SONOMA VALLEY HEALTHCARE DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING AGENDA
Thursday, June 5, 2014
5:30 p.m. Closed Session
6:00 p.m. Regular Session

COMMUNITY MEETING ROOM
177 First Street West, Sonoma, CA

AGENDA ITEM	RECOMMENDATION	
MISSION STATEMENT *The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.*		
1. CALL TO ORDER	*Nevins*	
2. PUBLIC COMMENT ON CLOSED SESSION	*Nevins*	
3. CLOSED SESSION A.Calif. Health & Safety Code § 54957 Public Employment:- Public Employee Dismissal/Release	*Nevins*	
4. REPORT OF CLOSED SESSION	*Nevins*	
5. PUBLIC COMMENT SECTION *At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration. At all times please use the microphone.*	*Nevins*	
6. CONSENT CALENDAR A. Regular Board Minutes, 05.1.14 B. FC Minutes 4.28.14 C. QC Minutes 4.23.14 D. GC Minutes 4.28.14 E. QC Policy & Procedure F. 2014 Three-Year Rolling Strategic Plan G. MEC Credentialing Report, 05.28.14	*Nevins*	Action
7. RESOLUTION No. 320 ORDERING AN ELECTION FOR OPEN BOARD POSITIONS AND REQUESTING CONSOLIDATION WITH THE NOVEMBER 4, 2014 GENERAL DISTRICT ELECTION	*Nevins*	Action
8. MGH/SVH AFFILIATION AGREEMENT	*Mather*	Action
9. ASSOCIATION OF CALIFORNIA HEALTHCARE DISTRICTS – MEMBERSHIP BENEFITS	*Boerum*	Inform
10. FY2015 OPERATING BUDGET	*Cox*	Action
11. OB UPDATE	*Kobe*	Inform
12. FINANCIAL REPORT FOR APRIL 2014	*Cox/Tarver*	Inform

13. ADMINISTRATIVE REPORT FOR MAY 2014	*Mather*	Inform
14. OFFICER & COMMITTEE REPORTS A. Governance Committee Report (Boerum/Hohorst) i. Biennial Review Conflict of Interest ii. Report of 2014 Public Agency Filings B. Quality Committee Report (Hirsch) ii. Risk Management Plan to Prevent Data Breaches iii.Board Quality Committee Dashboard 2014	*All*	Inform/Action
15. ADJOURN Next regular Board meeting, July 3, 2014	*Nevins*	

6.

CONSENT CALENDAR

SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING MINUTES
Thursday, May 01, 2014, 2014
Community Meeting Room, 177 1st St W, Sonoma

Committee Members Present	Committee Members Absent/Excused	Admin Staff /Other	
Sharon Nevins Kevin Carruth Peter Hohorst Jane Hirsch Bill Boerum		Robert Taylor Stephen Berezin Keith Chamberlin, MD Jeannette Tarver Bob Kenney Lynn McKissock Dick Fogg	Paula Davis Mark Kobe Dawn Kuwahara Celia Kruse de la Rosa D. Paul Amara, MD Don Frances

AGENDA ITEM	DISCUSSION	ACTION	FOLLOW-UP
1. CALL TO ORDER	*Nevins*		
2. PUBLIC COMMENT	*Nevins*		
3. CONSENT CALENDAR	*Nevins*	Action	
▪ Board Minutes 4.3.14 ▪ FC Minutes 3.25.14 ▪ QC Minutes 3.26.14 ▪ QC P&Ps ▪ MEC Credentialing Report 4.23.14		**MOTION:** by Boerum to approve Consent Calendar and 2nd by Hirsch. All in favor.	
4. RESOLUTION No. 321	*Mather/Fogg*	Action	
	Mr. Boerum requests that future resolutions of this nature are accompanied by a Board cover letter complete with detailed terms.	**MOTION:** by Boerum to approve and 2nd by Hohorst. All in favor.	
5. RESOLUTION No. 322	*Mather/Fogg*	Action	
	Mr. Boerum requests that future resolutions of this nature are accompanied by a Board cover letter complete with detailed terms.	**MOTION:** by Boerum to approve and 2nd by Hohorst. All in favor.	
6. ROLLING STRATEGIC PLAN	*Mather*	Action	
	Mr. Boerum suggested that two items be added: the payor mix challenge and the Hospital's land lease option.	**MOTION:** by Hirsch to approve and 2nd by Carruth. All in favor.	

AGENDA ITEM	DISCUSSION	ACTION	FOLLOW-UP
7. MARKETING ANNUAL REPORT	*Kenney*	Inform	
8. OB UPDATE	*Kobe*	Inform	
9. FINANCIAL REPORT MARCH 2014	*Tarver*	Inform	
	Mr. Boerum would like to return to having the entire financial report (same as the Finance Committee package) included in the Board agenda package.		
10. ADMINISTRATIVE REPORT APRIL 2014	*Mather*	Inform	
11. SVH STAFF SATISFACTION RESULTS	*Davis*	Inform	
12. OFFICER & COMMITTEE REPORTS	*All*	Action	
❖ Governance Committee ❖ Finance Committee Applicant Interviews	**<u>Governance Committee Updates</u>** Mr. Hohorst reported that both Form 700 Compliance and Board Ethics Training are up to date and/or have been filed with the State. **<u>Finance Committee Applicant Interviews</u>** There were two applicant interviews for the open alternate position on the Finance Committee: Stephen Berezin (SB) and Robert Taylor (RT). <u>Voting Results by roll call:</u> Sharon Nevins-SB Peter Hohorst-SB Bill Boerum-RT Jane Hirsch-SB Kevin Carruth-SB By a vote of 4:1, Mr. Berezin is the newest Finance Committee member.		
13. CLOSING COMMENTS/ANNOUNCEMNTS	*Nevins*		
14. ADJOURN	*Nevins*		
	7:43PM		
15. UPON ADJOURNMENTOF REGULAR OPEN SESSION	*Nevins*		

AGENDA ITEM	DISCUSSION	ACTION	FOLLOW-UP
16. CLOSED SESSION	*Nevins*		
11. REPORT OF CLOSED SESSION/ADJOURN	*Nevins*		

SONOMA VALLEY HEALTH CARE DISTRICT
QUALITY COMMITTEE
REGULAR MEETING MINUTES
Wednesday, April 23, 2014
Schantz Conference Room

Committee Members Present	Committee Members Present	Committee Members Absent/Excused	Admin Staff /Other
Jane Hirsch Kevin Carruth Susan Idell Leslie Lovejoy Paul Amara M.D. S. Douglas Campbell M.D	Michael Mainardi MD Kelsey Woodward Ingrid Sheets Carol Snyder Cathy Webber	Robert Cohen M.D. (E) Howard Eisenstark (A)	Gigi Betta Mark Kobe

AGENDA ITEM	DISCUSSION	ACTION	FOLLOW-UP
1. CALL TO ORDER	*Hirsch*		
	5:06PM Five new community members were welcomed to the Committee and introductions were made. Mr. Eisenstark was absent from the meeting and Ms. Woodward sat-in for him as a voting member of the Committee.		
2. PUBLIC COMMENT	*Hirsch*		
	None		
3. CONSENT CALENDAR	*Hirsch*	Action	
A. QC Meeting Minutes, 3.26.14	Ms. Betta made two corrections to the Minutes from 3.26.14 and they were approved as amended.	**MOTION:** by IDELL to approve 3.26.14 Minutes *as amended* and 2nd by MAINARDI. All in favor.	
4. POLICIES & PROCEDURES	*Lovejoy*	Action	
		MOTION: by IDELL to approve Policy and 2nd by MAINARDI. All in favor.	

