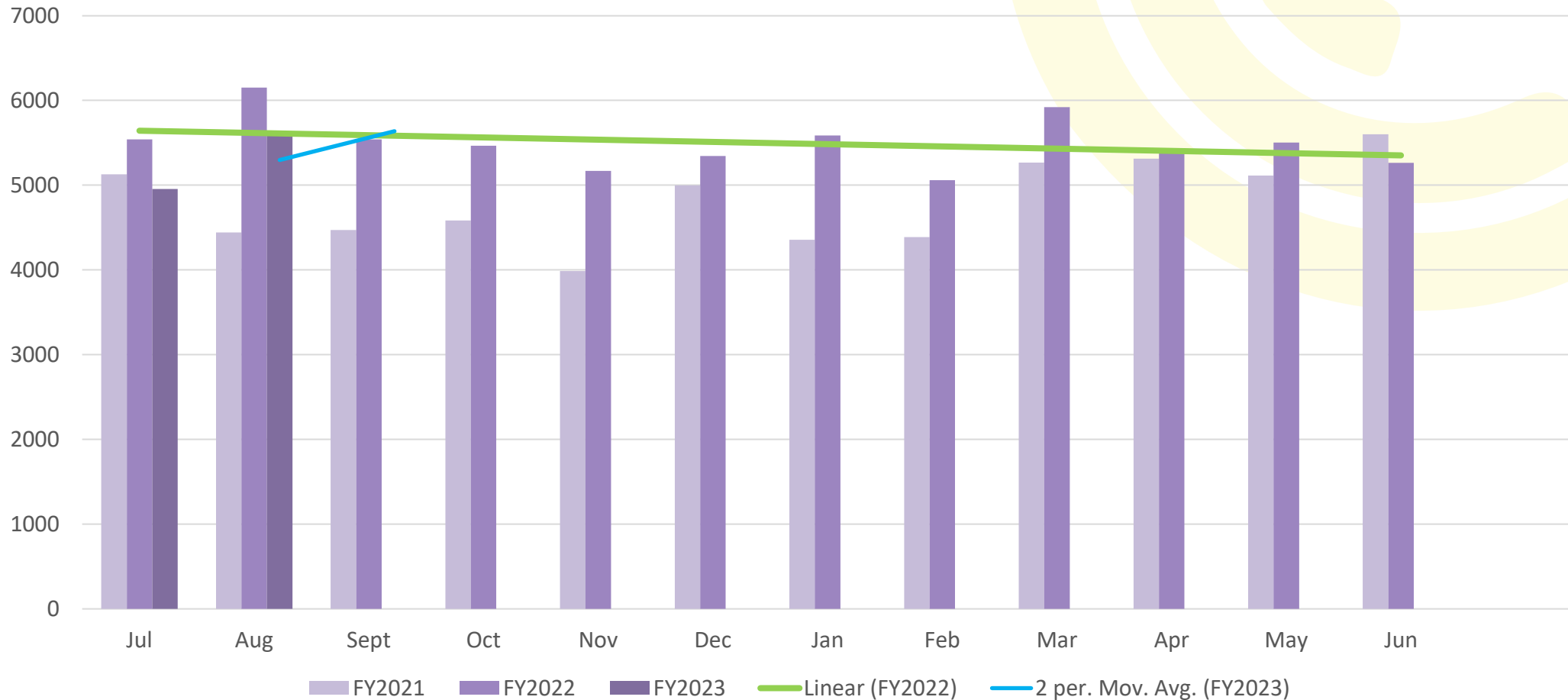
SONOMA VALLEY
**COMMUNITY
HEALTH CENTER**

MARKETING – GROW VOLUMES

- HealthTalks
- Brown Bag Medication Reviews
- Conversation With A Doctor
- Board Chair Report*
- CEO Community Letter*
- UCSF Health Reader Spot with KQED
- *Spanish Translation



ALL SERVICE LINES: FY21, FY22, FY23



WHAT'S AHEAD: COMMUNITY OUTREACH

- **Maintain and strengthen existing relationships**
 - High School and SVUSD
 - Vintage House
 - La Luz Center
 - Sonoma Valley Collaborative
 - Sonoma Valley Mental Health Coalition

WHAT'S AHEAD: **MARKETING**


- **Marketing Collaboration with UCSF Health**
- **Outreach Programs With Community Health Center**
- **Community Physicians – Building Referrals**

WHAT'S AHEAD: MARKETING

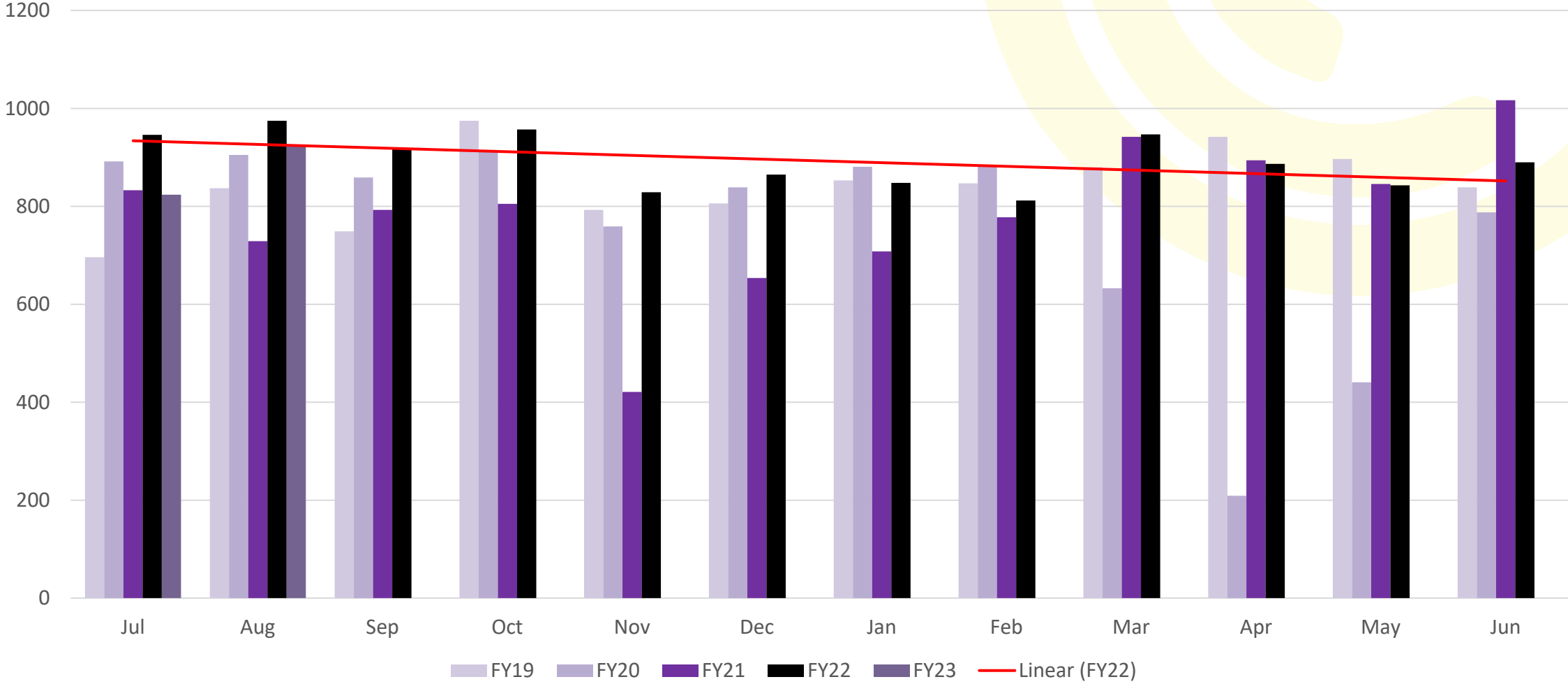
- MyChart
- Healing Here In Sonoma Valley
 - ODC
 - Specialists
- Update Website



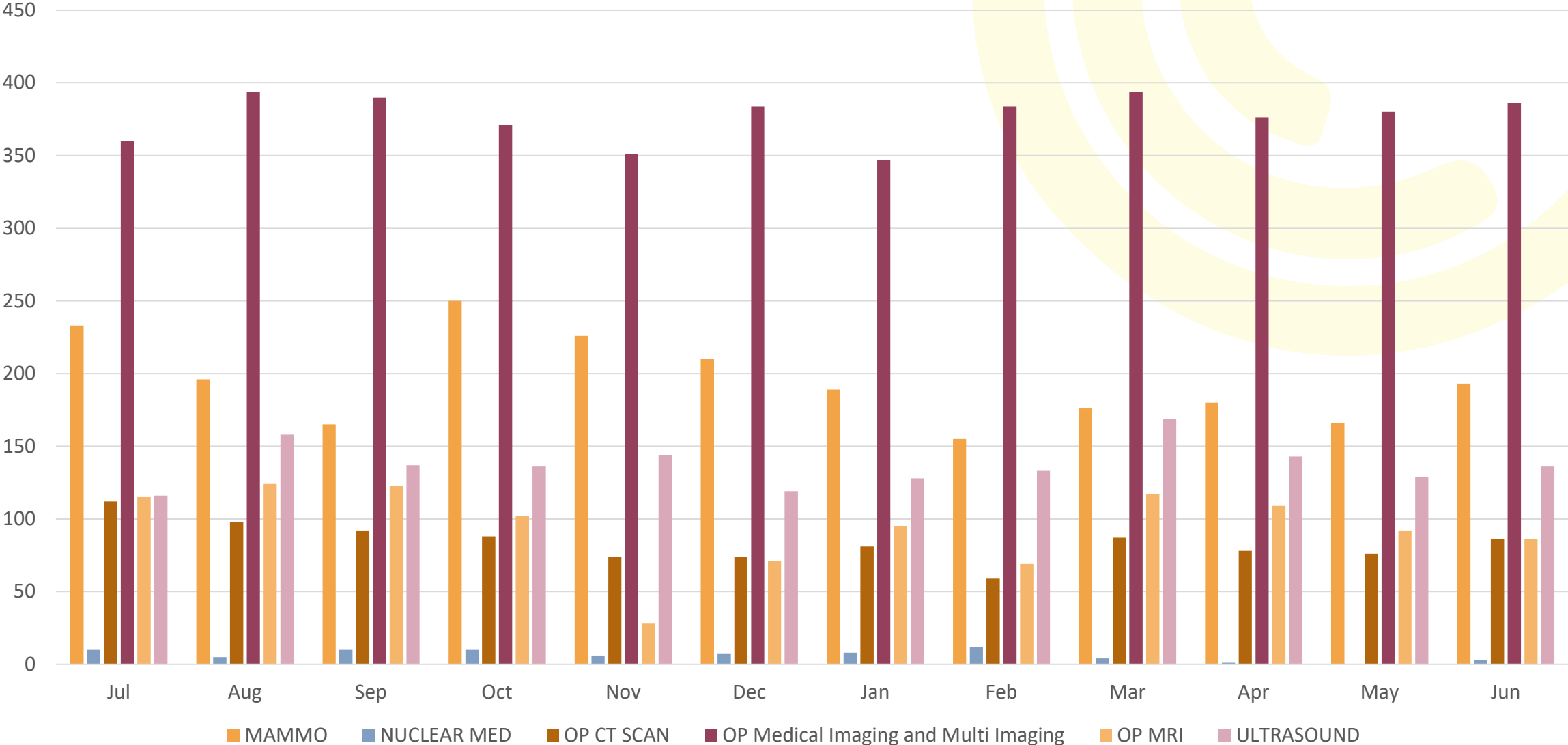


**SONOMA
VALLEY HOSPITAL**
SONOMA VALLEY HEALTH CARE DISTRICT
AN AFFILIATE OF UCSF HEALTH

IMAGING SERVICE LINES COMBINED VOLUMES FY19-23



IMAGING SERVICE LINES VOLUMES FY22



QUESTIONS





To: SVHCD Board of Directors
From: John Hennelly
Date: 10.06.22
Subject: Administrative Report

The first quarter of FY23 has been eventful. We have opened the new CT suite, we've been fully immersed in the EHR transition to Epic, and we're still managing the Covid pandemic/endemic. All the while, quality and volumes have followed forecasts across the organization.

The **Covid** pandemic/endemic continues. Following the surge in July, we have seen a protracted quiet period. ED visits, admissions and staff infections are at 12-month lows. We are transitioning toward antigen testing in many treatment areas. This will provide more useful information at a fraction of the cost. We are now offering the bivalent vaccine, designed to address Omicron BA.4 and BA.5, to staff over 50 years old.

We remain prepared as the next Covid upswing could happen at any time. SVH continues to require masking by everyone in the hospital in addition to the expectation of being vaccinated or having a recent negative PCR (lab) test.

Infrastructure work continues. The new **128 slice CT scanner**, part of the Outpatient Diagnostic Center, is live as of August, with staff using the new system for all testing. The MRI project planning is complete with a new location identified, contiguous to Radiology. As planned, the proposed project plan is enclosed in this board packet.

We are less than 90 days from **EPIC** go live. Community Technologies (CT), our hosting partner, is working with SVH teams to ensure all data is uploaded, formatted, and interfaced in preparation for the dress rehearsal in early November. Included in this board packet is a request for approximately \$650k to fund previously unidentified project needs. This funding revolves largely around 3rd party contracting – interfaces, licensing fees, and termination fees.

The hospital's **quality** performance through August continues to be strong. Of note, infection prevention remains incredibly strong with virtually no central line infections, catheter associated infections, or CDI/F. Similarly, falls and core measure rates remain incredibly strong.

August **financial results** exceeded our most targets for the fifth month in a row. Operating margin exceeded budget by 11% and EBDA by 15%. While we exceeded budget, we continue to trail these metrics for the same period last fiscal year. Net Income far exceeded the budget (\$31k) and prior year, coming in at a positive \$278k. As we move further into FY23, we will erode our cash position in funding for both Epic and the ODC. These initiatives will take our cash position from 50 days to a low of roughly 27 before rebounding late in the year back around 50.

To better track progress on initiatives related to UCSF, we have created the following tracker which will be managed by the Joint Operating Committee over seen by the Board's Affiliate Oversight Committee.

Please see next page for the tracker.

Revision Date: 08/25/22		Tactic Completed	Tactics under way now	Tactics to begin in the next 12 months	Tactics in conceptual form		
			UCSF/SVH Joint Operating Dashboard				
	Initiative	Description/Tactic	Benefits/Impact	Start Date	Target Completion Date	Update	
Strategic Objective							
1 Increase Access to San Francisco based UCSF Care - ability for Sonomans to access care at UCSF in the city has been difficult. This objective seeks to improve pathways to access care.	1.1	Expansion of Telemedicine Services with UCSF Affiliate Network	Neurology coverage for stroke and inpatient care	24/7 availability of neuro consult for stroke cases in ED	2019	2019	complete
			Infectious Disease coverage for hospital	Specialty coverage for ED and inpatient units			complete
			Intensivist Coverage of ICU	Expanded medical team would expand the types of cases that could be treated at SVH.	2022	2023	Discussing the viability of concept
	1.2	Beta Site for Capacity Management (transfer) Center	Integration of SVH into the UCSF/Phillips capacity management system	The integration will improve both site's ability to place patients in the right setting for their needs. Impact to SVH increased transfers both in and out as needed.	Summer 2023	2023-2024	UCSF/Phillips building the system now.
2 Increase Access to Locally Provided Specialists/Primary Care - establishment of care sites in Sonoma will aid in access to UCSF care.	2.1	Physician Employment	Joint recruitment of GI specialists based in Sonoma	Provision of service currently unavailable in Sonoma and highly in demand.	2021	in process	Agreement finalized, position advertised via UCSF
			Joint recruitment of orthopedic surgeon based in Sonoma	Orthopedics is in strong demand in Sonoma. Planning to insure availability over coming years.		2023-25	This is in concept stage at this point. Discussions will occur between existing partners to develop a plan.
			Engagement of UCSF faculty in growth or under represented service lines	Engagement can increase the types of care available in Sonoma and increase connectivity with programs at UCSF.	2022	2023	Issuance of RFP to faculty to identify programs which could be cited in Sonoma. Proposals must address market need.
	2.2	Expansion of Clinically Integrated Network	Opportunity to contractually link Sonoma providers to UCSF network improving network access, quality oversight, and financial stability for practices	Helps insure stability of practices in Sonoma and improved access to broader network.		2023	UCSF revising program
3 Increase Facility Utilization - objective is to use available space and resources at SVH to alleviate capacity issues at UCSF where needs align. The result will be more availability of services in Sonoma.	3.1	Grow UCSF surgical presence in Sonoma	Objective is to engage UCSF surgeons to practice in Sonoma and at SVH.	Increase availability of surgical services in Sonoma/increase utilization of SVH operating rooms			Next steps, ODC, EPIC go live to provide common working platform
	3.2	Explore collaborative opportunities in orthopedics	Details listed in section 2. Listed here to note it serves this objective.				
	3.3	Increase utilization of ODC by UCSF	Online scheduling	UCSF is moving to self scheduling which enables the patient to select the best location for their service based upon availability or location. This could optimize utilization of SVH assets.	2022	2023	
	3.4	Development of Post Acute program	Objective is to insure adequate postacute care is available in Sonoma	Meeting market demand and insuring Sonoma has the right setting for care. Activation of dormant space at SVH.		2024	This is in concept stage at this point.
							Engage BTB Health on this?
4 Enhance IT Integration - maximize connectivity between two organizations to improve integration of data available to community and patients	4.1	Maximize data availability between sites	EPIC implementation	Installation of EPIC will improve connectivity between UCSF and SVH.	January 2022	12/3/2022	Implementation underway
			Optimize EPIC data transfer between instances	Maximizing data integration between SVH Epic and UCSF Epic will optimize utilization by clinicians and patients	Summer 2023	2025	Once SVH is live on Epic, SVH team will poll users to identify biggest opportunities for improvement.
	4.2	Integration of IT management	Contract executed between UCSF and SVH for the provision of management services to SVH		2022	2022	Complete
5 Share Resources/Reduce Costs - by collaborating, can the two organizations save money?	5.1	Integration of coordination of care w UCSF and/or Marin Health					
	5.2	Leadership Development	Sound leadership yields high performing organization	Investment in leadership is paramount in a high performing organization. Impact is more innovation (growth), better staff and patient satisfaction, increased market competitiveness, higher employee retention.	2022	ongoing	New Leader Orientation launched 8/22 and will be held monthly. UCSF resources for executive support being investigated.
	5.3	Explore JV opportunities around ODC	Develop a business case for a joint venture between SVH and UCSF around the ODC and surgical services	A joint venture would provide both capital and focus from UCSF on Sonoma.	CY2023	2024	
Parking Lot		Exploration of ways to integrate purchase of goods and services		Cooperating with UCSF on purchasing could yield significant savings			Management continually on the look out for such opportunities. Supplies were reviewed in 2022 - no opportunity. Reimbursement rates - not allowed unless UCSF has a controlling interest.