AGENDA ITEM	DISCUSSION	ACTION	FOLLOW-UP
5. QUALITY REPORT FOR APRIL 2014	*Lovejoy*	Inform	
	Ms. Lovejoy presented the Quality Reports for March 2014 covering the HIPAA breach response, credentialing process issues, budget priorities for 2015 and announced the Annual Performance Improvement Fair (first annual on September 18, 2014).		
6. ANNUAL PERFORMANCE IMPROVEMENT EVALUATION	*Lovejoy*	Inform	
	Ms. Lovejoy presented highlights of the **Annual Performance Improvement Evaluation** focusing on an extensive and impressive list of awards and accomplishments as well as project ***PDSA--Reducing Readmissions***. A timeline on the latter was distributed at the meeting. She also touched on opportunities for improvement in the future and program goals for 2014-2015.		
7. CLOSING COMMENTS/ANNOUNCEMNTS	*Hirsch*		
	Next month there will be two presentations: **Infection Control** by Kathy Mathews; and **HCAHPS *(Hospital Consumer Assessment of Healthcare Providers and Systems*)** by Mr. Kobe. Ms. Woodward requested the results of the **SVH Employee Satisfaction Survey**. Ms. Lovejoy will ask Paula Davis, HR Director, to present on this topic next month as well. Ms. Betta sent Ms. Hirsch the **Approved Quality Committee Charter** to be updated to reflect four non-voting members on the Committee (increase of one position).		Ms. Lovejoy to ask Ms. Davis to present on the Employee Satisfaction Survey results at next meeting on 5.28.14 Bring Charter back to the next meeting for approval on 5.28.14.
8. ADJOURN	*Hirsch*		
	6:05PM		
9. UPON ADJOURNMENTOF REGULAR OPEN SESSION	*Hirsch*	Inform	
10. CLOSED SESSION	*Amara*	Action	

AGENDA ITEM	DISCUSSION	ACTION	FOLLOW-UP
11. REPORT OF CLOSED SESSION/ADJOURN	*Hirsch*	Inform	
	6:14PM		

SONOMA VALLEY HEALTH CARE DISTRICT
FINANCE COMMITTEE
MEETING MINUTES
Tuesday, April 28, 2014
Schantz Conference Room

Voting Members Present		**Staff/ Public/Other**		**Excused/Absent**
1. Dick Fogg 2. Phil Woodward 3. Peter Hohorst 4. Sharon Nevins 5. Shari Glago	6. Steve Barclay 7. S. Mishra, MD (by phone) 8. Mary Smith (by phone) 9. Keith Chamberlin, MD	David Cox Bernadette Jensen Jeannette Tarver Sam McCandless Stephen Berezin Bill Boerum Kelly Mather Gigi Betta		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
MISSION AND VISION STATEMENTS	*The mission of the SVHCD is to maintain, improve and restore the health of everyone in our community.* *The vision of the SVHCD is that SVH will be a nationally recognized, compassionate place of healing known for excellence in clinical quality. We serve as the guide and indispensable link in our community members' health care journey.*		
1. CALL TO ORDER	*Fogg*		
	5:00 p.m.		
2. PUBLIC COMMENT SECTION	*Fogg*		
	None.		
3. CONSENT CALENDAR	*Fogg*	Action	
A. FC Minutes 3.25.14		**MOTION** by Hohorst to approve and **2nd** by Barclay. All in favor.	
4. MARCH 2014 FINANCIALS	Cox	Inform	

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
	SVH is reporting an operating profit of $541,271 for March which includes the favorable impact of $1.3M in LIHP funds, which are expected to be received in July. Without this entry, SVH would have reported an operating loss of about ($800,000). The operating loss for the year ($27M) is now slightly behind budget. The year to date loss is offset by non-operating gains totaling $2.9M, and our Net Income is $233,199, which is positive to budget. Also, in March SVH is recording a reserve for its receivable from Palm Drive Hospital.		Ms. Betta to distribute *"Small Hospitals Innovate to Avoid Palm Drive Fate."* to all three FC distribution lists.
5. CASH FLOW FORECAST	*Cox*	Inform	
	Mr. Cox presented the Statement of Cash Flows covering a period of four months from 3-1-14 to 6-30-14. **Mr. Woodward strongly suggested that project cash flows are forecasted for a MINIMUM of 6 months.**		
6. RAC ANALYSIS	*Jensen*	Inform	
	Ms. Jensen gave an update on current RAC activity ending 3/31/14.		
7. FY2015 BUDGET ASSUMPTIONS	*Mather*	Inform	
	Ms. Mather covered the FY2015 budget assumptions. The overall goal for SVH is to reduce our expenses by $4M (from a total of $55M to $51M **of controllable expenses).** The Hospital expects break even with parcel tax. Growth, while it is part of future strategy, will be very low key. Salary increase of 3% in Jan. 2015 is still planned because Leadership feel very strongly about keeping salaries at market rate. A small benefit increase from WHS is expected. The Hospital will not be recruiting any physicians for quite awhile and those currently on-staff are on a productivity (RVU) plan which does not include any subsidy or support from the Hospital.		Ms. Betta to send a reminder to all three FC distribution lists about the Board Study Session on 5.20.14, 5pm in SVH Basement Conf. Rm. And will include the schedule of all SVH Board/Committee meetings for 2014.
8. RESOLUTION No. 321	*Fogg*	Action	
	Roll call vote, 9 ayes, unanimous. 1. Dick Fogg aye 2. Phil Woodward aye 3. Peter Hohorst aye 4. Sharon Nevins aye 5. Shari Glago aye 6. Steve Barclay aye 7. Subhash Mishra, MD (by phone) aye 8. Mary Smith (by phone) aye 9. Keith Chamberlin, M.D. aye	**MOTION** by Hohorst to approve and **2nd** by Woodward. All in favor.	

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
9. RESOLUTION No. 322	*Fogg*	Action	
	Roll call vote, 9 ayes, unanimous. 1. Dick Fogg aye 2. Phil Woodward aye 3. Peter Hohorst aye 4. Sharon Nevins aye 5. Shari Glago aye 6. Steve Barclay aye 7. Subhash Mishra, MD (by phone) aye 8. Mary Smith (by phone) aye 9. Keith Chamberlin, M.D. aye	**MOTION** by Barclay to approve and **2nd** by Woodward. All in favor.	
10. IMPACT OF SGR	*Mather*	Inform	
11. CAPITATION IS FUTURE	*Cox*	Inform	
	Mr. Cox gave an engaging presentation on Marin General Hospital's Capitation Strategy and talked about the current market changes, future healthcare premises and the revenue opportunities for the providers in the community based on this plan.		
12. ADJOURN	*Fogg*		
	Adjourn 6:40 p.m.		