Update from 2025 Strategic Plan:

Strategic Priorities	Update
Enhance Quality and Services through the affiliation with UCSF Health	<ul style="list-style-type: none"> ➤ We focus on building our relationship around provider recruitment <ul style="list-style-type: none"> ○ GI – recruits are being identified and vetted. ○ Primary Care ➤ CMO (Chief Medical Officer) selection has been made. Contract is being negotiated.
Exceed Community Expectations especially in Emergency Services	<ul style="list-style-type: none"> ➤ The hospital continues to provide guidance to our community regarding Covid guidelines. ➤ The hospital has expanded the availability of testing to the community through the hospital drive through. ➤ Phase 1 (CT) of the ODC is complete. The MRI project is moving from planning to implementation phase. ➤ Engagement continues with community groups and community members. SVH hosted 'Active Aging' at Vintage House hosting 4 expert speakers from around the Bay Area.
Ensure Patients receive Excellent, Safe care	<ul style="list-style-type: none"> ➤ Covid screening protocols continue to be deployed throughout the hospital. Visitors are required to be fully vaccinated or show a negative PCR result. These protocols are reviewed every two weeks. ➤ Implementation of Epic is in build phase. Teams are preparing for the Tech Dress Rehearsal in early November. Go live December 3, 2022.
Provide Access to Excellent Physicians	<ul style="list-style-type: none"> ➤ The team continues to work on recruitment efforts to bring MDs to Sonoma. Focus currently on primary care and surgery.
Be a Healthy Hospital	<ul style="list-style-type: none"> ➤ All staff must be vaccinated against Covid or have a waiver. SVH employees and medical staff are 98% vaccinated. Provision of the new Omicron booster to qualifying individuals is under way. Those without vaccines or boosters are either exempted or on leaves of absences. ➤ The hospital is planning de-escalation training for key frontline workers and management in January.

SVH Performance Score Card

1. Quality and Safety

Objective	Target	JUL.22	AUG.22	Trend	Supporting detail
Infection Prevention					
Central Line Blood Stream Infection CLABSI per 10k pt days	<1	0.0	0.0	↔	
Catheter Associated Urinary Tract Infection- CAUTI per 10k pt days	<1	0.0	1.0	↓	Investigation and education to staff performed. All appropriate care was met
CDIFF Infection per 10k pt days	<0.9	0.0	0.0	↔	
Safety					
Patient Fall per 1000 pt days	<3.75	7.0	0.0	↑	
Patient fall with injury per 1000 pt days	<3.75	0.0	0.0	↔	
Surgical Site Infections per 1000 Acute Care Admissions	0.00	0.0	0.0	↔	

Core Measures					
Sepsis Early Management Bundle % compliant	>81%	75 (n=8)	85.7 (n=7)	↑	
Severe Sepsis 3 hour Bundle % compliant	>94%	87.5 (n=7)	100 (n=7)	↑	
Severe Sepsis 6 hr Bundle % compliant	100.00	100 (n=3)	100 (n=5)	↔	
Core OP 23- Head CT within 45 mins % compliant	100.00	100 (n=1)	N/A		

Mortality					
Acute Care Mortality Rate %	<15.3	0.0	1.6	↓	

ED					
Core OP 18b Median Time ED arrival to ED Departure mins	<132	190 (n=27)	154 (n=30)	↑	
Core Op 22 ED Left without being seen LWBS	<2%	3.7	1.9	↑	

PSI 90					
PSI 90 Composite Acute Care Admissions	0.00	0.0	0.0	↔	

Preventable Harm					
Preventable Harm Events Rate % of risk events graded Minor-Major	0.00	0.000	0.190	↓	

Readmissions					
Readmissions to Acute Care within 30 days %	<15.3	1.82	3.57	↓	Lower is better

2. Employees

Objective	Target	JUL.22	AUG.22	Trend	Supporting Detail
Turnover	<3%	0.9	1.4	↓	
Workplace Injuries	<20 Per Year	0 (QTR3)	1 (QTR3)	↓	TOTAL 6 YTD

3. Patient Experience

Objective	Target	JUN.22	JUL.22	Trend	Supporting Detail
Outpatient Ambulatory Services					
Recommend Facility	>50%	7 (n=21)	97 (n=19)	↑	
Communication	>60%	1 (n=21)	73 (n=19)	↑	
Discharge Instructions	>70%	25 (n=21)	1 (n=19)	↓	
HCAHPS					
Recommend the hospital	>50%	99 (n=8)	58 (n=14)	↓	
Communication with Nurse	>50%	71 (n=8)	22 (n=14)	↓	
Communication with Doctor	>50%	94 (n=8)	3 (n=14)	↓	
Cleanliness of Hospital	>50%	17 (n=8)	81 (n=14)	↑	
Communication about medicines	>60%	85 (n=8)	84 (n=14)	↓	
Discharge Information	>50%	96 (n=8)	35 (n=14)	↓	

4. Volume

Objective	Target	JUL.22	AUG.22	Trend	Supporting Detail
Patient Visits					
Emergency Visits	>750	818.0	840.0	↑	
Surgical Volume Outpatient	>80	76.0	99.0	↑	
Surgical Volume Inpatient	>13	18.0	18.0	↔	
Inpatient Discharges	>50	60.0	63.0	↑	

5. Financial

Objective	Target	JUL.22	AUG.22	Trend	Supporting Detail
EBDA in %	>0.5	-5.4	-0.1	↑	
Days Cash on Hand month end	>42	53.8	51.8	↓	
Net Revenue (\$M) (Annualized)	>\$49	\$ 46.6	\$ 46.7	↔	



Scorecard Definitions for Quality Metrics

Central Line Associated Blood Stream Infection (CLABSI)

Blood stream infection found in a patient with a central line in place and has been >48 hours since admission.

Catheter Associated Urinary Tract Infection (CAUTI)

Urinary tract infection found in a patient who has a catheter in place and has been >48hrs since admission.

CDIFF (Clostridium Difficile)

Clostridium Difficile found from a stool sample in a patient that has been admitted >48hrs

Sepsis Early Management

Obtain Blood Cultures BEFORE antibiotics

Administer Antibiotics

Obtain Lactate Level

Lactate Level repeated (if elevated)

Severe Sepsis 3 hour bundle

All above included plus-

Administer 30ml/kg of crystalloid for hypotension or Lactate >4

Focused MD exam

Severe Sepsis 6 hour bundle (septic shock only)

Lactate greater than 4 or

If persistent hypotension with 1 hour of fluid administration add Vasopressor

Shock reassessment by physician

Mortality

Acute care mortality benchmark is derived from CMS 5-star rating benchmark which is 15.3%.

Our average mortality rate each month is around 2-6%, most of our deaths are expected and are related to palliative care/hospice patients.

PSI 90

Summarizes patient safety across multiple indicators including-

Pressure Ulcers

Falls with Hip Fracture

Perioperative (while in surgery) complications

Postoperative complications

Preventable Harm

Unintended physical injury resulting from or contributed to by medical care (including the absence of indicated medical treatment), that requires additional monitoring, treatment or hospitalization, or that results in death. This is a percentage of risk events that have a significance level of minor-major harm.

Derived from the risk events entered into our risk reporting platform.

Examples of risk events are- patient falls, surgical complications, mis-diagnosis, repeat visits, code blue, AMA, transfers to other facilities, documentation issues.

Goal is 0. Alarm is set at 5.0 which is the benchmark set by UCSF and chosen by Dr Kidd

Readmissions

Percentage of patients that get readmitted to the hospital within 30 days of discharge.



To: Sonoma Valley Health Care District Board of Directors
From: Ben Armfield, Chief Financial Officer; Kimberly Drummond, Director of Facilities
Date: October 6, 2022
Subject: **Supply Chain Management Services Agreement – Comprehensive Pharmacy Services (CPS)**

Background: Back in February of 2011, Sonoma Valley Hospital entered into an agreement with Comprehensive Pharmacy Services (CPS) to manage its pharmacy. By formalizing this arrangement, CPS provided SVH with a pharmacy director and much needed oversight. The term of the initial agreement was five years and has since been renewed multiple times as SVH has benefited greatly from this relationship.

Current State: Due to the overall success of this arrangement, SVH management-initiated conversations with multiple third-parties to potentially engage in additional departmental relationships such as the existing arrangement in Pharmacy. It became clear during these initial discussions that one area where there was opportunity was with our supply chain department. Specifically, engaging a group that could provide departmental-specific tools, resources, and expertise that could further support our talented, existing staff and also allow the hospital to achieve more efficiency in supply chain related activities.

Once we made this determination, we engaged several firms to see if we could find a potential fit. One of them was CPS, which in addition to providing management solutions in the Pharmacy space, also provides full-scale supply chain management services. The other firm we engaged was Community Hospital Corporation. Both have extensive experience providing supply chain management solutions for hospitals of our size. Community Hospital Corporation provides full scale supply chain management resources, but their base management fees exceeded \$150,000 annually. They are also affiliated and tied to a Group Purchasing Organization (GPO), which would significantly limit our flexibility and cost savings potential under our current model. CPS was willing to offer more flexibility at a lower price point. Their proposal, in which their annual management fees total \$108,000, were significantly less than the other competing bid that we received. They were also the only option willing to “guarantee” their proposed savings, meaning SVH would receive a credit if annual generated cost savings from this relationship did not meet the yearly management fee. CPS is also GPO neutral, which allows them to work on behalf of the hospital. After reviewing the proposals and discussions with the prospective vendors, the team felt CPS would best meet the needs of our organization.

CPS Supply Chain – Who They Are:

- **They are a hospital service line performance improvement company - CPS is not a consultant.** They identify, implement, and sustain supply chain best practices while ensuring the department is aligned to the hospital’s goals and objectives.
- **They are not a Group Purchasing Organization (GPO) –** CPS is not bound to any GPO, they are GPO neutral. This allows them to work on behalf of the hospital.
- **They implement a comprehensive program –** CPS will work with SVH to proactively identify expense reductions, resulting from disciplined benchmarking, supply contracts, capital purchasing, operational improvements, technology, and service agreements.
- **They invest in leadership –** CPS prioritizes employee development and national network knowledge transfer to improve oversight and maintain disciplined cost controls.
- **They implement proprietary software –** CPS has revenue and expense benchmarking databases and supply chain analytics that will significantly improve SVH’s ability to manage both operational and capital costs. They also have a contract management system that tracks and houses all supply chain contracts.

- **They have strong client satisfaction** – CPS currently has a client satisfaction rating exceeding 95%. SVH has had great experience with the CPS model as it currently has a very beneficial working relationship with CPS in pharmacy.

CPS Proposal: See below for the key terms included in their proposal:

- 5-Year Agreement between CPS and SVH
- Current SVH Supply Chain Director would become CPS employee. Rest of SVH supply chain would remain SVH employees.
- CPS Management Fee of \$108,000 annually (\$9,000/month)
 - Additional Fee (in \$10,000 increments) for annual cost savings generated in excess of at least 2x the annual management fee.
 - If annual cost savings do not equal the \$108,000 management fee, CPS will credit SVH the difference between the cost savings generated and the actual management fee.

Financial Impact: Based on preliminary data that was provided to CPS, SVH has an opportunity to achieve annual cost savings of at least \$400,000. The table below estimates the total savings to SVH based on the fee schedule in the agreement.

CPS Projected Cost Savings	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total
Projected Cost Savings	\$ 200,000	\$ 250,000	\$ 300,000	\$ 400,000	\$ 400,000	\$ 1,550,000
Management Fee	\$ (108,000)	\$ (108,000)	\$ (108,000)	\$ (108,000)	\$ (108,000)	\$ (540,000)
Shared Cost Savings	\$ -	\$ (10,000)	\$ (10,000)	\$ (20,000)	\$ (20,000)	\$ (60,000)
Projected Cost Savings (Net of Fees)	\$ 92,000	\$ 132,000	\$ 182,000	\$ 272,000	\$ 272,000	\$ 950,000

Recommendation: Management proposes to move forward with CPS proposal.

Attachments:

SVH/CPS Supply Chain Statement of Work

CPS SUPPLY CHAIN SOLUTIONS, LLC

SONOMA HEALTHCARE DISTRICT D/B/A SONOMA VALLEY HOSPITAL

STATEMENT OF WORK # 2

Supply Chain Services

1. GENERAL.

1.1. **Introduction.** This Statement of Work #2 (this “**SOW**”) is entered into by and between Sonoma Healthcare District d/b/a Sonoma Valley Hospital (“**Client**”), on behalf of itself and for the benefit of its Affiliates and CPS Supply Chain Solutions, LLC (“**CPS Supply**”), on behalf of itself and for the benefit of its Affiliates, as of October 15, 2022 (the “**SOW Effective Date**”), pursuant to that certain Master Services Agreement (the “**MSA**”) between CPS Supply’s Affiliate, CPS Solutions, LLC (“**CPS**”), and Client. By signing this SOW, CPS Supply agrees to be bound by the MSA, as if it were a signatory thereto. For purposes of this Agreement, the MSA will be deemed to have been entered into by CPS and Client and all references therein to CPS Supply shall be deemed to mean CPS.

1.2. **Definitions.** Capitalized terms that are used herein, but not defined in this SOW, shall have the meaning ascribed to them in the MSA. Additional capitalized terms are defined in this SOW and the Appendices to this SOW.

1.3. **Master Agreement.** This SOW is governed by the terms and conditions of the MSA (which is incorporated herein by this reference), as modified or supplemented herein. The terms of this SOW, unless expressly contrary to the MSA, shall be deemed to supplement (rather than replace) similar provisions in the MSA.

1.4. **Appendices.** This SOW incorporates by reference the following Appendices:

1.4.1. Appendix #1 (Locations and Hours of Operation); and

1.4.2. Appendix #2 (Fiscal Improvement Examples).

2. TERM OF SOW.

The term (“**Term**”) of this SOW commences on the SOW Effective Date and shall continue for **five (5)** years (the “**Initial Term**”) and thereafter shall be automatically renewed for periods of **five (5)** years each. This SOW may be terminated prior to the end of the then-current Term, for cause, as provided for in Section (For Cause) of the MSA. This SOW may also be terminated, by either party, without cause, at the end of the year three (3) by providing written notice of desire to not renew at least ninety (90) days prior to the end of year three (3).

3. SCOPE OF SOW.

3.1. **Overview.** Client hereby engages CPS Supply as an independent contractor to furnish material management/supply chain services (the “**SC Services**”) in connection with the purchase and management of all Materials for Client’s Hospital and other Locations by Client’s material management/supply chain department (the “**MM Dept.**”), as further defined below in accordance with the terms and for the consideration hereinafter set forth. Client retains professional and administrative responsibility and authority and shall overall direct all SC Services that are required to be performed and are described in this SOW. “**Materials**” as used in this SOW means all products, materials and other items normally purchased by Client’s MM Dept. prior to the SOW Effective Date and all products, materials and other items the MM Dept. purchases after the SOW Effective Date; but expressly excludes pharmaceuticals, biologics and Merchandise (but does include other Pharmaceutical Products supplies, such as IV tubing, etc.).

3.2. **Locations.** The SC Services will support only the Client locations (each a “**Location**”) set forth in Appendix #1 (Locations and Hours of Operation).

4. START-UP AND GO-LIVE DATE.

4.1. **Start-Up.** Commencing on the SOW Effective Date, CPS Supply shall perform a comprehensive materials assessment (the “**Start-Up Assessment**”) and implement CPS Supply’s start-up plan (the “**Start-Up Activities**”). Implementation of the Start-Up Activities is a joint responsibility of both Parties. All CPS Supply Personnel who provided Services in connection with the Start-Up Assessment and the Start-Up Activities shall be billed as Reimbursable Personnel. The Start-Up Activities include:

4.1.1. **Start-Up Assessment.** The Start-Up Assessment will include an assessment of, and recommendation, for each MM Dept. Location as to:

- a. Review Client’s MM Dept. organization and Client shall adjust, if necessary, its reporting structure to reflect the change to CPS Supply’s oversight of the MM Dept. For example, if the Client’s previous director managed the Client’s maintenance/housekeeping staff; Client will need to move those reporting relationships;
- b. Review Client’s goals and priorities for the MM Dept. to align on key priorities and key performance indicators;
- c. Review of MM Dept.’s operational practices (e.g., customer satisfaction, financial success, quality and patient safety and personnel expertise); and
- d. Review and assess MM Dept. staffing efficiencies (e.g., appropriate staff utilization).

4.1.2. **Systems.** Prior to the “Go-Live Date” (as defined below), Client will have in place those Systems and connections that CPS Supply deems prudent and which Client is obligated to have in place per Section 6.9 (Connectivity) and Section 6.10 (Client Provided Systems) of this SOW.

4.2. **Go-Live Date.** The Parties expect that CPS Supply will commence providing the SC Services on, or before, July 13, 2022 (the “**Go-Live Date**”); however, the actual Go-Live Date will be adjusted, if necessary, by CPS Supply to reflect any unexpected conditions discovered during the implementation of the Start-Up Activities. CPS Supply will send Client a written notice, per Section (Notices) of the MSA, informing Client of the final Go-Live Date.

5. **SERVICES PROVIDED BY CPS SUPPLY UNDER THIS SOW.**

CPS Supply shall provide the following SC Services:

5.1. **CPS Supply Personnel.** CPS Supply will provide the following:

5.1.1. **Regular Staff.** One (1) full-time equivalent Director of Materials Management as a Reimbursed Personnel (the “**CPS Supply Director**”).

5.1.2. **Additional Shared Resources.** In addition to the above Reimbursed Personnel, the CPS Supply Director can request assistance from the following CPS Supply Shared Resources:

- a. **RVP.** A Regional Vice President of Operations, or a person of equivalent skill (the “**RVP**”). The RVP’s primary responsibilities will be to monitor (at a high level) Client’s MM Dept.(s). and suggest strategies and initiatives relating to improving the operational and financial performance of the MM Dept.(s). The RVP shall also oversee CPS Supply Personnel’s involvement in the implementation of CPS Supply’s MM Dept.(s). initiatives. Further, the RVP will maintain relationships with Client’s leadership.

5.1.3. **Temporary Replacements.** In the event of a vacancy in the CPS Supply Director position or other Personnel provided by CPS Supply, CPS Supply will provide (as Temporary Personnel), as appropriate, replacement Personnel until the permanent position is filled and trained.

5.1.4. **Adequate Staff.** Client acknowledges that adequate staffing of the MM Dept. is necessary for the operation of the MM Dept. in a safe manner and in compliance with Applicable Law. Accordingly, in the event of

termination, resignation, or lack of availability of any MM Dept. Personnel to be provided by Client, CPS Supply shall have the option, but is not required to: (a) engage, at Client's sole cost and expense, CPS Supply's telepharmacy Affiliate to cover for such unavailable Client Personnel, and/or (b) fill any such vacant positions with existing or new CPS Supply Personnel (as Temporary Personnel), in each case that CPS Supply reasonably deems necessary to meet the staffing requirements of the MM Dept.

5.2. **SignylSM Software.** CPS Supply shall provide, as CPS Supply Provided System, Client with access to CPS Supply's SignylSM software ("**Signyl**"), solely for the purpose of recording and validating all identified cost savings during the Term. Identified cost savings will be entered into Signyl by CPS Supply and validated with Client.

5.3. **Analytics.** CPS Supply will provide data analytics Services that combine information from Client's Systems and CPS Supply's analytical tools. Certain aspects of this solution will be provided by CPS Supply Personnel and other via the CPS Supply Provided Systems set forth in Section 8.2 (CPS Supply Provided Systems) of this SOW. As part of the analytics Services, CPS Supply will make available additional reporting to the Client Executive; which reports will include the following metrics; provided that such information is made available, on a timely basis, by Client to CPS Supply in a mutually agreed upon electronic format:

- a. Operational benchmarks (e.g., Inventory turns, productivity, supply expense); and
- b. Spending benchmarks (e.g., comparing Client's spend to national averages).

5.4. **Benchmarking.**

5.4.1. **Comparison.** CPS Supply will perform a benchmarking comparison of Purchasing Data provided by Client, by accessing price benchmarking metrics and purchasing support resources. Results will compare Client's then-current spend relative to other national facilities of similar size and scope. The report will contain line-item detail on all purchases submitted to CPS Supply by the Client through a 12-month purchase order history.

5.4.2. **Potential Savings Opportunities.** Areas in which CPS Supply may identify savings opportunities including, but are not limited to, the following areas: Client Materials contracts including equipment purchases, Materials distribution, inventory management, and purchased service contracts.

5.4.3. **Recommendations.** A CPS Supply representative will meet with Client designated Personnel at Client's Location to identify and recommend materials management cost savings opportunities to Client.

5.5. **Inventory Purchasing and Control.** CPS Supply shall supervise the purchasing of all Materials by Client, including preparation of necessary purchase order requests and shall maintain all necessary inventory records.

5.5.1. **Annual Physical Inventory.** CPS Supply shall supervise Client's annual inventory of MM Dept. Materials.

5.5.2. **Materials Utilization Review and Control.** CPS Supply shall provide guidance on establishing a method of monitoring use of Materials provided by the MM Dept. CPS Supply shall assist the Client to control the use of high cost, high use Materials provided by the MM Dept.

5.5.3. **MM Dept. Expenses.** CPS Supply shall make recommendations to assist Client in controlling the MM Dept. expenses at reasonable levels, while maintaining the standards required by CPS Supply and this Agreement.

5.5.4. **Inventory Cost.** CPS Supply shall provide guidance to Client Personnel regarding minimization of inventory cost.

5.6. **Policy and Procedure Manual.** CPS Supply will review and provide recommendations as to Client's Policy and Procedure Manual. Client's Policy and Procedure Manual shall include:

- 5.6.1. A copy of the operations manual for Client's information management Systems.
- 5.6.2. Downtime procedures – if connectivity is lost or interrupted with a Location.

5.6.3. A copy of all Client Personnel's business associates' agreements; each of which Client must ensure meet all HIPAA rules and regulations requirements.

5.7. **Supply Chain Policies and Procedures.** Subject to Section (Compliance) of the MSA, CPS Supply shall provide the SC Services and supervise the MM Dept. in accordance with the Client's Policy and Procedure Manual.

5.8. **Vendor Relations.** CPS Supply shall, upon Client's request assist Client in establishing/modifying Client's vendor relations policies, day to day vendor management, and resolving any vendor issues that may arise.

5.9. **Quarterly Reporting.** CPS Supply will provide quarterly reports (each a "Report") to Client regarding on-going and potential "Fiscal Improvements" (as defined below).

5.10. **Hours.** CPS Supply shall provide SC Services during the hours set forth on Appendix #1.

6. CLIENT'S RESPONSIBILITIES.

In addition to Client's responsibilities under the Agreement:

6.1. **Start-Up Activities.** Client shall assist with CPS Supply's Start-Up Activities and shall cause its Personnel to cooperate with the prompt creation and implementation of the Start-Up Activities so that the data required hereunder is timely received and the Go-Live Date is achieved on time.

6.2. **Personnel.** Client shall provide all MM Dept. Personnel other than those to be provided by CPS Supply under Section 5.1 (CPS Supply Personnel) of this SOW, including all Personnel reasonably deemed necessary by CPS Supply for the operation of the MM Dept. in a safe and efficient manner and in compliance with Applicable Law (subject to Client's approval, which shall not be unreasonably withheld or delayed). MM Dept. Personnel to be provided by Client shall not be reduced except upon the written agreement of the Parties. All such MM Dept. Personnel shall be employees of Client.

6.3. **Inventory.** The Parties agree that an inventory of each MM Dept.'s Materials shall be taken on or about the end of each Contract Year.

6.4. **Facilities' Space and Services.** In addition to the facilities' space required under the MSA, Client shall also make available to CPS Supply, at each Location, additional space within the MM Dept. for the timely receipt of Materials and equipment required, in CPS Supply's opinion, to effectively and efficiently operate the MM Dept.

6.5. **Receipt of MM Dept. Merchandise.** If Client receives Materials for the MM Dept., then Client shall promptly deliver such items, unopened, to the MM Dept.

6.6. **Financial Records.** Per Section (Information) of the MSA, Client shall provide to CPS Supply, as soon as reasonably practicable, financial information, records and reports relating to MM Dept. operations, as may be reasonably necessary for the performance of the SC Services, including MM Dept. operating statements, Materials inventories, accounts receivable and payables, indirect expense allocations, and P&L or Responsibility Report(s) and General Ledger (GL) for all areas the MM Dept. is responsible for, Daily and Monthly Revenue and Usage reports, and Monthly Hospital Statistics Report. Client shall make sure records are available (or drafts thereof, if final versions are not available), promptly after the close of each month.

6.7. **Fiscal Improvements.** Client shall cause its Personnel (including each Hospitals' administration and the Medical Staff) to assist CPS Supply in implementing all Fiscal Improvements (as defined below); provided that Client may reject any Fiscal Improvement project based on Client's clinical judgment. All fiscal improvements need to be formally signed-off and approved by Client.

6.8. **Review of CPS Supply Reports.** Client shall review each Report. Within ten (10) days of its receipt of such a Report, Client shall identify in writing to CPS Supply any aspect of such Report (e.g., Fiscal Improvement) that Client is disputing. Any disputes not raised within such time period shall be deemed waived. Client will only dispute matters in good faith, and the Parties shall promptly resolve any such disputes consistent with the Parties past practices, unless otherwise agreed to in writing by the Parties.

6.9. **Connectivity.**

6.9.1. **VPN.** Client shall provide to CPS Supply (as a Client Provided System) a remote access connection to all relevant Client Systems (including Client's material management information System, inventory System and report and document management System) via a secure remote connection (utilizing a VPN acceptable to CPS Supply).

6.9.2. **Inter-Connection.** In addition, if requested by CPS Supply, Client shall permit, and Client shall cooperate with CPS Supply in establishing, a network connection between Client's computer Systems and CPS Supply's systems. Except for Reimbursed Personnel time, each Party shall bear its own costs and expenses in establishing and maintain such connection.

6.10. **Client Provided Systems.** Client shall provide, as "Client Provided Systems", all Systems' necessary and, in CPS Supply's reasonable judgement, advisable for the operation of Client's MM Dept. (e.g., all automation, equipment, software and fixtures).

7. **COMPENSATION.**

7.1. **Start-Up.** Client shall pay CPS Supply an implementation fee which consists of the Reimbursable Costs for the CPS Supply Personnel who participate in the Start-Up Assessment and Start-Up Activities. The Reimbursable Costs shall include all travel expenses of such Reimbursable Personnel (subject only to Section (Travel Reimbursement Limitations) of the MSA).

7.2. **Management Fee.** Client shall pay to CPS Supply a monthly fee of \$9,000 (**nine thousand dollars**) (the "**Management Fee**"). The initial Management Fee is due fourteen (14) days after the SOW Effective Date, and then the Management Fee will be due on the 1st day of each calendar month of the Term thereafter. The Management Fee is subject to Annual Adjustment, per Section (Annual Adjustments) of the MSA. For any monthly Management Fee invoice which CPS Supply is able to successfully deduct from Client's bank account (e.g., without reversal), Client shall be entitled to a credit of \$1,000.

7.3. **Chronicle Software License Fee.** Commencing on the SOW Effective Date, and on each anniversary thereof, Client shall pay CPS Supply an annual licensing fee for the Chronicle Software of \$10,000 (**ten thousand dollars**).

7.4. **Reimbursed Costs.** Client shall pay CPS Supply for all Reimbursed Costs (including for the Reimbursed Personnel and the Temporary Personnel) CPS Supply incurs in connection with this SOW, per Section (Reimbursed Costs) of the MSA.

7.5. **Fiscal Improvement Fees.** After each Contract Year, Client will pay CPS Supply a Fee (each a "**Fiscal Improvement Fee**") if the "Total Fiscal Improvements" during a Contract Year exceed the "Annual Management Fee" by two (2) or more times during such Contract Year (as defined below). The amount of the Fiscal Improvement Fee shall be calculated as set forth below.

7.5.1. **Fiscal Improvements.** CPS Supply shall record in Signyl each cost reduction or revenue enhancement and/or profit margin improvements (each a "**Fiscal Improvement**"), resulting during CPS Supply's management of the MM Dept., or resulting from recommendations made by CPS Supply for improvement of Client's other operations. Fiscal Improvements include results operationalized through collaboration by the Parties (as well as those operationalized solely by CPS Supply Personnel); in each case, regardless of the "origin" of the idea. All fiscal improvements need to be formally signed-off and approved by Client. CPS Supply shall aggregate each Fiscal Improvement and report to Client the "**Total Fiscal Improvements**" for each Contract Year.

7.5.2. **Fiscal Improvement Examples.** Appendix #2 (Fiscal Improvement Examples) include examples of Fiscal Improvements and how CPS Supply would calculate and document the resulting Fiscal Improvements. For Fiscal Improvements not set forth on Appendix #2, CPS Supply shall be entitled to use its reasonable discretion in determining how to calculate and document such Fiscal Improvement.

7.5.3. **Annual Management Fee.** The “Annual Management Fee” means each Management Fee actually paid by Client for a Contract Year, minus any Auto Deduct Credits and/or any other credits issued by CPS Supply to Client under this Agreement for such Contract Year.

7.5.4. **Calculation of Fiscal Improvement Fee.** After the end of each Contract Year (including any Contract Year in which this Agreement expires or is terminated), CPS Supply will calculate the Total Fiscal Improvements and the Fiscal Improvement Fee owed, if any, and CPS Supply will promptly bill such Fiscal Improvement Fee. Client shall pay each Fiscal Improvement Fee within ten (10) days after the invoice date. The Fiscal Improvement Fee, if any, will equal the amount set forth in the table below, based upon the Total Fiscal Improvements. For example, if, for a given Contract Year: (a) the Annual Management Fee were \$75,000, and (b) the Total Fiscal Improvements were \$310,000, the Fiscal Improvement Fee would be \$30,000.

Total Fiscal Improvements	Fiscal Improvement Fee
At least 2 x Annual Management Fee (but less than 3 x)	\$10,000
3 x Annual Management Fee (but less than 4x)	\$20,000
4 x Annual Management Fee (but less than 5x)	\$30,000
5 x Annual Management Fee (but less than 6x)	\$40,000
6 x Annual Management Fee (but less than 7x)	\$50,000
7 x Annual Management Fee (but less than 8x)	\$60,000
8 x Annual Management Fee (but less than 9x)	\$70,000
9 x Annual Management Fee (but less than 10x)	\$80,000
10 x Annual Management Fee (but less than 11x)	\$90,000
≥11 x Annual Management Fee	\$100,000

7.6. **Service Credit.** If in any Contract Year the Total Fiscal Improvements do not at least meet the Annual Management Fee; then CPS Supply will issue Client a service credit equal to the difference between the Total Fiscal Improvements and the Annual Management Fee (the “Service Credit”). Within thirty (30) days after CPS Supply’s receipt of all information required for CPS Supply to be able calculate the Improvement Fees after the end of each Contract Year, CPS Supply will calculate whether or not a Service Credit is due Client for such prior Contract Year, and if a Service Credit is due; CPS Supply shall promptly notify Client and issue the applicable Service Credit (1/12 of which will only be applied against each monthly Management Fee for the current Contract Year). Service Credits are not redeemable for cash. No Service Credit will be due for any period in which Client has failed to provide (as required herein) all information, data and documents necessary for CPS Supply to calculate the Improvement Fees for such period. Further, if Client unreasonably withholds or delays its approval of a proposed Initiative then CPS Supply is entitled to count (in its calculation of Service Credits) any Fiscal Improvements included in CPS Supply estimate for such rejected Initiative(s). CPS Supply may elect to offset against any Service Credits any earned Fiscal Improvement Fees (including any such Fees that have not been billed yet). If a Service Credit is due to Client from CPS Supply as of the termination of this SOW, CPS Supply shall make payment to Client within thirty (30) days after the termination date.