SONOMA VALLEY HEALTH CARE DISTRICT
GOVERNANCE COMMITTEE
REGULAR MEETING MINUTES
April 28, 2014
1st floor Solarium

Committee Members Present	Committee Members Absent	Administrative Staff Present
Bill Boerum Peter Hohorst		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP
MISSION AND VISION STATEMENTS			
1. CALL TO ORDER	*Boerum*		
	830 AM		
2. PUBLIC COMMENT:	*Boerum*		
3. CONSENT CALENDAR: **A.** GC Meeting Minutes, 2.25.14	*Boerum*	Action	
		MOTION by Hohorst to **APPROVE** Consent Calendar. All in favor.	
4. STANDING COMMITTEE CHARTER REVIEW	*Boerum/Hohorst*	Inform/Action	
	Charters reviewed and will be finalized at the next GC meeting on 5.27.14.		.
5. CONTRACTING PROCEDURES REVIEW		Inform/Action	
	Not reviewed.		
6. FACILITIES CONTRACTING POLICY	*Boerum/Hohorst*	Inform/Action	
	Not reviewed.		
7. CONTRACTING APPROVAL MATRIX	*Boerum/Hohorst*	Inform/Action	
	Still under development.		
8. ADVISE COMMITTEES OF CHATER REVIEW	*Boerum/Hohorst*	Inform/Action	
	Put forward to the next meeting on 5.27.14 (see item #4)		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP
9. PROCUREMENT POLICY	*Boerum/Hohorst*	Inform/Action	
	Still under development.		
10. MARIN AFFILIATION AGREEMENT REVIEW	*Boerum/Hohorst*	Inform/Action	
	Not reviewed at this meeting.		
11. 2014 FORM 700 COMPLIANCE	*Boerum/Hohorst*	Inform/Action	
	2014 Form 700 filed for both District Board and Hospital Leadership Staff on 4.11.14.		Board Clerk to put under Committee Reports at Board meeting on 5.1.14
12. REVIEW SCHD GOVERNANCE CERTIFICATE PROGRAM	*Boerum/Hohorst*		
	Not reviewed at this meeting.		
13. 2014 BOARD ETHICS TRAINING STATUS UPDATE	*Boerum/Hohorst*		
	All SVHCD Board members are up to date on Ethics training for 2014. No training required until 2015.		Board Clerk to put under Committee Reports at Board meeting on 5.1.14
14. ADJOURN	*Boerum* 9:15am		

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SONOMA VALLEY HEALTH CARE DISTRICT
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POLICY AND PROCEDURE
Approvals Signature Page

Review and Approval Requirements

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

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

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

Organizational: Multiple (refer to attached Summary Sheet) March List	
APPROVED BY	DATE: **3/31/2014**
Director's/Manager's Signature	Printed Name

Leslie Lovejoy — 5-20-14

Leslie Lovejoy, RN
Chief Nursing Officer, CQO — Date

5/22/14

Robert Cohen, MD
Chief Medical Officer — Date

P Amara, MD — 5/22/14

D. Paul Amara, MD
President of Medical Staff — Date

Kelly Mather
Chief Executive Officer — Date

Sharon Nevins
Chair, Board of Directors — Date

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Policy Submission Summary Sheet
Title of Document: Organizational-**Multiple Departments**
Type: **Revision**

March policies	
Policy	**Notes**
EC-EQP8610-107 Preventive Maintenance	reviewed; additions to reflect the new building and equipment
EC-EQP8610-108 Bio-Medical Safety PM system	Reviewed; changed storage of the documentation and generating reports
EC-EQP8610-109 Expired Testing	reviewed; minor changes in wording
EC-EQP8610-133 Bio-Medical Equipment Phone directory	reviewed; updated to current
EC-EQP8610-146 Patient Owned Electrical Equipment	reviewed; only minor change to the text
EC-EQP8610-147 Extension cords and Adapters	reviewed; minor corrections to text,changed the purpose of policy
EC-SAF8610-128 Construction Contract Stipulation	reviewed; added minor changes
EC-SAF8610-127 Infection control for Construction and Re	delete; now IC8610-142 to current standard
IM8610-100 Notice of Health Information Privacy Practice	reviewed; no changes
IM8610-120 Workforce HIPPA regulations	revised; updated protecting data on personal devices
LD 8610-317 Organ donation After Cardiac Death	reviewed; no changes
LD8610-318 Organ Donation after Brain Death	reviewed; no changes
LD8610-167 Unusual Occurrence report to governmental	reviewed; minor changes re e-notifications
LD8610-179 Sentinel and Adverse Event Reporting	reviewed; minor changes in wording
LD8610-185 Risk Management Policy	reviewed;
LD8612-180 E-Notification System Policy	reviewed; changed from Notification Form Policy
LD8610- Plan for the Provision of patient Care	retire
PC 8610-206 Adult Hypoglycemia	reviewed; no changes
PC8610-107 Use of Restraint Policy	revised; updated to current standards
PC8610-122 Pressure Ulcer & Wound Care Assessment &	reviewed; minor changes
PC8610-200 Patient Elopement	new policy
PCLB 8610-207 Pathology Specimen Handling	reviewed; minor changes
PCLB 8610-209 Chromosome Studies	reviewed; updated to current
PCLB8610-Formalin spill cleanup	reviewed; no changes
PCLB8610-208 Placenta Disposition	reviewed; updated to current standard
RI8610-115 Patient Personal Belongings/Valuables	reviewed; minor changes in wording

Reviewed By:	Date	Approved
Policy & Procedure Team	03/22/2014	Yes
Surgery Committee	4/2/14	yes
Medicine Committee	4/10/14	yes

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POLICY AND PROCEDURE
Approvals Signature Page

Review and Approval Requirements

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

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

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

Departmental: Intensive Care Unit (ICU)	
APPROVED BY **Mark Kobe, RN**	DATE: **April 2014**
Director's/Manager's Signature Mark Kobe	Printed Name **Mark Kobe, RN Director**

Dennis Verducci, MD
Medical Director of Intensive Care Unit — Date

Robert Cohen, MD
Chief Medical Officer — 5/22/14 Date

Leslie Lovejoy, RN
Chief Nursing Officer, CQO — 5-20-14 Date

Sharon Nevins
Chair, Board of Directors — Date

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Policy Submission Summary Sheet

Intensive Care Department Policy and Procedures

New document or revision written by: Mark Kobe, DON

Type	**Regulatory**
X Revision ❑ New Policy	**X CMS** **X CDPH** (formerly DHS) **D TJC** (formerly JCHAO) **❑ Other:**
Departmental: Clinical/Non-clinical *(circle which type)*	**XXXDepartmental - ICU** *(List departments effected)*

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

The following ICU Department policies have been revised:

6010-1 Admission Criteria to the ICU: reviewed with minor changes replacing 'paperwork' with EHR
6010-2 Arterial Line Setup: reviewed, minor change of addition of Biopatch to dressing protocol
6010-3 Cardioversion: reviewed no changes
6010-4 Central Venous Pressure Monitoring: reviewed no changes
6010-5 Discharge from the ICU: reviewed no changes
6010-6 Documentation in the ICU; reviewed and revised to include documentation process for EHR
6010-7 Implanted Subcutaneous Ports Access and Management: reviewed no changes
6010-8 Intravenous Management: reviewed no changes
6010-9 Mechanical Ventilation Management: reviewed no changes
6010-10 Oral Care for Mechanically Ventilated Patient: reviewed no changes
6010-11 Percutaneous Central Vascular Access Device: reviewed no changes
6010-12 Physical Assessment of Adult and Pediatric Patients: reviewed no changes
6010-13 Staffing Criteria for 1:1 staffing in the ICU: reviewed, revised to include titration parameters
6010-14 Suctioning Patients in the ICU: reviewed no changes
6010-15 Tracheostomy Care: reviewed no changes
6010-16 Transvenous Pacing: reviewed no changes
6010-17 Ventilator Associated Pneumonia Prevention: reviewed no changes
6010-18 Visitor Policy in the ICU: reviewed, no changes