7.7. **Invoice Payment, Delivery and Proration.** Invoices will be automatically collected per Section (Automated Collection) of the MSA. All Invoices should be sent via email to: Benjamin Armfield, CFO, at [barmfield@sonomavalleyshospital.org]; or such replacement address as Client may designate in writing pursuant to Section (Notices) of the Agreement. Fees for partial months, if any, will be prorated as set forth in Section (Fees) of the MSA.

8. **ADDITIONAL ITEMS.**

8.1. **Client Executive.** Client appoints Benjamin Armfield, CFO, as its Client Executive for this SOW.

8.2. **CPS Supply Provided Systems.** During the Term, CPS Supply will provide access to the following CPS Supply Provided Systems:

- 8.2.1. Signyl Software (to the extent set forth in Section 5.2 above) of this SOW;
- 8.2.2. ECRI Software; which is a technology decision-making solution for health care; and
- 8.2.3. Chronicle; which can be used to manage Client's contracts.

CPS Supply will provide training to Client Personnel on the above systems, while CPS Supply Personnel are at Client's Locations.

8.3. **Misc.** The financial information, data and documents described above are being supplied by Client to CPS Supply without independent audit; for, among other things, the Fiscal Improvement Fees, and other calculations required herein. If it appears that the information, data and/or documents supplied by Client are in error then CPS Supply will have the right to adjust the calculations accordingly, retroactive to the SOW Effective Date. If Client does not timely supply any required financial information, data or documents, CPS Supply will use its records to determine the amount of any Fiscal Improvement Fees. Reconciliation with Client-supplied data will occur, if necessary, within the first quarter after which Client provides the necessary data. CPS Supply reserves the right to perform its own validation of the above information, data and documents at any point under this SOW. Further, CPS Supply is permitted to use its reasonable business judgement in performing the Fee calculations and in determining whether specific Items are included in such calculations. In addition, if Client fails to provide the support required under this SOW, CPS Supply is entitled to count any expected Fiscal Improvements when calculating its Fees.

8.4. **Out of Scope Services.** For clarity, the Parties note that the following Services are Out of Scope of this SOW:

- 8.4.1. The purchase, storage, handling and administration of pharmaceuticals, and biologics;
- 8.4.2. The creation, receipt, storage, maintenance, processing or transmission of Client or its Affiliates PHI and Client agrees not to provide PHI to CPS Supply under this SOW;
- 8.4.3. The workflow and purchasing of materials for Client's sterile materials operations;
- 8.4.4. Non-SC Services for Client's other departments (e.g., its sterilizing operations); and
- 8.4.5. Consulting engagements for Services not covered in this SOW; including taking on additional roles outside those set forth herein (e.g., serving as the "IT Lead" or "Implementation Project Manager").

8.5. **Tax Status.**

- Client represents it is a tax-exempt entity. If Client is a tax-exempt entity, Client will email CPS Supply at acctrec@cpspharm.com with the appropriate sales tax exemption certificate within ten (10) business days of the SOW Effective Date.
- Client represents it is not a tax-exempt entity.

Signature Page Follows

IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed this SOW as of the SOW Effective Date.

CPS Supply:

Client:

CPS SUPPLY CHAIN SOLUTIONS, LLC

SONOMA HEALTHCARE DISTRICT D/B/A SONOMA VALLEY HOSPITAL

By: _____

By: _____

Name: Frank Segrave

Name: John Hennelly

Title: CEO & Chairman

Title: Chief Executive Officer, Sonoma Valley Hospital

Appendix #1

Locations and Hours of Operation

Name of Hospital/Medical Center	Street Address	Hours of Operation*
Sonoma Healthcare District d/b/a Sonoma Valley Hospital	347 Andrieux Street, Sonoma, CA 95476	Mon. thru Fri.: 0700-1600 local time Saturday: 0700-1600 local time Sunday: 0700-1600 local time

*As the MM Dept. is not customer facing, these hours are not fixed, and may fluctuate from week to week to accommodate the MM Dept. Personnel's schedule (e.g., personal time off, etc.).

"Holidays" means New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

CPS Supply or Client can suggest modification to the hours of operation of the SC Services to meet the requirements of Client and its patients. After taking into account the then-current patient census and occupancy pattern of Client, the Parties will mutually agree on any changes to the above hours; provided that if such change requires CPS Supply to provide additional resources, then such a change shall require an Amendment; otherwise, the Parties' mutual agreement to such change will be documented via an email between CPS Supply and the Client Executive.

End of Appendix #1

Appendix #2

Fiscal Improvement Examples

Type	Fiscal Improvement Calculation	Documentation Standard
<p>Product Changes:</p> <p>Switching to a more cost-effective brand or product (e.g., due to standardization, obsolescence, conversion, or value/attribute analysis efforts).</p> <p>Note: Rebates are calculated separately, as noted below.</p>	<p>= (Cost prior to change – new cost) x volume of product post change during each Contract Year.</p>	<p>CPS Supply report showing cost prior to change and 12-month PO history of products bought at new cost.</p>
<p>Product Price Reductions:</p> <p>Reductions in first cost pricing obtained through negotiations (e.g., price reductions, contract activations or order quantity adjustments).</p> <p>Note: Rebates are calculated separately, as noted below.</p>	<p>= (Cost prior to change – new cost) x volume of product post change during each Contract Year.</p>	<p>CPS Supply report showing cost prior to change and 12-month PO history of products bought at new cost.</p>
<p>Service Changes:</p> <p>Switching to a more cost-effective Service provider (e.g., changes in Service provider).</p> <p>Note: Rebates are calculated separately, as noted below.</p>	<p>= (Cost prior to change – new cost) x volume of service post change during each Contract Year.</p>	<p>CPS Supply report showing cost prior to change and 12-month PO history of services bought at new cost.</p>
<p>Service Price Reductions:</p> <p>Reductions in first cost pricing obtained through negotiations (e.g., price reductions, reduction in required services).</p> <p>Note: Rebates are calculated separately, as noted below.</p>	<p>= (Cost prior to change – new cost) x volume of service post change during each Contract Year.</p>	<p>CPS Supply report showing cost prior to change and 12-month PO history of services bought at new cost.</p>

Type	Fiscal Improvement Calculation	Documentation Standard
<p>Reduction in Inventory:</p> <p>Reductions in cost of inventory required to be on hand (e.g., due to improvement in purchasing patterns, and other workflow adjustments).</p>	<p>= the value of inventory adjustments for each Contract Year (i.e., (i) cost of inventory carried after change <u>subtracted</u> from cost of inventory carried immediately preceding change), (ii) with the difference then being multiplied by 1.12% (the cost of capital).</p>	<p>CPS Supply report showing change in cost of inventory carried for applicable Contract Year.</p>
<p>Returned Products:</p> <p>Obtaining credit for returned products (e.g., unusable, obsolete or expired items).</p>	<p>= Amount of credit received.</p>	<p>Bill of Sale or vendor credit memo.</p>
<p>Product Utilization:</p> <p>Reducing expense through improved product utilization.</p>	<p>= Reduced utilization during Contract Year x current cost of product.</p>	<p>CPS Supply report showing 12-month historical usage report and quarterly tracking of new usage.</p>
<p>Capital Purchases:</p> <p>Reductions in pricing obtained through negotiations, alternative sourcing, or reduced equipment specifications driven through value/attribute analysis efforts.</p>	<p>= Initial Price Quoted – final negotiated cost.</p> <p>“Initial Price Quoted” means the lower of: (a) the initial price quoted by the supplier for the item Client wishes to purchase, and (b) the price at which Client is entitled to purchase such item under its existing contractual agreements, including via Client’s group purchasing organization network without further negotiations; but excluding any agreement arranged by CPA’s GPO.</p>	<p>CPS Supply report showing vendor’s Initial Price Quoted and final negotiated cost.</p>
<p>Rebates:</p> <p>Additional rebates and/or share-backs under Client contracts received from GPO’s, purchasing coalitions, or independent agreements as a result of improved contract utilization, standardization, or activation.</p>	<p>= additional benefit received by Client during Contract Year.</p>	<p>CPS Supply report showing participation in rebate programs; prior year rebate summary; annual spend reports. To be tracked quarterly.</p>

Type	Fiscal Improvement Calculation	Documentation Standard
<p>Capital Acquisition:</p> <p>Obtaining additional equipment at no cost to the hospital as a result of product purchase agreements, or capital negotiations.</p>	<p>= Cost avoided.</p>	<p>Initial Price Quoted by vendor (if applicable); otherwise, 3rd party market price report or similar market report, if available.</p>
<p>CPS Supply Affiliation Agreements:</p> <p>Rebates or pricing discounts received by Client from organizations that have agreed to provide certain benefits to CPS Supply clients.</p>	<p>= Benefit received during Contract Year.</p>	<p>12-month PO history showing current cost and documentation showing new cost.</p>
<p>Optimized Productivity:</p> <p>Reductions in required full-time equivalent (“FTE”) hours needed (e.g., due to FTE alignment, position management, technology and other workflow adjustments).</p>	<p>= the value of FTE adjustments for the Contract Year (i.e., FTE Costs after change <u>subtracted</u> from FTE Costs immediately preceding change).</p> <p>“FTE Costs” are the fully burdened costs (e.g., salary plus benefits) rounded to their nearest hour.</p>	<p>CPS Supply report showing change in FTEs used in the applicable period and the FTE Costs.</p>
<p>Reduction in the Need for Fixed Assets</p> <p>Operational change which permit the sale of excess fixed assets (e.g., elimination of need for shelving due to reduced inventory).</p>	<p>= one-time increased revenue resulting from sale of excess fixed asset.</p>	<p>The Client shall provide the necessary documentation.</p>
<p>Identification of other Errors:</p> <p>Benefit received from CPS Supply Personnel identifying other errors outside the scope of their responsibilities (e.g., failure by Client Personnel to bill, correction of errors in Client’s charge database master, etc.).</p>	<p>= benefit Client received only over the subsequent 12 months.</p> <p>Note: The Fiscal Improvement in this case only captures the benefit for 1st 12 months after the change.</p>	<p>The Client shall provide the necessary documentation.</p>

Type	Fiscal Improvement Calculation	Documentation Standard
<p>Contract Corrections:</p> <p>Recovery from supplier who charged Client more than contractually agreed to amounts.</p>	<p>= the amount recovered from suppliers (e.g., wholesaler or other vendors) who charged more than the contracted amount.</p> <p>Note: There is no offset for underpayments (e.g., if Supplier charged Client \$1,000 more than it should have under the contract for a product and Supplier charged Client \$500 less than it should have for a different product; the Fiscal Improvement is \$1,000).</p>	<p>CPS Supply report documenting such recovery.</p>

End of Appendix #2



To: Sonoma Valley Hospital Board of Directors
From: John Hennelly, Chief Executive Officer
Date: October 6, 2022
Subject: ODC Update – MRI Plan Approval

BACKGROUND:

Since the separation from Dome Construction, the hospital has reviewed the ODC project and the funding available to complete the project. We determined that due to Covid and misalignment with the contractor, phase 1 (CT) was behind schedule and over budget, requiring additional funding.

Recognizing that we had a fixed fund to complete the ODC, we began a review of the MR phase of the project. As you will see in the attached deck, we reviewed the approved MR plan and determined that it had too many unknowns and exceeded the remaining funds in the project. The attached deck will present a solution that both meets the needs of the patients, clinicians and funders, as well as falls *close* to the remaining (\$9.5M) budget.

The deck outlines:

- Decision matrix
- Best solution imagery
- Viable options
- Project timeline
- Financials

As noted, the project is now forecasted to cost \$9.8M, which is an increase of \$300K. We anticipate this additional outlay to occur some time during fiscal year 2025, along with the estimated outlay of \$2M that will be needed to complete phase 2 and the overall project. As of now, we plan to fund this additional cost through our operating cash. While we will continue our due diligence in identifying alternative funding sources that could be used on this project, we are also being mindful of the additional debt SVH will be taking on in the coming years. We are pursuing two additional loans through CHFFA that would provide us with at least \$2.3M of funding - the Help II Loan (\$2M) which carries a fixed interest rate of 2-3%, and Year 2 of the CHFFA Bridge Loan (\$300K), which is an interest-free loan that requires full repayment within 24 months. Even with these favorable terms, this would require an annual repayment of at least \$250,000 and would also add over \$200,000 of interest expense over the life of the loan.

We plan on continuing the pursuit of additional funding sources but given the additional debt we are planning to take on, in addition to our existing debt obligations such as our Line of Credit, we feel strongly that entering into additional debt to fund this \$2.3M will have an adverse impact on our financial operations for years to come.

IMPACT:

Funding \$2.3M from operating cash is not insignificant. Based on current cash levels this would be roughly ~30% of our overall cash and would impact days cash on hand by an estimated -15 days. It is important to note that we do have \$1M of cash currently sitting in a board designated account that was specifically designated for the ODC project and we would like to plan on reallocating those dollars to help fund this completion.

This funding plan will be fluid as our anticipated timing to fund and complete this project will be some time in fiscal year 2025. From a financial standpoint this will allow us the needed time to finish the Epic EHR implementation and reassess our financial health and cash position.

From a margin standpoint, this investment will carry a very short payback period as our Pro Forma estimates that once operational the ODC will generate an additional \$1.5M in incremental direct margin. The SVH Epic & 347 Andrieux Street, Sonoma, CA 95476-6811 ♦ 707.935-5000 ♦ Fax 707.935.5433 ODC Project Summary attachment quantifies the financial impact of both the Epic and ODC projects based on

our identified funding sources. Included below are tables that provide a high-level snapshot of the projected SVH outlay for both Phases I & II of the ODC project, as well as a table that quantifies both the annual and cumulative net impact of both the Epic and ODC projects. This impact is based on the incremental margin we are projecting from both projects and is net of our projected outlay and includes any applicable loan payback or incremental interest expense from the identified funding sources. Although you can also see we aren't projecting to be a net positive until FY 2026, we are projecting these projects to net a positive \$4.5M over a 5-year period.

It is also important to note that this impact does not quantify any other strategic or financial growth strategies that we are working on in conjunction with these two projects. These initiatives will help us mitigate the projected cash decrease through FY 2025 as we complete and close out the ODC project. Once complete, we estimate both projects to add an incremental \$2.5M to the bottom line annually.

For a more detailed summary of projected costs and estimated ROI for this project, please see the Epic & ODC Project Summary – Projected Costs, Identified Funding Sources, & ROI Analysis.