SONOMA VALLEY HOSPITAL

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POLICIES/PROCEDURES MANUAL
Intensive Care Unit
TABLE OF CONTENTS

6010-1	Admission Criteria to the Intensive Care Unit
6010-2	Arterial Line Setup
7010-12	Capnograpy/End Tidal CO2 Monitoring (Et/CO2)
6010-3	Cardioversion
6010-4	Central Venous Pressure Monitoring
6010-5	Discharge from the Intensive Care Unit
6010-6	Documentation in the Intensive Care Unit
6010-7	Implanted Subcutaneous Ports Access and Management
6010-8	Intravenous Management
6010-9	Mechanical Ventilation Management
6010-10	Oral Care for the Mechanically Ventilated Patient
6010-11	Percutaneous Central Vascular Access Device
6010-12	Physical Assessment of Adult Pediatric Patient
6010-13	Staffing Criteria for 1:1 Staffing Ratio in the ICU
6010-14	Suctioning Patients in the Intensive Care Unit
6010-15	Tracheostomy Care
6010-16	Transvenous Pacing
6010-17	Ventilator Associated Pneumonia (VAP) Prevention
6010-18	Visitor Policy in the Intensive Care Unit

New SONOMA VALLEY HOSPITAL

FY 2015 Three-Year Rolling Strategic Plan

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
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Executive Summary

Sonoma Valley Hospital ("SVH") has entered a new era of service to the Sonoma Valley. The Hospital has made tremendous strides in patient service levels, upgrade of its physical plant and creation of a positive culture. SVH is the preferred choice among residents for Emergency, Diagnostics, Rehabilitation, Skilled Nursing, Home Health Care and Occupational Health. SVH is in the process of redefining itself for the future in order to stay financially viable; provide the services that best address community needs; and help our residents to stay healthy.

In order to become sustainable amid the shifting landscape of modern health care, SVH must rethink its role as a community hospital. New and sustainable sources of revenue are needed to replace diminishing income from traditional inpatient services. Difficult choices must be made in terms of which services are offered. New models and sources of revenue must be identified from regional expansion of selected services (e.g., Home Health Care) and increased market share of inpatient procedures. And finally, continued generous support from the community is needed.

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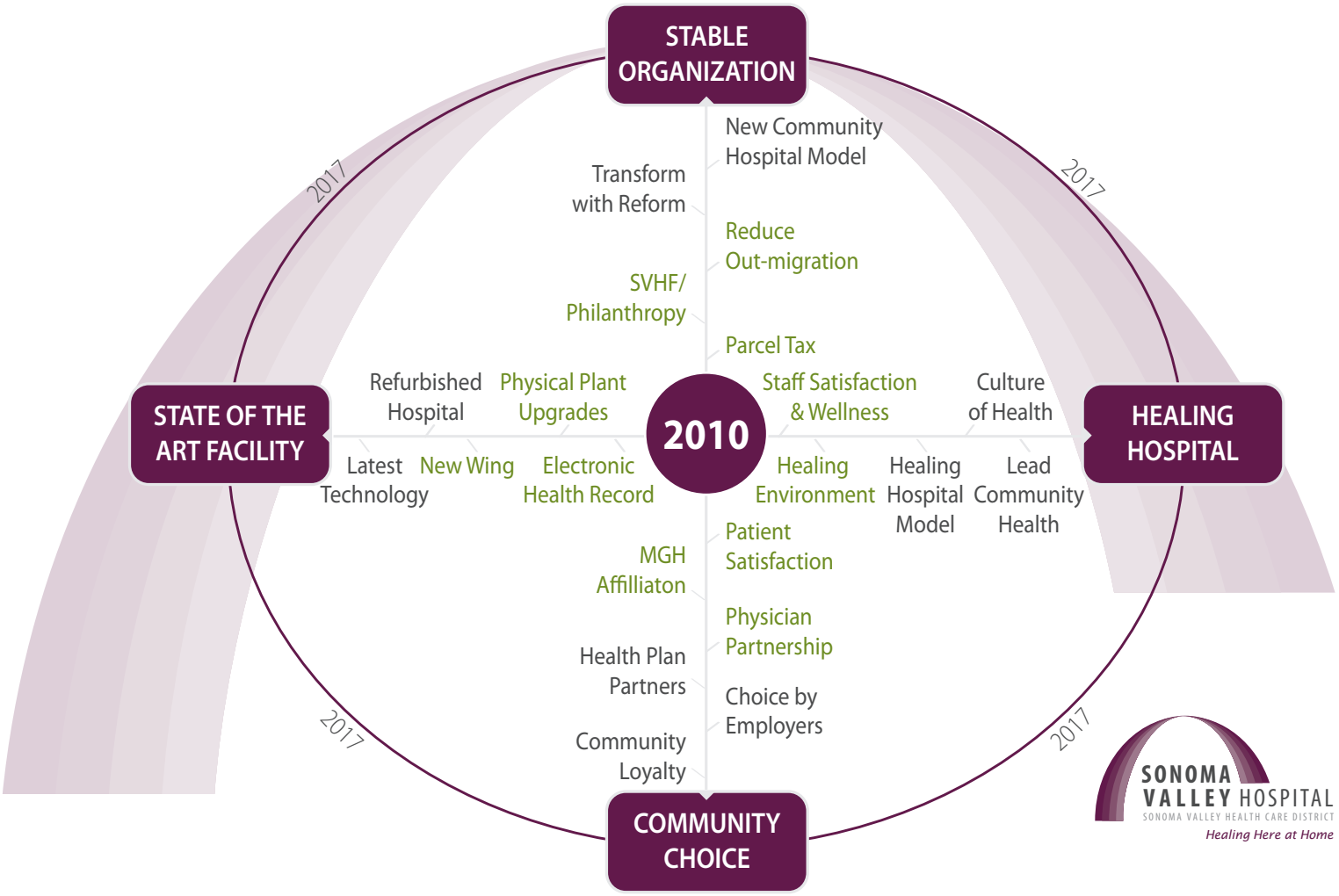
OUR VALUES: C.R.E.A.T.I.N.G **Compassion:** We show consideration of the feelings of others at all times. **Respect:** We honor and acknowledge the value of the people, places and resources in providing care. **Excellence:** We strive to exceed the expectations of the people we serve. **Accountability:**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



Strategic Priorities 2014-2016

REDESIGN THE SMALL COMMUNITY HOSPITAL MODEL FOR GREATER VIABILITY Trends in health care and hospital economics make it clear that small hospitals can no longer be all things to all patients. To be viable, the Hospital must reinvent itself in four important ways: actively manage the mix of services offered with an emphasis on outpatient services; pursue viable opportunities to reach a broader, regional audience with selected services; eliminate or reduce costs for unprofitable services; and continue to reduce the cost structure to below Medicare payments for each patient.

PERSUADE SONOMA EMPLOYERS TO OFFER HEALTH PLANS THAT USE SONOMA VALLEY HOSPITAL AND ITS AFFILIATED PHYSICIANS The changing nature of reimbursement and stronger ties between physicians and hospitals mean that SVH will increase revenues by identifying financially attractive health plan partners for Sonoma Valley residents as an alternative to Kaiser. Access to SVH must become an important reason for employers and residents when choosing a health plan.

IMPROVE FACILITY TO BE A STATE-OF-THE-ART HOSPITAL With the opening of the new Emergency Department and Surgical Center, the Hospital took a major step toward becoming a state-of-the-art facility. However, significant additional work is needed to bring the remaining physical plant up-to-date and to improve service efficiency. The Hospital will undertake a capital campaign working with the Sonoma Valley Hospital Foundation and philanthropic community to obtain the capital needed for additional facility improvements.