ODC SVH Project Budget Snapshot

Projected SVH ODC Project Costs	PROJECT
ODC SVH Phase I	300,000
ODC SVH Phase II	2,000,000
Total ODC SVH Projected Project Costs	2,300,000
Identified Funding Sources:	PROJECT
Non-Hospital Funding Sources:	
None currently identified for project	
Hospital Funding Sources:	
Operating Cash	2,300,000
Total Identified Funding Sources	2,300,000

Epic & ODC Estimated Impact FY23-FY27 – Annual and Cumulative

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	TOTAL
Annual Net Impact	(891,000)	975,000	(575,000)	2,525,000	2,525,000	4,559,000
Cumulative Net Impact	(891,000)	84,000	(491,000)	2,034,000	4,559,000	

Attachments:

SVH Epic & ODC Project Summary – Projected Costs, Identified Funding Sources, & ROI Analysis



Sonoma Valley Hospital

Epic EHR and ODC Project Summary

Projected Costs vs. Funding Sources & ROI Analysis

October 2022

Projected SVH Epic & ODC Project Costs	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	TOTAL	Comments
EPIC EHR SVH Original Project Budget	3,538,000	-	-	-	-	3,538,000	
EPIC EHR SVH Additional Projected Cost	653,000	-	-	-	-	653,000	
Total EPIC EHR Projected Project Costs	4,191,000	-	-	-	-	4,191,000	
ODC SVH Original Project Budget	-	-	-	-	-	-	
ODC SVH Additional Projected Cost	-	-	2,300,000	-	-	2,300,000	
Total SVH ODC Projected Project Costs	-	-	2,300,000	-	-	2,300,000	
Total ODC & Epic Projected Project Costs	4,191,000	-	2,300,000	-	-	6,491,000	

Identified Funding Sources:	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	TOTAL	Comments
Non-Hospital Funding Sources:							
CHFFA Help II Loan	2,000,000					2,000,000	
CHFFA Bridge Loan II	300,000					300,000	New
Hospital Funding Sources:							
Cyberattack Insurance Proceeds	1,000,000					1,000,000	
Operating Cash	891,000	-	2,300,000	-	-	3,191,000	
Total Identified Funding Sources	4,191,000	-	2,300,000	-	-	6,491,000	

ROI Analysis	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	TOTAL	Comments
1. Operating Cash Outlay							
Operating Cash Outlay to Fund Capital Projects	(891,000)	-	(2,300,000)	-	-	(3,191,000)	From above, Hospital Funding Sources
2. Projected Loan Repayments							
Bridge Loan I Repayment (interest free)	-	(300,000)	-	-	-	(300,000)	Cash Received. Loan must be repaid by May 2024
Bridge Loan II Repayment (interest free)	-	-	(300,000)	-	-	(300,000)	New Source. Loan must be repaid within 24 months of receiving funds.
HELP Loan II Repayment (2% interest)	-	(225,000)	(225,000)	(225,000)	(225,000)	(900,000)	New source. Based on 10 yr life. \$225k/yr repayment (\$208K total interest) until FY34.
Line of Credit (2.5%+SOFR Interest)						-	
Total Projected Loan Repayments	-	(525,000)	(525,000)	(225,000)	(225,000)	(1,500,000)	
Total Projected Outlay incl. Loan Repayments	(891,000)	(525,000)	(2,825,000)	(225,000)	(225,000)	(4,691,000)	
3. Incremental Margin (generated from Epic and ODC projects)							
EPIC Revenue Enhancements	-	1,250,000	1,250,000	1,250,000	1,250,000	5,000,000	Estimated 2.5% increase realized from Epic conversion
Revenue/Margin Generation from ODC	-	250,000	1,000,000	1,500,000	1,500,000	4,250,000	Estimated add'l \$1.5M direct margin fully ramped up
Total Projected Incremental Margin From Project	-	1,500,000	2,250,000	2,750,000	2,750,000	9,250,000	
Total Net Impact @ end of FY27	(891,000)	975,000	(575,000)	2,525,000	2,525,000	4,559,000	
Cumulative Net Impact	(891,000)	84,000	(491,000)	2,034,000	4,559,000		

Days Cash Impact @ end of FY27 28.3

Status of Outpatient Diagnostic Center

Sonoma Valley Health Care District
Board of Directors
October 6, 2022

CT Suite Remodel Update

- CDPH Licensing – **Complete**
- 1st Patient Scan – **Complete**

August Milestones

- Solution/Costs of new electrical latent defects – **In Progress**
- Electrical Coordination Studies – **In Progress**

September Milestones

- Phase 2 Emergency contract & latent defect work
- Submit Amended plans to HCAI for Review
- Plan – OLD CT in-fill & final Suite work

October Milestones

- HCAI ACD Approvals

November Milestones

- Complete of Phase 2 Emergency contract & latent defect work

December Milestones

- HCAI Sign-off Emergency contract work

January Milestones

CT Suite Remodel Project Update

Incremental Funding	Approved Costs	Cost Incurred thru 8/31/22	Exposure as of 9/27/22	Forecast as of 9/27/22
Phase 1 (Emergency Contract) thru Occupancy				
Design (SKA)	\$340K	\$340K	\$0	\$340K
Construction (GMH)	\$496K	\$415K	\$81K	\$496K
Project Management (Vertran/HCAI/IOR)	\$97K	\$53K	\$44K	\$97K
Subtotal	\$933K	\$808K	\$125K	\$933K
Phase 2 (Emergency Contract) - Construction Administration (CA), CT Transition to E-Power, Pre-existing Electrical Deficiencies				
Design (SKA)	\$115K	\$12K	\$103K	\$115K
Construction (GMH)	\$192K	\$0	\$192K	\$192K
Project Management (Vertran/HCAI /IOR)	\$17K	\$0	\$17K	\$17K
Subtotal	\$324K	\$12K	\$312K	\$324K
LATENT DEFECTS (Emergency Contract) CA, Electrical, Hydronic Balance				
Design (SKA)	\$141K	\$0	\$141K	\$141K
Construction (GMH)	\$140K	\$0	\$140K	\$140K
Project Management (Vertran/HCAI/IOR)	\$12K	\$0	\$12K	\$12K
Contingency + Fees	24K	\$0	24K	24K
Subtotal	\$317K	\$0	\$317K	\$317K
TOTAL – CT OCCUPANCY, E-POWER, LATENT DEFECTS	\$1.574M	\$820K	\$754K	\$1.574M

MRI PROJECT

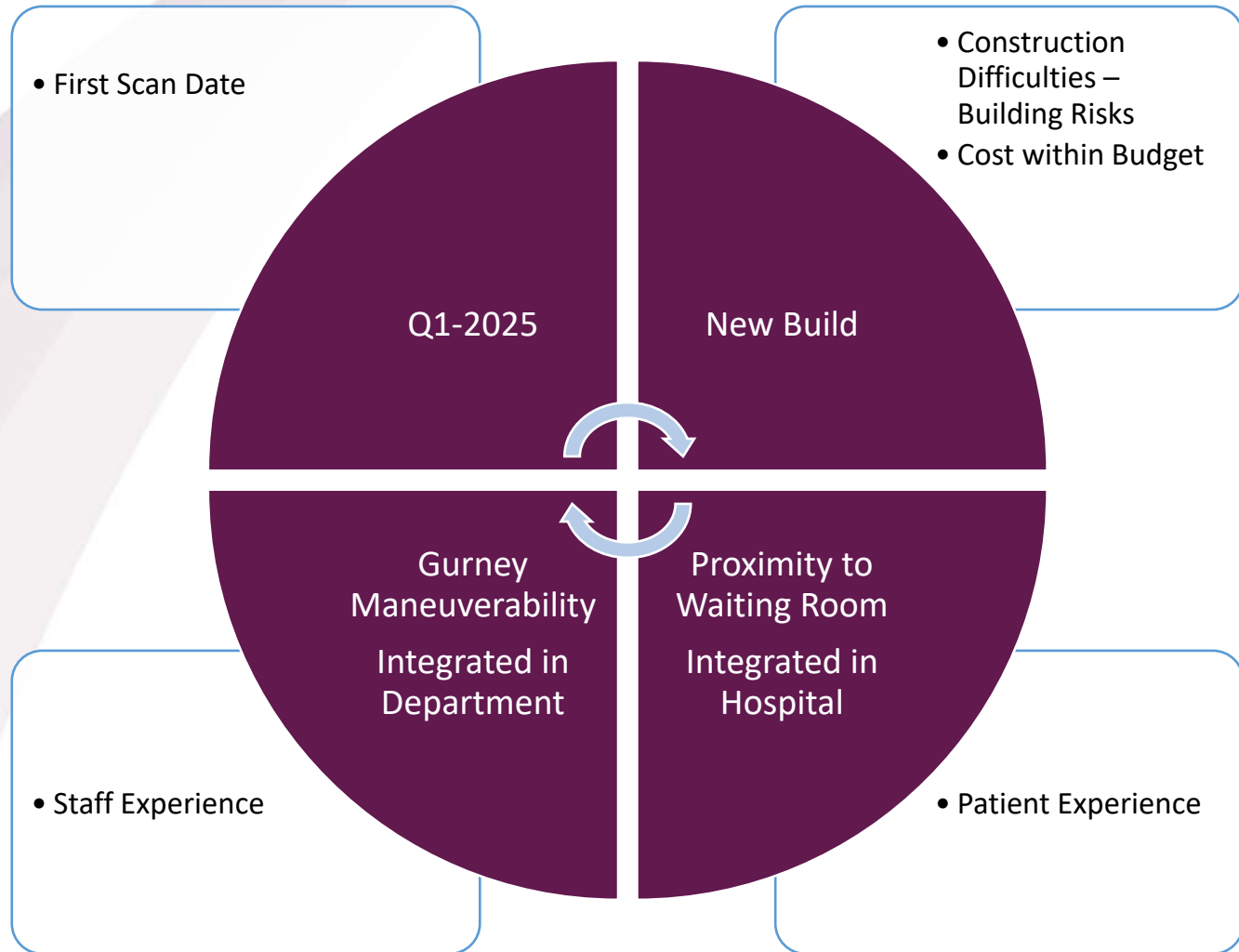
MRI Current State

- Current MR:
 - 1.5 tesla unit
 - located in front courtyard
 - Purchased refurbished in 2012 & opened in concert with New Wing (ED/OR)
 - Unit has intermittent issues mostly related to cooling of control room/equip room. No issues at this point with cryogenic chiller for magnet
 - Low risk for failure. If failure were to occur, temp trailer would cost \$40,000/month to rent. (09/22)

New MRI Decision — How to move forward?

1. ODC budget has \$9.5m remaining for MRI
2. Approved MRI plan projected to cost \$13M+
3. Funding gap of \$3.5M+
4. Management explored alternate options to deliver
 - a. New MRI within the hospital
 - b. Complete project within budget

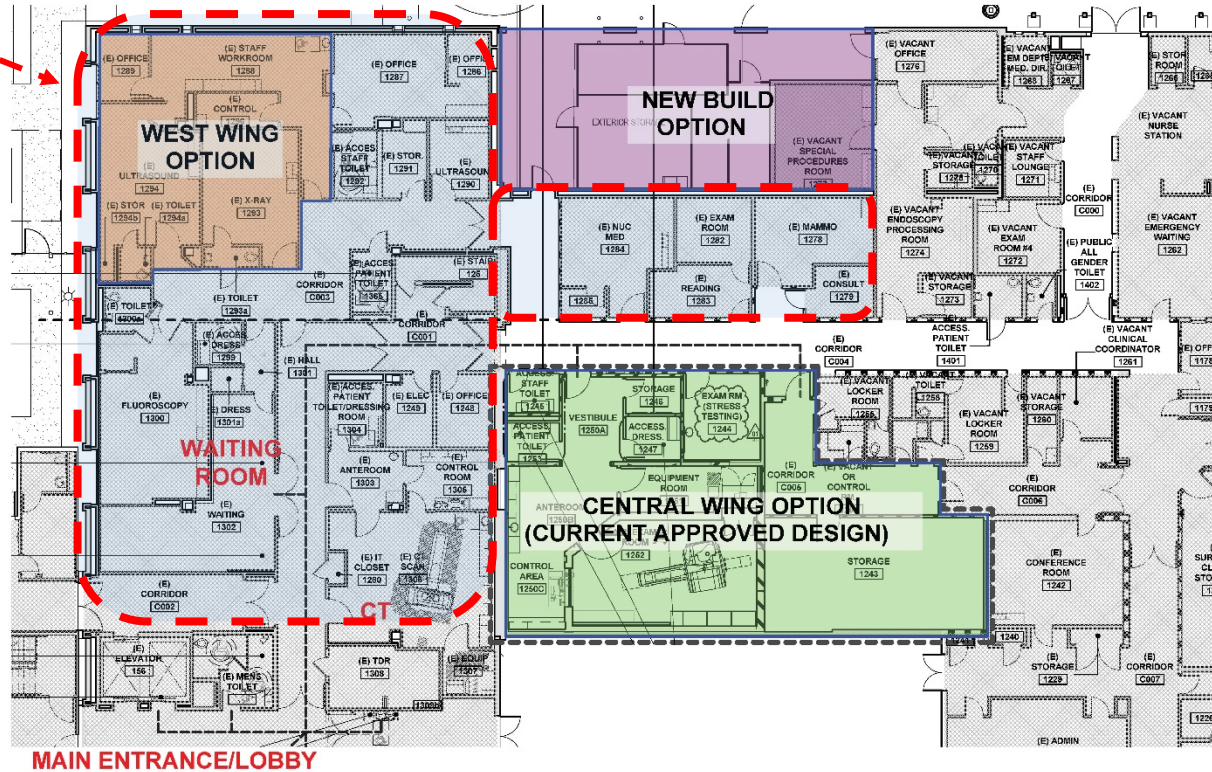
MRI Suite Decision Matrix



What should be prioritized as we review alternate locations? What is possible for \$9.5M?

MRI Location Selection

Radiology
Department



Location Map: Three Options
Scale: Not To Scale | 09.20.2022

Sonoma Valley Hospital
MRI Remodel

Review original design location and alternate locations

- Patient experience – travel time & integrated within Hospital and ODC Footprint
- Risks – Buildability and Agency Review
- Cost – Within remaining ODC Funding

SKA
SMITH-KARNG
ARCHITECTURE

MRI Suite Remodel Options

CENTRAL WING ORIGINAL DESIGN

- PROJECT COST: \$13M
- POTENTIAL FIRST SCAN: Q2 2024

Included:

- 10% escalation over 2 years
- 5% change orders
- 10% project contingency
- Approved Design

Prohibits:

Clinic spaces – Cardiology Diagnostic

Highest building risks – unknown
Over budget

WEST WING ALTERNATE 1

- PROJECT COST: \$12.5M
- POTENTIAL FIRST SCAN: Q2 2025

Included:

- 11% escalation over 2 years
- 5% change orders
- 20% project contingency
- Clinic spaces – Cardiology Diagnostic

Not designed

Long approval lead time – HCAI

Over budget

NEW BUILD ALTERNATE 2

- PROJECT COST: \$9.8M
- POTENTIAL FIRST SCAN: Q1 2025

Included:

- 10% escalation over 2 years
- 5% change orders
- 15% project contingency
- Clinic spaces – Cardiology Diagnostic

Not designed

City of Sonoma – Site/Building Approval

Shorter HCAI – Clinic & Connection

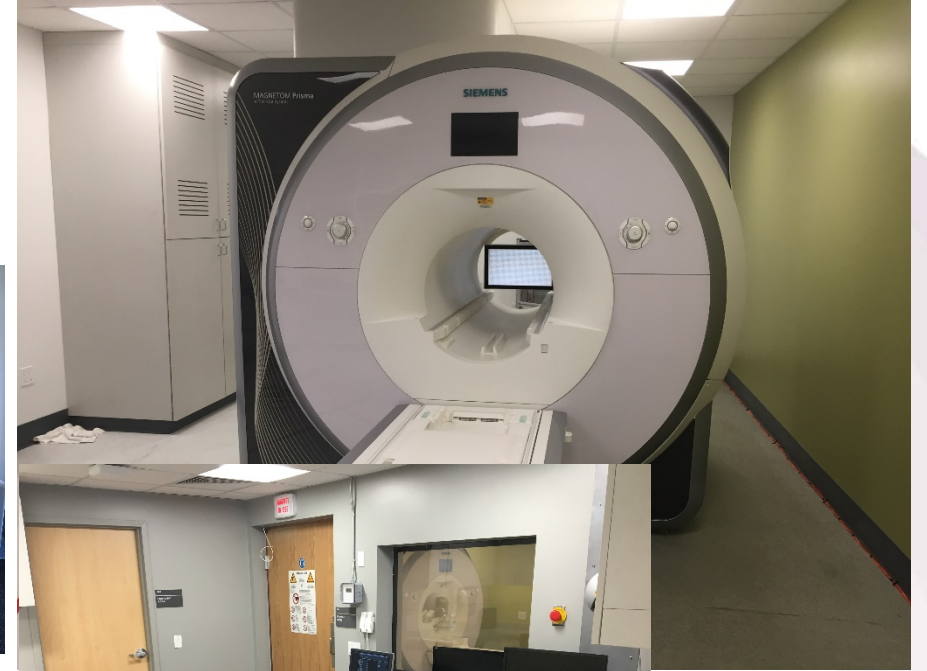
Approval within budget

MRI Suite Remodel Example Sites



Integrated Services

- Restroom
- Dressing



3T Magnet Control Room

MRI Suite Remodel Timeline

- MRI Location selected – **Complete**

September Milestones

- Design Packages - contracting

October Milestones

- Design Packages – design begins

November Milestones

TIMELINE

NEW BUILD
ALTERNATE 2
Q1 2025

- FEB 2023 Design package – City of Sonoma (COS) submittal
- FEB 2024 COS planning approval
- FEB 2024 Site design package COS submittal
- JULY 2024 COS Building Permit, Site construction start
- JAN 2025 New build construction start
- MAR 2025 New build construction complete, Licensing

MRI Project Finance Update

Funding Summary	Amounts
SVHF Campaign Funds	\$21M
SVH Operational Funding - For Design-Build Settlement, CT Emergency Construction, & CT Completion Costs	\$3M
Subtotal	\$24M
Project expenditures to date	(\$14.1M)
Remaining Funds	\$9.9M
Old CT Suite In-Fill (estimate)	(\$400K)
TOTAL REMAINING FUNDS (MRI BUDGET)	\$9.5M

NEW BUILD ALTERNATE 2

- PROJECT COST: \$9.8M
- POTENTIAL FIRST SCAN: Q1 2025

Included:

- 10% escalation over 2 years
- 5% change orders
- 15% project contingency
- Clinic spaces – Cardiology Diagnostic

MRI Project Interim Solution (separate project)

With proposed new build go live in 2025 we seek an interim solution for late 2023.