BUILD A HEALING HOSPITAL AND A HEALTHIER COMMUNITY With the implementation of capitation models and the decline in inpatient volumes, hospitals will need to focus on creating healthier communities in order to succeed. SVH will continue its efforts to become a place of healing, committed to high quality services and staff who inspire physical, mental, emotional and spiritual healing for the Sonoma Valley residents.

OLD HOSPITAL MODEL

NEW HOSPITAL SYSTEM

Environment Assessment:
Trends in Hospital Health Care

SVH, like many other hospitals, faces numerous challenges and rapid changes to the environment in which it operates.

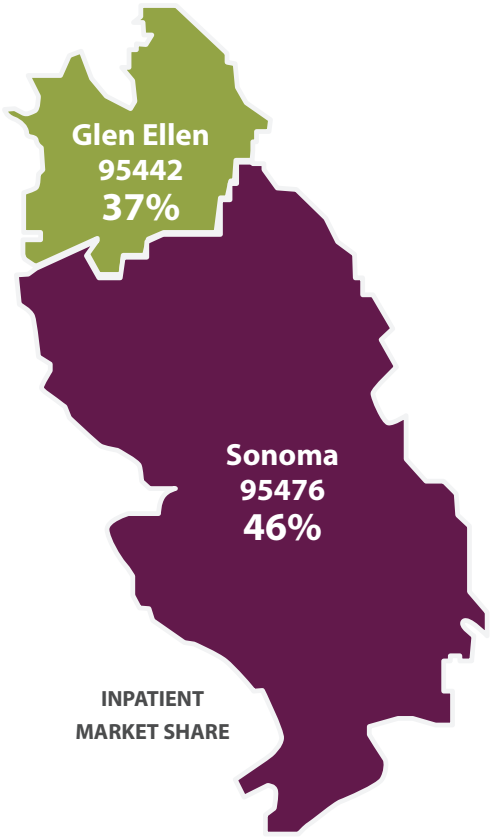
Changes in reimbursement and medical practice rules are impacting hospital margins:

- Government rules and reimbursement practices are placing severe pressure on Hospital revenues as patient care is pushed to outpatient treatment; reimbursement rates are reduced; patient outcomes are tied to reimbursement; and post-facto audits cause reimbursement take-backs.
- Commercial, fee-for-service margins are declining as insurers take their cue from governmental reimbursement and medical practice requirements.
- At the same time, regulatory requirements for Hospital operations, staffing and procedures are not being scaled back to provide commensurate expense reduction opportunities.

There are opportunities on the horizon that may offset some of the margin pressure, but they are not here yet:

- The health care market is moving toward a capitation model, which, once implemented, holds the possibility of higher margins, improved cash flow, and aligned incentives for improving community health.
- Advances in medical treatment, technology and health care practices are becoming a necessary part of hospital expense management to help offset the pressure on revenues.
- Tight integration of physicians and hospital networks has created more alignment to lower the costs of providing services and protecting market share.

SVH Situation Analysis



- SVH serves a very small community making it difficult for the Hospital to ever be fully self-supporting. It has become clear that both community and philanthropic support are required to sustain the Hospital financially.
- SVH's service area has a disproportionate share of 50+ residents and is under-represented in younger age categories. Seniors make up a significant portion of the SVH market with 19.5% of the Valley being over 65 years of age. This is significantly higher than the 13.2% average in the U.S.
- Consistent with a large and growing senior population, SVH is experiencing an increase in Medicare patients as a percent of total volumes. Due to lower government reimbursement, this is also placing pressure on margins.
- SVH's service area has a large and fast growing Latino population. By 2016, more than 32% of the Valley's population will be Hispanic. Latinos are expected to make up over 50% of California's population by 2050, and that benchmark could be reached in the SVH service area before that time.
- SVH has dramatically improved its service delivery over the past few years and now ranks above the national average for patient satisfaction and patient safety.
- Consistent with other institutions, the Hospital is experiencing steep declines in inpatient volumes.
- However, gross outpatient revenue is increasing dramatically, up by ~50% between 2010 and 2013.
- Hospital margins are extremely low. Some services lose money (e.g., Obstetrics) while other services (e.g., Surgery, Home Care and Rehabilitation) are profitable and are targeted areas of growth.
- The Hospital is known and valued by the community for its emergency care services.
- SVH has a good share of the market for Medicine, Gynecology, Inpatient Rehabilitation/Skilled Nursing, Outpatient Rehabilitation, Home Health Care and Diagnostics. SVH is showing positive growth and recovery in Orthopedics and Gastroenterology.
- Demand for new/additional physicians in the SVH service area should be relatively low during the planning period. Expected growth varies by sub-specialty, but current projections show no significant recruitment is needed until 2016.

Source: 2011 OSHPD Report

Competitive Assessment

SVH is one of eight hospitals in a 25-mile radius from Sonoma and is significantly smaller than all but one of these facilities. Kaiser Permanente is the largest competitor for SVH (when both San Rafael and Santa Rosa facilities are combined), although capturing volume from these hospitals will require SVH to win a larger share of the health plans used by Valley businesses and residents.

Sonoma Valley Hospital Inpatient Market Position

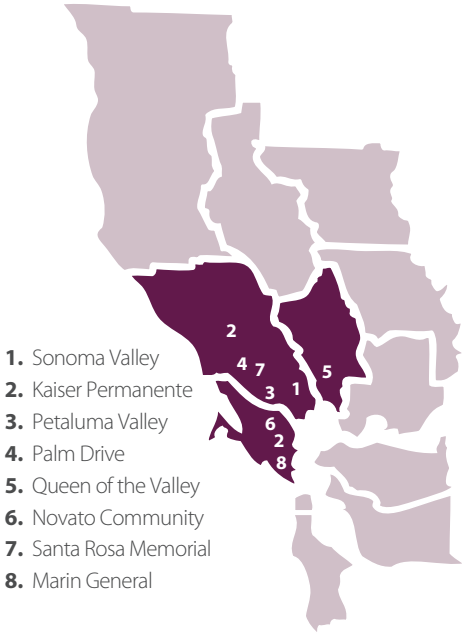
- SVH inpatient cases decreased by 8.7% between 2010 and 2013, from 1,790 cases in 2010 to 1,636 in 2013. The decline in inpatient volume is, at least in part, a function of having certain procedures moved from inpatient to outpatient.
- Sonoma Valley Hospital's share of inpatient cases fell to 43.5% in 2012 (2013 data on market share is not yet available), decreasing 2.5% since 2010. Share loss can be attributed to implementation of case management and increased scrutiny from payers as SVH provides appropriate levels of care for all patients.
- Marin General Hospital now has about a 6% inpatient market share, up from 3% in 2010, which shows that the regional partnership is effective.
- Santa Rosa Memorial and Napa's Queen of the Valley hospitals also handle a large number of inpatient procedures that could be done at SVH. Sonoma Valley Hospital lost share in five of its top seven inpatient procedures and lost significant share in other, less common procedures (e.g., General Medical, Pulmonary, Neurology, Neonatology).
- Kaiser Santa Rosa and San Rafael combined handle approximately 13.8% of inpatient procedures for Sonoma Valley residents and have a large share of many of the most common procedures.