This is a separate project from the MR installation

Team is exploring viability of staging new magnet in the North parking lot.





To: Sonoma Valley Hospital Board of Directors
From: John Hennelly, Chief Executive Officer
Date: October 6, 2022
Subject: **Epic Update – Budget Plan**

BACKGROUND:

Approximately 9 months ago, you approved \$3.5 million to upgrade our electronic health record system from Allscripts’s Paragon to Epic. That project is set to ‘go-live’ on 12/3/22. Despite all the complexities of conversion from one vendor to another, the project is on time. As we have worked through the conversion, we have identified areas that are currently underfunded. These include:

1. **Third Party** – contracted partners who require funding to modify their connectivity. This is the overwhelming majority of the added expense.
 - a. Interfaces
 - b. Licensing Fees
 - c. Termination Fees
2. **Training** – additional funding has been identified to complete CT training requirements
3. **Project Management** – additional support by PivotPoint to continue to provide PM services
4. **Hardware**
5. **Miscellaneous** – marketing/food (14 days of 24/7 coverage requires sustenance!)

Numerous additional requests have been reviewed and rejected as unnecessary. The areas above total approximately \$653,000 in additional costs. We have identified a new funding source that we expect to fund \$300,000 of this ask. The remaining \$353,000 we plan on funding from operating cash.

If approved, this would bring the total project budget to \$4.2 million. \$3.3 million in funding from external sources and the remaining \$900,000 from our operating cash. It should be noted that while we have not finalized funding from the CHFFA Help II and Bridge Loans, we are currently going through the application process and anticipate receiving funding late 3rd quarter or early 4th quarter of this fiscal year. The amounts budgeted are the minimum expected or guaranteed through these initiatives.

IMPACT:

This investment will carry a short payback period, given the fact we anticipate realizing significant revenue enhancements through the full implementation of Epic. Estimating a conservative 2.5% enhancement, which we plan on achieving as early as 4th quarter of this fiscal year, will contribute approximately \$1.25 million of incremental revenues per year on a go-forward basis.

The table below provides a high-level snapshot of the projected budgeted costs and identified funding sources. See the Epic & ODC Project Summary – Projected Costs, Identified Funding Sources, & ROI Analysis attachment for a more robust summary of the project costs & projected ROI.

As was mentioned in the ODC/MRI Update, the SVH Epic & ODC Project Summary attachment quantifies the financial impact of both the Epic and ODC projects based on our identified funding sources. Included in this memo are tables that provide a high-level snapshot of the projected SVH outlay and funding sources for the Epic Implementation, as well as a table that quantifies both the annual and cumulative net impact of both the Epic and ODC projects.



Epic EHR Project Budget Snapshot

Projected SVH Epic Project Costs	PROJECT
EPIC EHR SVH Original Project Budget	3,538,000
EPIC EHR SVH Additional Projected Cost	653,000
Total EPIC EHR Projected Project Costs	4,191,000
Identified Funding Sources:	PROJECT
Non-Hospital Funding Sources:	
CHFFA Help II Loan	2,000,000
CHFFA Bridge Loan II	300,000
Hospital Funding Sources:	
Cyberattack Insurance Proceeds	1,000,000
Operating Cash	891,000
Total Identified Funding Sources	4,191,000

Epic & ODC Estimated Impact FY23-FY27 – Annual and Cumulative

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	TOTAL
Annual Net Impact	(891,000)	975,000	(575,000)	2,525,000	2,525,000	4,559,000
Cumulative Net Impact	(891,000)	84,000	(491,000)	2,034,000	4,559,000	

Attachments:

- SVH Epic EHR Project Budget
- SVH Epic & ODC Project Summary – Projected Costs, Identified Funding Sources, & ROI Analysis
- SVH Epic EHR Project Update



Sonoma Valley Hospital
Epic EHR Project Budget
October 2022

Description	Original Budgeted Cost	Cost Committed	Cost to Date	Additional Estimated Cost	Estimated Total Cost at Completion	Budget Variance	Comments
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EPIC EHR Implementation Budget

CT Implementation Costs	\$ 2,908,000	\$ 2,908,000	\$ 702,794	\$ -	\$ 2,908,000	\$ -	
Total CT Vendor Delivery and Licensing	\$ 2,908,000	\$ 2,908,000	\$ 702,794	\$ -	\$ 2,908,000	\$ -	
Hardware and Infrastructure	\$ 90,000	\$ 90,000	\$ 90,000	\$ (70,000)	\$ 20,000	\$ 70,000	
Total Hardware and Infrastructure	\$ 90,000	\$ 90,000	\$ 90,000	\$ (70,000)	\$ 20,000	\$ 70,000	
Project Manager	\$ 150,000	\$ 200,000	\$ 97,408	\$ 75,000	\$ 275,000	\$ (125,000)	
Staff Training	\$ 70,000	\$ 70,000	\$ -	\$ 50,000	\$ 120,000	\$ (50,000)	Based on CT benchmarks by department size
Travel Expenses	\$ -	\$ -	\$ -	\$ 15,000	\$ 15,000	\$ (15,000)	Estimate
Total Implementation Cost	\$ 220,000	\$ 270,000	\$ 97,408	\$ 140,000	\$ 410,000	\$ (190,000)	
Contingency	\$ 300,000	\$ -	\$ -	\$ -	\$ 200,000	\$ 100,000	
Budget Implementation Sub-Total	\$ 3,518,000	\$ 3,268,000	\$ 890,201	\$ 70,000	\$ 3,538,000	\$ (20,000)	

\$90k funded by foundation, anticipate additional \$20k of hardware cost. Additional Estimated Cost of (\$70,000) reflects impact of those adjustments.

EPIC EHR Third Party Costs:

Third Party Apps - Interfaces	\$ -	\$ -	\$ -	\$ 463,000	\$ 463,000	\$ (463,000)	
Third Party Apps - Termination Fees	\$ -	\$ -	\$ -	\$ 125,000	\$ 125,000	\$ (125,000)	Estimate
Total Third Party Costs	\$ -	\$ -	\$ -	\$ 588,000	\$ 588,000	\$ (588,000)	

EPIC EHR Other Project Costs:

Super Users	\$ 20,000	\$ 20,000	\$ -	\$ 20,000	\$ 40,000	\$ (20,000)	Estimate
Marketing	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ (5,000)	Estimate
Food for Go-Live	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ (20,000)	Estimate
Total Epic Implementation Other Costs	\$ 20,000	\$ 20,000	\$ -	\$ 45,000	\$ 65,000	\$ (45,000)	

Project Budget Grand Total	\$ 3,538,000	\$ 3,288,000	\$ 890,201	\$ 703,000	\$ 4,191,000	\$ (653,000)	
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Sonoma Valley Hospital

Epic EHR and ODC Project Summary

Projected Costs vs. Funding Sources & ROI Analysis

October 2022

Projected SVH Epic & ODC Project Costs	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	TOTAL	Comments
EPIC EHR SVH Original Project Budget	3,538,000	-	-	-	-	3,538,000	
EPIC EHR SVH Additional Projected Cost	653,000	-	-	-	-	653,000	
Total EPIC EHR Projected Project Costs	4,191,000	-	-	-	-	4,191,000	
ODC SVH Original Project Budget	-	-	-	-	-	-	
ODC SVH Additional Projected Cost	-	-	2,300,000	-	-	2,300,000	
Total SVH ODC Projected Project Costs	-	-	2,300,000	-	-	2,300,000	
Total ODC & Epic Projected Project Costs	4,191,000	-	2,300,000	-	-	6,491,000	

Identified Funding Sources:	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	TOTAL	Comments
Non-Hospital Funding Sources:							
CHFFA Help II Loan	2,000,000					2,000,000	
CHFFA Bridge Loan II	300,000					300,000	New
Hospital Funding Sources:							
Cyberattack Insurance Proceeds	1,000,000					1,000,000	
Operating Cash	891,000	-	2,300,000	-	-	3,191,000	
Total Identified Funding Sources	4,191,000	-	2,300,000	-	-	6,491,000	

ROI Analysis	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	TOTAL	Comments
1. Operating Cash Outlay							
Operating Cash Outlay to Fund Capital Projects	(891,000)	-	(2,300,000)	-	-	(3,191,000)	From above, Hospital Funding Sources
2. Projected Loan Repayments							
Bridge Loan I Repayment (interest free)	-	(300,000)	-	-	-	(300,000)	Cash Received. Loan must be repaid by May 2024
Bridge Loan II Repayment (interest free)	-	-	(300,000)	-	-	(300,000)	New Source. Loan must be repaid within 24 months of receiving funds.
HELP Loan II Repayment (2% interest)	-	(225,000)	(225,000)	(225,000)	(225,000)	(900,000)	New source. Based on 10 yr life. \$225k/yr repayment (\$208K total interest) until FY34.
Line of Credit (2.5%+SOFR Interest)						-	
Total Projected Loan Repayments	-	(525,000)	(525,000)	(225,000)	(225,000)	(1,500,000)	
Total Projected Outlay incl. Loan Repayments	(891,000)	(525,000)	(2,825,000)	(225,000)	(225,000)	(4,691,000)	
3. Incremental Margin (generated from Epic and ODC projects)							
EPIC Revenue Enhancements	-	1,250,000	1,250,000	1,250,000	1,250,000	5,000,000	Estimated 2.5% increase realized from Epic conversion
Revenue/Margin Generation from ODC	-	250,000	1,000,000	1,500,000	1,500,000	4,250,000	Estimated add'l \$1.5M direct margin fully ramped up
Total Projected Incremental Margin From Project	-	1,500,000	2,250,000	2,750,000	2,750,000	9,250,000	
Total Net Impact @ end of FY27	(891,000)	975,000	(575,000)	2,525,000	2,525,000	4,559,000	
Cumulative Net Impact	(891,000)	84,000	(491,000)	2,034,000	4,559,000		

Days Cash Impact @ end of FY27 28.3

Electronic Medical Record: Program Update

Implementation of the EPIC Electronic Medical Record to (1) achieve interoperability with UCSF and (2) replace / retire existing systems. Implementation of EPIC is forecasted to result in cost reduction through retirement of existing systems. In addition, EPIC implementations can provide significant revenue enhancements by improving clinical documentation, which reduces denials and accurately categorizes care “levels.” This often leads to higher reimbursement.

Status: SEP-2022

Scope ●

Original scope for the project remains consistent and is on track for 12/3 Go-Live.

Schedule ●

Schedule for 3 interfaces to Community Practices may be available after 12/3. Working to mitigate and set up workaround if they are delayed due to 3rd parties schedule availability.

Budget ●

Budget overruns are expected largely due to Third Party Systems. Costs for new replacement Interfaces to Epic and potential termination costs for third party systems that will no longer be used and have active contracts.

Risk ●

Interface risk may impact schedules for implementation of interfaces but will not affect 12/3 go-live. Workarounds being developed to mitigate.

Financial Overview

Original Budget

\$ 3.5M

Projected Spend against Original Budget

\$ 4.2M

Current Forecast ●

See handout for budget summary

Accomplishments

Build is on track by CT and almost complete

OR Preference Card turn over to site for review and validation has taken place as planned.

All 3rd party interfaces are engaged in discovery / defining design and build requirements.

Training Sign Up is underway and tracking for completion per schedule

Upcoming Milestones

Validation – Data Conversion – Patient Visit Mapping 9/27/2022

Identify Participants Mock Cut Over 9/27/2022

Training Sign Up 50% Complete 9/30/2022

Schedule Super User Resources - Workflow Dress Rehearsal 10/15/2022

Challenged Milestones

*Claim Your Account Emails – 10/3/2022. This has been **RESOLVED**. Milestone hit on schedule as planned.*



To: SVHCD Board of Directors

From: Susan Kornblatt Idell

Date: October 6, 2022

Subject: Quality Committee Quarterly Report

Quality performance in the 2nd Quarter remains strong. Metrics measured and reported monthly to Quality Committee include

- Mortality
- AHRQ Patient Safety Indicators
- Patient Falls
- Readmissions
- Blood Culture Contamination
- Stroke Core Measures
- Utilization Management
- Core Measures- Sepsis/ED/Colonoscopy
- Infection Prevention
- Inpatient and Outpatient Satisfaction

Hospital continues to focus on the following Quality Initiatives-

- All sepsis cases are review by the Director of Quality. Any cases that do not meet the core measure standards for sepsis care are reviewed by the Director of Emergency Services and the Medical Director of the ED. Sepsis core measure compliance had significant improvement from the previous quarter
- Stroke care. The hospital continues to meet or exceed all measures regarding stroke care
- 7 Day readmissions are reviewed by the Director of Quality and the Medical Director of the Hospitalist group. 1st Quarter readmission (within 30 days of discharge) rate was 12.7%, significantly improved in the 2nd quarter to 6.6%. Case Management involved in ensuring that patients have follow up appointments and support needed on discharge.
- Continued focus on length of stay. Significant improvement. 1st Quarter length of stay averaged 3.3 days; 2nd Quarter 2.75 days on a target of 2.75. Stabilization of the case management department has impacted length of stay positively.

- Zero adverse events and patient falls in the 2nd quarter
- Hospital wide initiatives surrounding patient satisfaction continue. Significant improvements in 6 out of 9 domains on the HCAHPS survey for the 2nd quarter. HCAHPS (inpatient and outpatient surgery) survey's return very low, averaging 7-9 surveys per months. Starting the 3rd Quarter have started reporting the Rate My Hospital rankings for all departments as a comparison to HCAHPS results. Receive approx. 250 surveys through Rate my Hospital each month for all hospital departments (Emergency, Diagnostic services, Inpatient, Physical Therapy, Surgery)

Monthly presentations regarding departmental quality initiatives and data continues. In the 2nd Quarter presentations from the Infection Control Department, Imaging Department and the Emergency department were presented and reviewed.

HCAHPS 2nd Quarter Review

Survey Items	SECTION/DOMAIN	Survey Type	n	Top Box Score				Percentile Rank	Score Trendline	Details
				Current (Q2 2022)	Previous (Q1 2022)	Goal	Change			
Rate hospital 0-10	GLOBAL ITEMS	CAHPS	33	69.70%	79.41%	—	-9.71%	50		
Recommend the hospital	GLOBAL ITEMS	CAHPS	31	83.87%	72.73%	—	11.14%	91		
Domain: Comm w/ Nurses	COMM W/ NURSES	CAHPS	33	82.39%	81.37%	—	1.01%	77		
Domain: Response of Hosp Staff	RESPONSE OF HOSP STAFF	CAHPS	29	68.62%	79.53%	—	-10.92%	73		
Domain: Comm w/ Doctors	COMM W/ DOCTORS	CAHPS	33	84.27%	73.23%	—	11.04%	82		
Domain: Hospital Environment	HOSPITAL ENVIRONMENT	CAHPS	33	71.42%	64.71%	—	6.72%	78		
Domain: Comm About Medicines	COMM ABOUT MEDICINES	CAHPS	16	62.50%	54.76%	—	7.74%	67		
Domain: Discharge Information	DISCHARGE INFORMATION	CAHPS	28	85.45%	78.31%	—	7.14%	41		
Domain: Care Transitions	CARE TRANSITIONS	CAHPS	32	52.87%	53.52%	—	-0.65%	59		

† Custom Question ^ Focus Question
 ■ At or Above Goal ■ <5 Points Below Goal ■ >5 Points Below Goal □ No Goal



To: Sonoma Valley Health Care District Board of Directors
From: Ben Armfield, Chief Financial Officer
Date: October 6, 2022
Subject: Financial Report for August 2022

OVERALL PERFORMANCE – MONTH:

Financial performance from operations in August continued to follow our recent trend of exceeding budget. Our operating margin was favorable compared to budget and now marks the fifth straight month where the hospital’s operating performance exceeded the monthly target. The operating margin of (\$883,060) in August was 11% better than what was budgeted for the month, while our Operating EDBA (operating margin excluding depreciation) of (\$652,606) was 15% better than budget as well.

After accounting for all operating and non-operating revenues and expenses (including parcel tax and GO bond activity), SVH posted net income of \$277,820, which exceeded the budgeted net loss of (\$31,924).

Operating margin, Operating EBDA, and Total Net Income (Loss) all exceed budget from a year-to-date perspective by at least 20%.

Table 1 | Operating Margin - August 2022

	Month of August 2022				Year To Date August 2022						
	Current Year		Variance		Current Year		Variance		Prior Year		Variance
	Actual	Budget	\$	%	Actual	Budget	\$	%	Actual	\$	%
Operating Margin	\$ (883,060)	\$ (993,096)	\$ 110,036	11%	\$ (1,634,147)	\$ (2,073,146)	\$ 438,999	21%	\$ (1,310,995)	\$ (323,152)	-25%
Operating EBDA*	\$ (652,606)	\$ (764,009)	\$ 111,403	15%	\$ (1,174,152)	\$ (1,614,972)	\$ 440,820	27%	\$ (816,900)	\$ (357,252)	-44%
Net Income (Loss)	\$ 277,820	\$ (31,924)	\$ 309,744	970%	\$ (12,300)	\$ (154,994)	\$ 142,694	92%	\$ (336,037)	\$ 323,737	96%

* Operating Margin less Depreciation

NET REVENUE and OPERATING EXPENSES:

Total net patient revenue did exceed budget in August by 5%, which continues a trend of total net revenue exceeding our monthly targets. Year-to-date we are up 6% compared to budget and down 1% from the prior year. Net patient revenue as a % of gross revenue dipped in August, and the 14.8% indicates there is opportunity for improvement. Through the first two months of the year, we are flat to budget from a YTD perspective (15.2% v. 15.2%) and lagging behind the prior year by 5%.

Operating expenses tracked very close to budget and ended up coming in just over for the month. Year-to-date we are basically flat with budget (technically \$16,000 under budget) and above prior year by 3%. Our total FTEs this year are 3% less than what we were running in the prior year and were 6% under budget in the month of August.

Table 3 | Operating Revenues & Expenses - August 2022

	Month of August 2022				Year To Date August 2022						
	Current Year		Variance		Current Year		Variance		Prior Year		Variance
	Actual	Budget	\$	%	Actual	Budget	\$	%	Actual	\$	%
Net Patient Revenue (NPR)	\$ 3,908,301	\$ 3,734,519	\$ 173,782	5%	\$ 7,793,557	\$ 7,320,389	\$ 473,168	6%	\$ 7,854,922	\$ (61,365)	-1%
NPR as a % of Gross Revenue	14.8%	15.2%		-2%	15.2%	15.2%		0%	16.1%		-5%
Total Operating Revenue	\$ 3,988,042	\$ 3,839,242	\$ 148,800	4%	\$ 7,952,976	\$ 7,529,835	\$ 423,141	6%	\$ 8,006,884	\$ (53,908)	-1%
Total Operating Expenses	\$ 4,871,102	\$ 4,832,338	\$ (38,764)	-1%	\$ 9,587,123	\$ 9,602,981	\$ 15,858	0%	\$ 9,317,879	\$ (269,244)	-3%
SVH FTEs (Paid)	222	236	14	6%	223	234	11	5%	231	8	3%

For the most part, overall volumes tracked very close to budget in August, particularly on the outpatient and procedural side. However, our surgical volumes did rebound this past month when comparing monthly volumes to the prior month of July. The 117 total surgeries that were performed in August were basically flat to the 116 that were budgeted, but they were 25% higher than the 94 total surgeries we ran in July. We continue to see inpatient surgical volumes exceed both budget and the prior year, as our YTD volumes are nearly 40% above budget and over 60% higher than the prior year, respectively.

The hospital's emergency room volumes remain strong, and we also saw a rebound in total outpatient visits in August. We were +2% compared to budget, but the 4,691 total outpatient visits were +15% when compared to our July volumes.

Table 4 | Patient Volumes - August 2022

	Month of August 2022				Year To Date August 2022							
	Current Year		Variance		Current Year		Variance		Prior Year		Variance	
	Actual	Budget	Var	%	Actual	Budget	Var	%	Actual	Var	%	
Acute Discharges	63	61	2	3%	123	123	-	0%	128	(5)	-4%	
Acute Patient Days	238	254	(16)	-6%	522	511	11	2%	491	31	6%	
IP Surgeries	18	13	5	38%	36	26	10	38%	22	14	64%	
OP Surgeries	99	103	(4)	-4%	175	212	(37)	-17%	223	(48)	-22%	
Total Surgeries	117	116	1	1%	211	238	(27)	-11%	245	(34)	-14%	
Special Procedures	57	51	6	12%	104	97	7	7%	109	(5)	-5%	
Total Outpatient Visits	4,691	4,610	81	2%	8,748	9,198	(450)	-5%	9,470	(722)	-8%	
Total ER Visits	840	796	44	6%	1,658	1,529	129	8%	1,638	20	1%	

CASH ACTIVITY:

We had a great month of cash collections in August, collecting \$4.6M, which was 117% of the monthly goal. We are now sitting at 105% of our FYTD goal through the first two months of the year.

Days cash on hand dropped below 50.0 in August. This dip is due primarily to the Epic EHR implementation deposit totaling \$702,000 that was paid in August. This payment was planned for, and our days cash on hand trajectory still tracks favorable to budget when looking at where we are projected to end the year.

Both days in A/R and days in A/P had positive movement in August, decreasing by 11% and 7% respectively when compared to the prior month.

Table 5 | Cash / Revenue Cycle Indicators - August 2022

	Current Year		Variance		Prior Year	Variance	
	Aug-22	Jul-22	Var	%	Aug-21	Var	%
Days Cash on Hand - Avg	45.1	53.8	(8.7)	-16%	50.1	(5.0)	-10%
A/R Days	36.5	40.9	(4.4)	-11%	40.8	(4.3)	-10%
A/P Days	53.6	57.6	(4.0)	-7%	41.3	12.3	30%

MONTHLY FINANCE UPDATES:

Please see below for a summary of key initiatives and the work we are prioritizing in the month ahead:

Epic Implementation:

Our team is deep into the Epic implementation project as we are less than 80 days to our go-live. Lots of work still to be completed and we continue to prioritize this project to ensure we stay on task as we enter this critical time prior to go-live.

Financial Audit:

Fieldwork has completed and we are working with our auditors on a few remaining outstanding items specific to implementing a new GASB Audit Standard.

Departmental Collaboration Opportunities:

In addition to the proposal we brought forward today, we are continuing the process of evaluating additional opportunities in respects to some other key areas where we feel the hospital would benefit from this arrangement. Look for further updates on this in the coming months...

Cyber-Attack Insurance Claim:

We have finished our responses to the correspondence that requested additional documentation and detail surrounding our \$1.5M claim. We await further follow-up and will keep the committee informed of next steps.

Revenue Cycle Payor Contracting Initiative:

Will provide verbal update

Departmental Monthly Operating Reviews:

We plan to start work on re-establishing Monthly Departmental Operating Reviews (MORs) over the next couple of months. These reviews will focus on departmental operations with an emphasis on financial performance, productivity, and departmental volumes.

Departmental Staffing / Revenue Cycle Committee Update:

Will provide verbal update on departmental staffing plan and progress during Financial Update.

ATTACHMENTS:

- Attachment A is the Payer Mix Analysis
 - 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 August 31, 2022

ATTACHMENT A

Gross Revenue	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	8,874,562	9,161,001	-286,439	-3.1%	16,748,932	17,969,198	-1,220,265	-6.8%
Medicare Managed Care	4,923,356	4,114,334	809,022	19.7%	9,731,162	8,051,025	1,680,137	20.9%
Medi-Cal	5,335,347	4,104,546	1,230,801	30.0%	9,768,524	8,001,829	1,766,695	22.1%
Self Pay	283,710	434,214	-150,504	-34.7%	807,656	842,262	-34,606	-4.1%
Commercial & Other Gov't	6,078,485	6,081,438	-2,953	0.0%	12,112,030	11,949,020	163,011	1.4%
Worker's Comp.	916,501	732,670	183,830	25.1%	2,131,265	1,456,044	675,221	46.4%
Total	26,411,961	24,628,204	1,783,757	7.2%	51,299,569	48,269,377	3,030,192	6.3%

Net Revenue	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	954,739	1,073,747	-118,722	-11.1%	1,886,434	2,106,111	-219,677	-10.4%
Medicare Managed Care	493,281	474,437	18,844	4.0%	986,562	928,375	58,187	6.3%
Medi-Cal	473,941	431,884	42,057	9.7%	947,881	841,946	105,935	12.6%
Self Pay	90,971	130,166	-39,195	-30.1%	181,942	252,485	-70,543	-27.9%
Commercial & Other Gov't	1,692,430	1,488,769	203,661	13.7%	3,384,860	2,922,165	462,695	15.8%
Worker's Comp.	202,939	135,515	67,424	49.8%	405,878	269,307	136,571	50.7%
Total	3,908,301	3,734,519	174,068	4.7%	7,793,557	7,320,389	473,169	6.5%

Payor Mix	Month			Year-to-Date		
	Actual	Budget	% Variance	Actual	Budget	% Variance
Medicare	33.6%	37.2%	-9.7%	32.6%	37.2%	-12.3%
Medicare Managed Care	18.6%	16.7%	11.6%	19.0%	16.7%	13.7%
Medi-Cal	20.2%	16.7%	21.2%	19.0%	16.6%	14.9%
Self Pay	1.1%	1.8%	-39.1%	1.6%	1.7%	-9.8%
Commercial & Other Gov't	23.0%	24.7%	-6.8%	23.6%	24.8%	-4.6%
Worker's Comp.	3.5%	3.0%	16.6%	4.2%	3.0%	37.7%
Total	100.0%	100.0%	0.0%	100.0%	100.0%	0.0%

Percent of Net Revenue	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	24.4%	28.8%	-4.3%	-15.0%	24.2%	28.8%	-4.7%	-16.2%
Medicare Managed Care	12.6%	12.7%	-0.1%	-0.7%	12.7%	12.7%	0.0%	-0.2%
Medi-Cal	12.1%	11.6%	0.6%	4.9%	12.2%	11.5%	0.7%	5.7%
Self Pay	2.3%	3.5%	-1.2%	-33.2%	2.3%	3.4%	-1.1%	-32.3%
Commercial & Other Gov't	43.3%	39.9%	3.4%	8.6%	43.4%	39.9%	3.5%	8.8%
Worker's Comp.	5.2%	3.6%	1.6%	43.1%	5.2%	3.7%	1.5%	41.6%
Prior Period Adj/IGT	0.0%	0.0%	0.0%	*	0.0%	0.0%	0.0%	*
Total	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%	-0.1%	-0.1%

Net Revenue as a % of Gross	Month				Year-to-Date			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Medicare	10.8%	11.7%	-1.0%	-8.2%	11.3%	11.7%	-0.5%	-3.9%
Medicare Managed Care	10.0%	11.5%	-1.5%	-13.1%	10.1%	11.5%	-1.4%	-12.1%
Medi-Cal	8.9%	10.5%	-1.6%	-15.6%	9.7%	10.5%	-0.8%	-7.8%
Self Pay	32.1%	30.0%	2.1%	7.0%	22.5%	30.0%	-7.4%	-24.9%
Commercial & Other Government	27.8%	24.5%	3.4%	13.7%	27.9%	24.5%	3.5%	14.3%
Worker's Comp.	22.1%	18.5%	3.6%	19.7%	19.0%	18.5%	0.5%	3.0%
TOTAL	14.8%	15.2%			15.2%	15.2%		

**SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the Period Ended August 31, 2022**

ATTACHMENT B

CURRENT MONTH				YEAR-TO-DATE			YTD	
Actual	Budget	Favorable		Actual	Budget	Favorable	Prior	
08/31/22	08/31/22	(Unfavorable)		08/31/22	08/31/22	(Unfavorable)	Year	
		Variance				Variance	08/31/21	
Inpatient Utilization								
Discharges								
1	40	47	(7)	Med/Surg	87	95	(8)	98
2	23	14	9	ICU	36	28	8	30
3	63	61	2	Total Discharges	123	123	-	128
Patient Days:								
4	139	169	(30)	Med/Surg	316	340	(24)	346
5	99	85	14	ICU	206	171	35	145
6	238	254	(16)	Total Patient Days	522	511	11	491
7	17	-	17	Observation days	25	-	25	61
Average Length of Stay:								
8	3.5	3.6	(0.1)	Med/Surg	3.63	3.56	0.07	3.5
9	4.3	6.2	(1.9)	ICU	5.72	6.20	(0.48)	4.8
10	3.8	4.2	(0.4)	Avg. Length of Stay	4.24	4.15	0.09	3.8
Average Daily Census:								
11	4.5	5.5	(1.0)	Med/Surg	5.1	5.5	(0.4)	5.6
12	3.2	2.7	0.5	ICU	3.3	2.8	0.6	2.3
13	7.7	8.2	(0.5)	Avg. Daily Census	8.4	8.2	0.2	7.9
Other Utilization Statistics								
Emergency Room Statistics								
14	840	796	44	Total ER Visits	1,658	1,529	129	1,638
Outpatient Statistics:								
15	4,691	4,610	81	Total Outpatients Visits	8,748	9,198	(450)	9,470
16	18	13	5	IP Surgeries	36	26	10	22
17	99	103	(4)	OP Surgeries	175	212	(37)	223
18	57	51	6	Special Procedures	104	97	7	109
19	288	256	32	Adjusted Discharges	515	504	11	630
20	1,088	1,067	21	Adjusted Patient Days	2,163	2,094	69	2,427
21	35.1	34.4	0.7	Adj. Avg. Daily Census	34.9	33.8	1.1	39.1
22	1.4950	1.4000	0.095	Case Mix Index - Medicare	1.6048	1.4000	0.205	1.2407
23	1.4320	1.4000	0.032	Case Mix Index - All payers	1.5237	1.4000	0.124	1.2929
Labor Statistics								
24	197	214	17	FTE's - Worked	196	212	16.1	205
25	222	236	14	FTE's - Paid	223	234	10.5	231
26	50.89	46.55	(4.34)	Average Hourly Rate	49.20	46.47	(2.73)	44.69
27	6.33	6.85	0.52	FTE / Adj. Pat Day	6.39	6.92	0.52	5.89
28	36.1	39.0	3.0	Manhours / Adj. Pat Day	36.4	39.4	3.0	33.6
29	136.2	162.5	26.2	Manhours / Adj. Discharge	153.0	163.7	10.8	129.3
30	25.3%	25.0%	-0.3%	Benefits % of Salaries	24.6%	25.3%	0.6%	24.6%
Non-Labor Statistics								
31	13.4%	16.5%	3.1%	Supply Expense % Net Revenue	14.1%	16.7%	2.7%	15.1%
32	1,814	2,402	588	Supply Exp. / Adj. Discharge	2,132	2,432	300	1,881
33	17,086	19,049	1,963	Total Expense / Adj. Discharge	18,809	19,255	446	15,295
Other Indicators								
34	45.1			Days Cash - Operating Funds				
35	36.5	50.0	(13.5)	Days in Net AR	38.7	50.0	(11.3)	40.8
36	117%			Collections % of Cash Goal	105%			95.4%
37	53.6	55.0	(1.4)	Days in Accounts Payable	53.6	55.0	(1.4)	41.3
38	14.8%	15.2%	-0.4%	% Net revenue to Gross revenue	15.2%	15.2%	0.0%	16.1%
39	14.1%			% Net AR to Gross AR	14.1%			17.7%

Sonoma Valley Health Care District
Balance Sheet
As of August 31, 2022
UNAUDITED

ATTACHMENT C

		<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets				
Current Assets:				
1	Cash	\$ 1,286,262	\$ 2,493,558	\$ 1,491,246
2	Cash - Money Market	5,345,843	5,845,329	5,639,115
3	Net Patient Receivables	6,091,295	6,701,039	6,632,434
4	Allow Uncollect Accts	(1,487,786)	(1,426,077)	(1,399,958)
5	Net A/R	4,603,509	5,274,962	5,232,476
6	Other Accts/Notes Rec	1,263,336	1,604,206	1,856,041
7	Parcel Tax Receivable	3,800,000	4,007,928	3,800,000
8	GO Bond Tax Receivable	2,601,816	2,485,089	2,601,816
9	3rd Party Receivables, Net	97,905	10,905	81,243
10	Inventory	1,041,884	1,037,598	939,153
11	Prepaid Expenses	1,138,075	828,299	1,009,486
12	Total Current Assets	\$ 21,178,629	\$ 23,587,874	\$ 22,650,576
11	Board Designated Assets	\$ -	\$ -	\$ -
13	Property, Plant & Equip, Net	\$ 53,184,824	\$ 52,121,398	\$ 52,261,611
14	Trustee Funds - GO Bonds	5,977,256	5,752,065	6,115,138
15	Designated Funds - Board Approved	1,000,000	1,000,000	1,000,000
16	Total Assets	\$ 81,340,709	\$ 82,461,337	\$ 82,027,325
 Liabilities & Fund Balances				
Current Liabilities:				
17	Accounts Payable	\$ 5,557,721	\$ 4,187,686	\$ 3,535,407
18	Accrued Compensation	3,462,719	3,694,715	3,701,343
19	Interest Payable - GO Bonds	316,998	217,400	542,516
20	Accrued Expenses	1,225,462	1,845,632	1,530,251
21	Advances From 3rd Parties	-	-	-
22	Deferred Parcel Tax Revenue	3,483,333	3,800,000	3,166,670
23	Deferred GO Bond Tax Revenue	1,754,214	2,485,090	2,318,121
24	Current Maturities-LTD	217,475	301,957	424,998
25	Line of Credit - Union Bank	5,473,734	5,473,734	5,473,734
26	Other Liabilities	106,158	106,158	252,339
27	Total Current Liabilities	\$ 21,597,815	\$ 22,112,372	\$ 20,945,379
28	Long Term Debt, net current portion	\$ 25,541,947	\$ 25,476,513	\$ 27,023,403
29	Fund Balances:			
30	Unrestricted	\$ 17,454,657	\$ 18,822,273	\$ 18,617,742
31	Restricted	16,746,290	16,050,179	15,440,801
32	Total Fund Balances	\$ 34,200,947	\$ 34,872,452	\$ 34,058,543
33	Total Liabilities & Fund Balances	\$ 81,340,709	\$ 82,461,337	\$ 82,027,325