Inpatient Share	SVH Visits	SVH Share 2012	Share Change 2010-12
Rehabilitaton (SNF)	353	90.5%	-4.1%
Orthopedics	176	35.5%	1.7%
Obstetrics	151	46.0%	-1.1%
Medicine	149	65.4%	-4.4%
Gastroenterology	112	56.3%	3.8%
Cardiology	109	35.2%	-2.6%
General- Surgical	93	35.5%	-0.6%
All Other	285	23.7%	-7.4%
Total	**1,428**	**43.5%**	**-2.5%**

Outpatient Market Position

- Outpatient surgical market share for the primary service area increased significantly, from 27% in 2010 to 32.1% in 2013. However, SVH is underperforming in surgery and is experiencing significant outmigration for surgeries that can easily be done locally.
- Kaiser Santa Rosa and San Rafael handle approximately 17% of outpatient surgeries performed for residents in the combined service area. Sonoma patients are attracted to Kaiser due to its attractive pricing for its HMO offering despite experiencing considerable inconvenience in traveling to facilities outside the Sonoma Valley.
- Queen of the Valley in Napa and Petaluma Valley Hospital are secondary competitors for outpatient surgeries. Queen of the Valley handles about 9% of Sonoma Valley residents' outpatient surgeries.

Inpatient Share for Selected Admissions	SVH	Kaiser Combined	Santa Rosa Memorial	Marin General	Queen of the Valley
General- Surgical	35.5%	18.7%	6.1%	4.2%	8.4%
Cardiology	35.2%	13.9%	6.1%	14.5%	8.1%
Medicine	65.4%	15.8%	4.4%	0.9%	1.8%
Orthopedics	35.5%	15.6%	8.1%	5.0%	7.1%
Obstetrics	46.0%	22.3%	4.9%	2.1%	4.9%



1. Sonoma Valley
2. Kaiser Permanente
3. Petaluma Valley
4. Palm Drive
5. Queen of the Valley
6. Novato Community
7. Santa Rosa Memorial
8. Marin General

Emergency Department Market Position

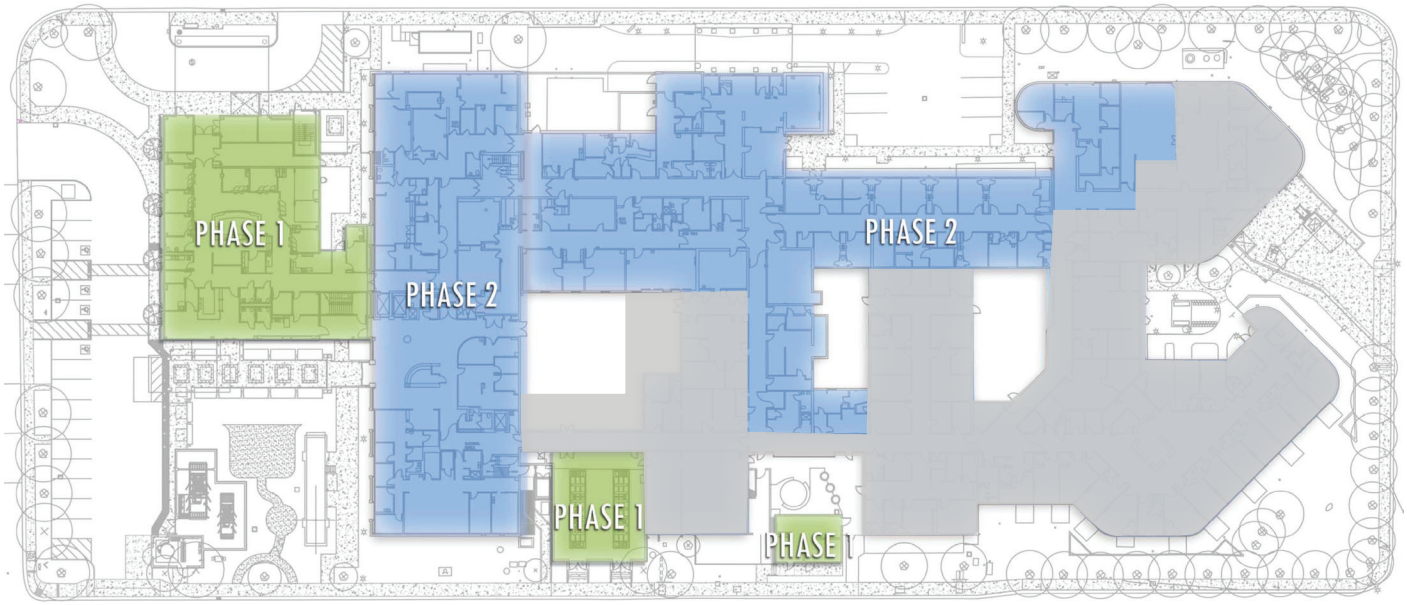
The Hospital's emergency market share continues to be high at 68% for the combined service area and the number of emergency visits is increasing each year.

The Future

Sonoma Valley Hospital has emerged from a period of turmoil and uncertainty about its future. The Hospital has made significant progress in stabilizing the organization and dramatically improving service delivery and quality. With generous support from the community, the Hospital has completed construction of a new Emergency Department and Surgery Center, which opened in February of 2014. The Hospital also has addressed some of the long-standing deferred maintenance issues to bring older facilities up to seismic requirements, allowing these areas to function effectively for another 20 years.

Reimbursements from Medicare and Medi-Cal are significantly below cost and the Hospital still must rely on the support of an annual parcel tax to achieve financial stability. The future will include ongoing pressure on margins as insurance companies and government policies work to further reduce reimbursement for care. The community has been very generous in recent years through the approval of a General Obligation Bond, the parcel tax and significant philanthropic contributions.

Sonoma Valley Hospital is uniquely positioned to succeed in the continually evolving landscape that is health care today. The old hospital model, in which the economics of health care are largely based on serving those who are acutely ill, is no longer viable. The 'Future' is a hospital economic model growing from the need to serve the entire community as a place of healing and a partner in health.



Implementation Plan for the Strategic Priorities

STRATEGIC OBJECTIVES	Qtr 1	Qtr 2	Qtr 3	Qtr 4	FY 2016	FY 2017
Re-design A Small Community Hospital Model For Viability						
Increase surgeries with focused marketing of Orthopedics and operate as Surgery Center	x					
Leverage new cost accounting system to enhance service unit and procedure profitability	x	x				
Negotiate improved systems for reimbursement with health plan partners (above cost)		x	x			
Complete expansion of home care agency to Marin County; consider Napa & West County			x		North Bay	
Win back ancillary services when patients are referred to out-of-area specialists through PCP	x	x	x	x	x	x
Increase outside referrals to SVH's Skilled Nursing Unit	x	x	x	x	x	x
Increase Rehabilitation, Occupational Health and Wound Care service market share through continued community outreach	x	x	x	x	x	x
Inspire Sonoma Employers To Offer Health Plans That Use Sonoma Valley Hospital And Its Affiliated Physicians						
Create and launch an Employer Health Wellness Program	x	x				
Build local employer loyalty and promote partner health plans to reduce out-migration	x	x				
Offer new Medicare Advantage plan partner to Sonoma County		x	x			
Expand shared risk agreements with additional health plans covering a larger percent of Sonoma Valley residents			x	x		
Build loyalty and support growth of SVH affiliated physician practices	x	x	x	x		
Share in Medicare savings programs with our physician partners demonstrating population health improvement	x	x	x	x		
Facility Improvements To Be A State-Of-The-Art Hospital						
1st Floor refurbishment (Lobby, Lab, Corridors) for service excellence and to further enhance the image of quality	x					
Refurbish 3rd floor with an Integrative Health Center to enhance patient services and visits	x					
Obtain an MRI and move it inside the hospital (with philanthropic support) for more referrals		x				
Obtain Stage 2 Meaningful Use with the Electronic Health Record		x	x			
Launch a capital campaign for a new Outpatient Diagnostic Center to enhance efficiency and reduce costs			x	x	x	x
Further build the I.T. infrastructure to create the foundation for more information technology including a patient portal				x	x	
Build A Healing Hospital And A Healthier Community						
Complete the Culture of Health through the implementation of healing hospital modules and share best practices across the nation	x					
Launch Integrative Health Clinic and disease reversal program	x					
Expand the SVH staff wellness program to family members for increased health cost savings		x				
Offer Wellness University & other classes to the community to improve health and brand loyalty		x	x			
Continue to offer Health Awareness & Education programs through Compass, GirlTalk & Women's Health Center	x	x	x	x		
Support Sonoma Valley Health Roundtable initiatives and lead the Circle of Wellness pilot project	x	x	x	x		
Show improvement toward goals for a Healthly Sonoma County 2020 in the Valley				x	x	x