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended August 31, 2022**

	Month			
	This Year		Variance	
	Actual	Budget	\$	%
1	63	61	2	3%
2	238	254	(16)	-6%
3	17	-	17	0%
4	\$ 20,635	\$ 18,768	\$ 1,868	10%
5	\$ 5,776,709	\$ 5,859,916	\$ (83,207)	-1%
6	12,387,854	11,634,328	753,526	6%
7	8,247,401	7,133,960	1,113,441	16%
8	\$ 26,411,964	\$ 24,628,204	1,783,760	7%
9	(22,337,063)	(20,670,766)	(1,666,297)	-8%
10	(150,067)	(200,000)	49,933	25%
11	(16,533)	(22,919)	6,386	28%
12	-	-	-	*
13	\$ (22,503,663)	\$ (20,893,685)	(1,609,978)	8%
14	\$ 3,908,301	\$ 3,734,519	173,782	5%
15	\$ 79,741	\$ 104,723	(24,982)	-24%
16	\$ 3,988,042	\$ 3,839,242	148,800	4%
17	\$ 1,995,887	\$ 1,937,739	(58,148)	-3%
18	703,633	683,218	(20,415)	-3%
19	\$ 2,699,520	\$ 2,620,957	(78,563)	-3%
20	\$ 565,843	\$ 596,624	30,781	5%
21	522,186	615,299	93,113	15%
22	466,886	428,044	(38,842)	-9%
23	230,454	229,087	(1,367)	-1%
24	167,396	146,552	(20,844)	-14%
25	55,345	52,833	(2,512)	-5%
26	29,690	18,703	(10,987)	-59%
27	133,782	124,239	(9,543)	-8%
28	-	-	-	*
29	\$ 4,871,102	\$ 4,832,338	(38,764)	-1%
30	\$ (883,060)	\$ (993,096)	\$ 110,036	11%

Volume Information

Acute Discharges	123	123	-	0%
Patient Days	522	511	11	2%
Observation Days	25	-	25	*
Gross O/P Revenue (000's)	\$ 38,953	\$ 36,497	\$ 2,456	7%

Financial Results

Gross Patient Revenue

Inpatient	\$ 12,346,929	\$ 11,772,397	574,532	5%
Outpatient	21,933,770	22,859,409	(925,639)	-4%
Emergency	17,018,870	13,637,571	3,381,299	25%
Total Gross Patient Revenue	\$ 51,299,569	\$ 48,269,377	3,030,192	6%

Deductions from Revenue

Contractual Discounts	\$ (43,223,466)	\$ (40,513,051)	(2,710,415)	-7%
Bad Debt	(250,067)	(400,000)	149,933	37%
Charity Care Provision	(32,479)	(35,937)	3,458	10%
Prior Period Adj/Government Program Revenue	-	-	-	*
Total Deductions from Revenue	\$ (43,506,012)	\$ (40,948,988)	(2,557,024)	6%

Net Patient Service Revenue

Other Op Rev & Electronic Health Records	\$ 159,419	\$ 209,446	(50,027)	-24%
Total Operating Revenue	\$ 7,952,976	\$ 7,529,835	\$ 423,141	6%

Operating Expenses

Salary and Wages and Agency Fees	\$ 3,876,594	\$ 3,834,593	(42,001)	-1%
Employee Benefits	1,413,612	1,362,280	(51,332)	-4%
Total People Cost	\$ 5,290,206	\$ 5,196,873	(93,333)	-2%
Med and Prof Fees (excl'd Agency)	\$ 1,111,048	\$ 1,191,927	80,879	7%
Supplies	1,097,790	1,225,293	127,503	10%
Purchased Services	892,328	856,083	(36,245)	-4%
Depreciation	459,995	458,174	(1,821)	0%
Utilities	339,634	288,487	(51,147)	-18%
Insurance	108,729	105,666	(3,063)	-3%
Interest	55,078	33,214	(21,864)	-66%
Other	232,315	247,264	14,949	6%
Matching Fees (Government Programs)	0	-	-	*
Operating expenses	\$ 9,587,123	\$ 9,602,981	15,858	0.2%

Operating Margin

	Year-To-Date				YTD Prior Year
	This Year		Variance		
	Actual	Budget	\$	%	
Acute Discharges	123	123	-	0%	128
Patient Days	522	511	11	2%	491
Observation Days	25	-	25	*	61
Gross O/P Revenue (000's)	\$ 38,953	\$ 36,497	\$ 2,456	7%	\$ 38,956
Inpatient	\$ 12,346,929	\$ 11,772,397	574,532	5%	\$ 9,919,960
Outpatient	21,933,770	22,859,409	(925,639)	-4%	24,145,635
Emergency	17,018,870	13,637,571	3,381,299	25%	14,847,810
Total Gross Patient Revenue	\$ 51,299,569	\$ 48,269,377	3,030,192	6%	\$ 48,913,405
Contractual Discounts	\$ (43,223,466)	\$ (40,513,051)	(2,710,415)	-7%	\$ (40,703,321)
Bad Debt	(250,067)	(400,000)	149,933	37%	(400,000)
Charity Care Provision	(32,479)	(35,937)	3,458	10%	(25,500)
Prior Period Adj/Government Program Revenue	-	-	-	*	70,338
Total Deductions from Revenue	\$ (43,506,012)	\$ (40,948,988)	(2,557,024)	6%	\$ (41,058,483)
Other Op Rev & Electronic Health Records	\$ 159,419	\$ 209,446	(50,027)	-24%	\$ 151,962
Total Operating Revenue	\$ 7,952,976	\$ 7,529,835	\$ 423,141	6%	\$ 8,006,884
Salary and Wages and Agency Fees	\$ 3,876,594	\$ 3,834,593	(42,001)	-1%	\$ 3,639,837
Employee Benefits	1,413,612	1,362,280	(51,332)	-4%	1,383,062
Total People Cost	\$ 5,290,206	\$ 5,196,873	(93,333)	-2%	\$ 5,022,899
Med and Prof Fees (excl'd Agency)	\$ 1,111,048	\$ 1,191,927	80,879	7%	\$ 1,076,977
Supplies	1,097,790	1,225,293	127,503	10%	1,184,830
Purchased Services	892,328	856,083	(36,245)	-4%	856,870
Depreciation	459,995	458,174	(1,821)	0%	494,095
Utilities	339,634	288,487	(51,147)	-18%	297,592
Insurance	108,729	105,666	(3,063)	-3%	99,659
Interest	55,078	33,214	(21,864)	-66%	32,515
Other	232,315	247,264	14,949	6%	222,948
Matching Fees (Government Programs)	0	-	-	*	29,494
Operating expenses	\$ 9,587,123	\$ 9,602,981	15,858	0.2%	\$ 9,317,879
Operating Margin	\$ (1,634,147)	\$ (2,073,146)	438,999	21%	\$ (1,310,995)

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended August 31, 2022**

	Month					Year-To-Date				YTD	
	This Year		Variance			This Year		Variance			Prior Year
	Actual	Budget	\$	%		Actual	Budget	\$	%		
31	\$ (11,286)	\$ (13,385)	2,099	*	Non Operating Rev and Expense						
32	-	-	-	0%	Miscellaneous Revenue/(Expenses)	\$ (22,182)	\$ (26,770)	4,588	*	\$ (26,369)	
33	-	-	-	*	Donations	-	-	-	0%	0	
34	316,667	316,667	-	0%	Physician Practice Support-Prima	-	-	-	*	0	
35	-	-	-	0%	Parcel Tax Assessment Rev	633,334	633,334	-	0%	633,334	
36	\$ 305,381	\$ 303,282	2,099	1%	Extraordinary Items	-	-	-	0%	0	
					Total Non-Operating Rev/Exp	\$ 611,152	\$ 606,564	4,588	1%	\$ 606,965	
37	\$ (577,679)	\$ (689,814)	112,135	16%	Net Income / (Loss) prior to Restricted Contributions	\$ (1,022,995)	\$ (1,466,582)	443,587	30%	\$ (704,030)	
38	\$ -	\$ -	-	0%	Capital Campaign Contribution	\$ -	\$ -	-	0%	\$ -	
39	\$ 696,111	\$ 493,593	202,518	0%	Restricted Foundation Contributions	\$ 696,111	\$ 987,186	(291,075)	100%	\$ 223,245	
40	\$ 118,432	\$ (196,221)	314,653	-160%	Net Income / (Loss) w/ Restricted Contributions	\$ (326,884)	\$ (479,396)	152,512	-32%	\$ (480,785)	
41	159,388	164,297	(4,909)	-3%	GO Bond Activity, Net	314,584	324,402	(9,818)	-3%	144,748	
42	\$ 277,820	\$ (31,924)	309,744	970%	Net Income/(Loss) w GO Bond Activity	\$ (12,300)	\$ (154,994)	142,694	92%	\$ (336,037)	
	\$ (347,225)	\$ (460,727)	113,502		EBDA - Not including Restricted Contributions	\$ (563,000)	\$ (1,008,408)	445,408		\$ (209,935)	
	\$ (652,606)	\$ (764,009)	111,403	15%	Operating EBDA - Not including Restricted Contributions	\$ (1,174,152)	\$ (1,614,972)	440,820	27%	\$ (816,900)	

* Operating Margin without Depreciation expense:

\$ (883,060)	\$ (993,096)	\$ 110,036	11%	Operating Margin	\$ (1,634,147)	\$ (2,073,146)	\$ 438,999	21%	\$ (1,310,995)
230,454	229,087	(1,367)	-1%	Add back Depreciation	459,995	458,174	(1,821)	0%	494,095
\$ (652,606)	\$ (764,009)	\$ 108,669	15%	Operating Margin without Depreciation expense	\$ (1,174,152)	\$ (1,614,972)	\$ 437,178	27%	\$ (816,900)

**Sonoma Valley Health Care District
Variance Analysis
For the Period Ended August 31, 2022**

ATTACHMENT E

Operating Expenses	YTD		MONTH		Variance %
	Variance	Variance %	Variance	Variance %	
Salary and Wages and Agency Fees	(42,001)	-1.1%	(58,148)	-3.0%	For the month, salaries and wages were under budget by \$66,435 and agency fees were over by (\$124,583). Agency fees are over budget in Emergency Room, ICU, and some ongoing hard to fill positions in critical ancillary service departments such as CT Scan and Occupational Therapy.
Med and Prof Fees (excl Agency)	80,879	7%	30,781	5%	Professional fees are under budget due to a true-up in UCSF management fees.
Supplies	127,503	10%	93,113	15%	Patient chargeable supplies were under budget in surgery by \$120,000 in August, primarily due to implant costs. Lab supplies were also under budget by \$10,000 in August due to a reduction in COVID testing supplies.
Purchased Services	(36,245)	-4%	(38,842)	-9%	Purchased services are over budget primarily due to higher than budgeted costs in IT and radiology.
Depreciation	(1,821)	0%	(1,367)	-1%	
Utilities	(51,147)	-18%	(20,844)	-14%	Utilities are over budget due to higher monthly electrical costs, particularly with electrical and gas costs.
Insurance	(3,063)	-3%	(2,512)	-5%	
Interest	(21,864)	-66%	(10,987)	-59%	Interest expense is running over budget to an increase in interest rates directly related to our line of credit loan.
Other	14,949	6%	(9,543)	-8%	
Operating expenses	15,858	0.2%	(38,764)	-0.8%	

Sonoma Valley Hospital
Cash Forecast
FY 2023

ATTACHMENT F

	Actual July	Actual Aug	Forecast Sept	Forecast Oct	Forecast Nov	Forecast Dec	Forecast Jan	Forecast Feb	Forecast Mar	Forecast Apr	Forecast May	Forecast Jun	TOTAL
Hospital Operating Sources													
Patient Payments Collected	3,924,051	4,613,392	3,621,207	3,989,228	3,869,771	3,843,928	4,065,106	3,872,360	4,237,155	3,996,942	4,132,251	4,022,275	48,187,666
Other Operating Revenue	19,072	182,649	104,723	104,723	104,723	104,723	104,723	104,723	104,723	104,723	104,723	104,732	1,248,960
Other Non-Operating Revenue	10,204	12,925	10,801	10,801	10,801	10,801	10,801	10,801	10,801	10,801	10,801	10,806	131,144
Unrestricted Contributions													-
Line of Credit													-
Sub-Total Hospital Sources	3,953,328	4,808,966	3,736,731	4,104,752	3,985,295	3,959,452	4,180,630	3,987,884	4,352,679	4,112,466	4,247,775	4,137,813	49,567,771
Hospital Uses of Cash													
Operating Expenses	4,913,977	4,894,375	4,526,007	4,678,557	4,594,131	4,649,093	4,779,230	4,598,493	5,073,479	4,946,353	5,034,948	4,993,654	57,682,297
Add Capital Lease Payments	13,501	13,354											26,855
Additional Liabilities/LOC													-
Capital Expenditures	774,009	749,295	95,000	95,000	95,000	1,399,000	1,399,000	975,000	95,000	95,000	95,000	97,696	5,964,000
Total Hospital Uses	5,701,487	5,657,024	4,621,007	4,773,557	4,689,131	6,048,093	6,178,230	5,573,493	5,168,479	5,041,353	5,129,948	5,091,350	63,673,152
Net Hospital Sources/Uses of Cash	(1,748,159)	(848,058)	(884,276)	(668,805)	(703,836)	(2,088,641)	(1,997,600)	(1,585,609)	(815,800)	(928,887)	(882,173)	(953,537)	(14,105,381)
Non-Hospital Sources													
Restricted Cash/Money Market	750,000	750,000	1,000,000		500,000		(3,000,000)						-
Restricted Capital Donations	210	696,111											696,321
Parcel Tax Revenue	192,601					2,134,000			1,502,000				3,828,601
Other Payments - Ins. Claims/HHS/Grants/Loans				-	1,500,000								1,500,000
Other:													-
IGT							-	5,400,000	688,278			41,568	6,129,846
IGT - AB915										227,253			227,253
QIP											380,000		380,000
HELP II LOAN						2,000,000	-						2,000,000
Sub-Total Non-Hospital Sources	942,811	1,446,111	1,000,000	-	2,000,000	4,134,000	(3,000,000)	5,400,000	688,278	1,729,253	380,000	41,568	14,762,020
Non-Hospital Uses of Cash													
Matching Fees					-	2,258,179	240,898	-	-	-	20,784		2,519,861
Sub-Total Non-Hospital Uses of Cash	-	-	-	-	-	2,258,179	240,898	-	-	-	20,784	-	2,519,861
Net Non-Hospital Sources/Uses of Cash	942,811	1,446,111	1,000,000	-	2,000,000	1,875,821	(3,240,898)	5,400,000	688,278	1,729,253	359,216	41,568	12,242,159
Net Sources/Uses	(805,349)	598,053	115,724	(668,805)	1,296,164	(212,820)	(5,238,498)	3,814,391	(127,522)	800,366	(522,957)	(911,969)	
Operating Cash at beginning of period	2,493,558	1,688,209	2,286,262	2,401,986	1,733,181	3,029,345	2,816,525	(2,421,973)	1,392,418	1,264,896	2,065,262	1,542,305	
Operating Cash at End of Period	1,688,209	2,286,262	2,401,986	1,733,181	3,029,345	2,816,525	(2,421,973)	1,392,418	1,264,896	2,065,262	1,542,305	630,336	
Money Market Account Balance - Undesignated	5,845,329	5,095,329	4,095,329	4,095,329	3,595,329	3,595,329	6,595,329	6,595,329	6,595,329	6,595,329	6,595,329	6,595,329	
Total Cash at End of Period	7,533,538	7,381,591	6,497,315	5,828,510	6,624,674	6,411,854	4,173,356	7,987,747	7,860,225	8,660,591	8,137,634	7,225,665	
Average Days of Cash on Hand	54.2	45.1											
Days of Cash on Hand at End of Month	53.8	46.8	43.1	38.6	43.3	42.8	27.1	53.8	48.0	54.3	50.1	44.9	