New Sonoma Valley Hospital is uniquely positioned to succeed in the continually evolving landscape that is health care today.

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

347 Andrieux Street Sonoma, CA 95476 • 707.935.5000 • www.svh.com

7.

RESOLUTION No. 320

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

Meeting Date:	June 5, 2014
Prepared by:	Eugenia Betta, Clerk of the Board of Directors
Agenda Item Title:	Resolution No. 320 – Ordering an Election for Open Board Positions to be Held and Requesting Consolidation with the November 4, 2014 General District Election

Recommendation:
That the SVHCD Board approve and adopt Resolution No. 320, as described in the attachment.

Background:
Pursuant to Elections Code Section 10509 (which requires notification prior to the 125th day before the election (July 2, 2014)), the elected office holders of this district whose terms will expire in 2014, and/or their successors will be required to be elected at the upcoming election to be held on November 4, 2014. This resolution requests consolidation with the general election.

Consequences of Negative Action/Alternative Actions:
The incumbents interested in running for re-election will not be able to participate in the General Election in November 2014.

Financial Impact:
TBD

Selection Process and Contact History:
N/A

Board Committee:
N/A

Attachments:
1. Resolution No. 320;
2. Notice of Offices To Be Filled; and
3. Notice of District Boundaries

SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS, COUNTY OF SONOMA, STATE OF CALIFORNIA

RESOLUTION NO. 320

Ordering an Election for Open Board Positions to be Held and Requesting Consolidation with the November 4, 2014 General District Election

WHEREAS, an election will be held on November 4, 2014, in the Sonoma Valley Health Care District for the purpose of electing District Directors to fill positions that will expire in 2014;

BE IT RESOLVED THAT, the District Directors of said district hereby request consolidation with any election that may be held on the same day, in the same territory or in territory that is in part the same.

THE FOREGOING RESOLUTION was introduced by Director _____, who moved its adoption, seconded by Director _____ and then adopted on roll call by the following vote:

Director Nevins	Aye	No	Abstain
Director Boerum	Aye	No	Abstain
Director Carruth	Aye	No	Abstain
Director Hohorst	Aye	No	Abstain
Director Hirsch	Aye	No	Abstain

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

WHEREUPON, the Chair declared the foregoing resolution adopted and **SO ORDERED.**

_____
Jane Hirsch, Second Vice Chair

Dated: 5th of June 2014

Attest:

_____
Bill Boerum, Secretary

seal

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

MEMORANDUM

TO: WILLIAM F. ROUSSEAU, COUNTY CLERK & REGISTRAR OF VOTERS

FROM: Sonoma Valley Health Care District

SUBJECT: NOTICE OF OFFICES TO BE FILLED AND STATEMENT OF RESPONSIBILITY FOR STATEMENTS OF QUALIFICATIONS

DATE: June 5, 2014

Notice is hereby given that, pursuant to Elections Code Section 10509 (which requires notification prior to the 125th day before the election (July 2, 2014)), the following are the elected office holders of this district whose terms will expire in 2014, and/or their successors will be required to be elected at the upcoming election to be held on November 4, 2014.

DIRECTOR		LENGTH OF NEXT TERM (commencing 12.5.14)
1.	Peter Hohorst	Four Years
2.	Kevin Carruth	Four Years

1. The length of Statements of Qualifications shall not exceed **200** words.

2. The costs incurred in the printing of the optional Statements of Qualifications (English and Spanish, if requested by the candidate) in the Voter Information Pamphlet is the responsibility of the **Candidate**.

3. The District opts to **require payment in advance to the District Board Clerk/Secretary**.

Note: It is the responsibility of the District to collect the costs of Statements of Qualifications from the candidates whether payment in advance or payment after the fact is required. **If advance payment is required, candidates must present a receipt from the District at the time of the Statement of Qualifications is filed with the Registrar of Voters Office. Multi-county districts please be advised that the estimated cost reflects only the Sonoma County portion of the cost.**

I HEREBY CERTIFY THAT THE ABOVE INFORMATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND SUBMIT THIS STATEMENT IN COMPLIANCE WITH ELECTIONS CODE SECTIONS 10509 AND 13307.

SIGNED: Eugenia P. Betta DATE: June 5, 2014
Eugenia P. Betta, District Board Clerk

seal

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

MEMORANDUM

TO: WILLIAM F. ROUSSEAU, COUNTY CLERK & REGISTRAR OF VOTERS

FROM: Sonoma Valley Health Care District

SUBJECT: NOTICE OF DISTRICT BOUNDARIES/STATEMENT IN LIEU OF MAP

DATE: June 5, 2014

Pursuant to Elections Code Section 10522 (which requires notification prior to the 125th day before the election (July 2, 2014)) regarding district boundaries in the above named district), we are hereby notifying the Registrar of Voters Office that:

As of this date, there has been no change in the boundaries of this district since the date of the last election. A map of the district is already on file with your office; therefore this notice is in lieu of providing a duplicate map.

Submitted by Eugenia P. Betta DATE: 5th of June 2014
Eugenia Betta, District Board Clerk

seal

8.

MGH/SVH AFFILIATION AGREEMENT

MANAGEMENT SERVICES AND AFFILIATION AGREEMENT

Marin General Hospital Corporation and Sonoma Valley Health Care District

This Management Services and Affiliation Agreement **("Agreement")** is entered into on July 1, 2014 (the **"Effective Date"),** by and between the Marin General Hospital Corporation, a California nonprofit corporation **("MGH"),** and Sonoma Valley Health Care District, dba Sonoma Valley Hospital **("SVH"),** a political subdivision of the State of California.

Recitals

A. SVH is a long established provider of acute care hospital and related community health care services. SVH has experienced competitive challenges common to freestanding community-based health care providers, especially public agency providers. SVH seeks the benefits of providing health services within a larger system or network while preserving local autonomy and authority over its facilities and services. SVH believes that regional affiliations with other local health care agencies and their related nonprofit entities will ultimately benefit residents of its District by enhancing the quality and cost effectiveness of services available to them. To this end, SVH seeks to secure administrative efficiencies and strategic planning advantages through the development of (1) centralized support functions, (2) potentially aligned clinical programs, (3) physician coverage coordination and (4) joint marketing (collectively **"Alignment Goals.").**

B. MGH is an affiliate of the Marin Healthcare District, a political subdivision of the State of California. MGH provides acute care hospital services at Marin General Hospital and related community health care services. MGH retains a team of senior management personnel (the **"MGH Executive Management Team")** and consultants (the **"MGH Consultants")** that are experienced in health facility operations and that have become familiar with regional health care needs and markets, including the need for coordination in physician recruitment and in medical group and physician specialty development. MGH believes that regional affiliations with other local health care agencies and their related nonprofit entities ultimately will benefit residents of the entities involved by enhancing the quality and cost effectiveness of services available to the residents whom they serve. To this end, MGH is prepared to assist SVH in creating efficiencies and in pursuing regional objectives for the benefit of both Districts through the development of the Alignment Goals.

C. SVH and MGH have determined that this Agreement (i) will provide SVH with the benefit of MGH's administrative and managerial expertise and (ii) will further joint planning with respect to and efficient delivery of health care services to the benefit of each District.

Accordingly, the parties now hereby agree as follows:

Agreements

1. Management and Administrative Services.

a. It is the intent of the Parties that the senior management teams of both organizations shall function as one to accomplish the administrative and strategic purposes of this Agreement, with the SVH Chief Executive Officer (the "SVH CEO") serving solely at the pleasure of the SVH Board of Directors (the "SVH Board"), but with a dual reporting relationship to the MGH Chief Executive Officer (the "MGH CEO") and joining, as appropriate, as a member and participant in the MGH System Management Team to create a joint team to oversee the development and fulfillment of the Alignment Goals in order to maximize the benefits of the affiliation to the parties (the "Joint Executive System Team"). The MGH CEO shall be responsible for the delivery of the overall objectives of this Agreement.

b. MGH CEO. The MGH CEO shall be responsible for the overall oversight, implementation, and performance of management services provided hereunder as well as efforts under this Agreement in coordination with operations and management of MGH, to achieve the Alignment Goals.

c. SVH CEO. The SVH CEO shall be responsible for the daily on-site management and operational affairs of SVH, as directed by the SVH Board, in accordance with SVH's bylaws as existing or amended and in compliance with all applicable laws, regulations, and permits. During the term of this Agreement, the SVH CEO shall report to the SVH Board with respect to the operations of SVH and the pursuit of the Alignment Goals. The SVH CEO also shall be a member of the Joint Executive System Team and shall report to the MGH CEO, as well as to the SVH Board, with regard to the matters addressed by the Joint Executive System Team. The SVH CEO's appointment and termination shall be at the sole discretion of the SVH Board, but the MGH CEO shall provide input during the SVH CEO's annual performance evaluation process with respect to the SVH CEO's contribution to the fulfillment of the purposes and functions in this Agreement.

d. Other members of the Joint Executive System Team shall be available to SVH as needed and at the discretion of the MGH CEO. These positions include the MGH Chief Medical Officer, Chief Financial Officer, Chief Information and Technology Officer and Chief Human Resources Officer.

e. MGH and SVH shall work together to develop proposed work plans and costs so as to address the projects and topics as outlined in Exhibit A, together with such other projects and topics as the SVH Board may agree upon. It is understood that in order to form and implement such work plans, MGH may be required to engage the services of consultants in such areas as strategic and operational planning, facilities planning, financial services, legal services, and managed care contracting. Notwithstanding the foregoing, nothing in this Agreement shall require MGH to obtain any specific consulting services on behalf of SVH, and SVH throughout the term of this Agreement and in its sole discretion may elect to engage consultants directly.

2. Strategic Planning and Implementation.

a. MGH shall work with SVH to identify specific initiatives to enhance service delivery at SVH and to SVH's market and will work with SVH to complete appropriate financial analyses and financing alternatives.

b. MGH and SVH shall work together, where appropriate and possible, to develop and coordinate system-wide services and programs that benefit the MGH and SVH communities.

c. MGH shall work with SVH to identify and evaluate opportunities for collaboration between SVH and MGH in areas where MGH can provide services to meet SVH's needs.

3. Joint Powers Authority.

SVH and MGH shall use their best efforts to establish a Joint Powers Authority (JPA) comprised of the two or more health care districts, or some similarly constituted organization that is empowered to jointly conduct business on behalf of the organizations within a suitable management structure. The parties shall engage in an active planning process to establish the feasibility and eventual governance of such a JPA. While this is a shared item for feasibility analysis, nothing in this Agreement shall make it a requirement of any party to engage in such a JPA, and it shall be considered the subject of feasibility analysis only at this point. At the same time, the parties may also voluntarily elect to analyze the feasibility of other similar structures that permit combined administrative functions, possibly to include combined resources for managed care contracting.

4. Executive Relationships.

a. The MGH CEO, assisted by the MGH System Management Team members and MGH Consultants, shall assume the leadership role in formulating and implementing the Alignment Goals. The SVH CEO shall cooperate fully with such efforts as part of the Joint Executive System Team, providing full feedback and support, in order to allow MGH and SVH to achieve the Alignment Goals.

b. Consistent with Section 4.a, the MGH CEO shall set regular meetings of the Joint Executive System Team, which may be part of the regular meetings held by the MGH Executive System Team that the SVH CEO shall attend in order to consider the formulation and implementation of the Alignment Goals. The MGH CEO shall be responsible for the agenda for such meetings and may assign the SVH CEO such tasks with regard to the Alignment Goals as the MGH CEO shall deem appropriate. The SVH CEO shall complete such tasks and report on them to the MGH CEO, both in the context of such meetings and outside of them, in accordance with such protocols as the MGH CEO and the SVH CEO shall establish.

c. The MGH CEO, the MGH Executive System Team members, and the MGH Consultants shall dedicate such time and attention as is consistent with the intent of this Agreement. The SVH CEO will be full time and on site at SVH.

d. During the Term of this Agreement, the MGH CEO shall have sole discretion to retain, terminate, or reassign any MGH Executive Management Team member or MGH Consultant who is involved on the provision of services to SVH.

5. Term and Termination.

a. The initial term of this Agreement (the **"Initial Term")** shall commence on the Effective Date and continue for a period of one (1) year, expiring on June 30, 2015. Subsequently, this Agreement shall automatically extend for successive one (1) year terms (the "Term Extensions"), subject to termination at any time in accordance with Section 5.b below, The Initial Term and any Term Extensions together are referred to herein as the **"Term".**

b. Either party may terminate this Agreement during the Term, without cause or liability, by giving the other party at least ninety (90) days' prior written notice.

6. Fees.

a. SVH shall pay fees to MGH in proportion to the fair value of services that are delivered and received under this Agreement. SVH shall initially pay a deposit amount (the **"Deposit")** of five thousand dollars ($5,000) for such services, with MGH holding such deposit to offset final payments as set forth in Section 6.c. MGH shall provide specific proposals for pricing and deliverables for the Priority Projects identified in Exhibit A within ninety (90) days of the Effective Date of this Agreement. The accumulated deposit shall be applied to the agreed upon fees for the Priority Projects at such time as the parties agree to implement the Priority Projects.

b. MGH may invoice SVH for the amounts due under Section 6.a above for any calendar month (including for any calendar month after expiration of the Term or termination of this Agreement) at any time after the end of such calendar month. SVH shall pay MGH all invoiced amounts by no later than thirty (30) days after receipt of the invoice. Any undisputed invoiced amount not paid within such thirty (30) day period shall bear interest from the due date until paid at the rate of one and one-half percent (1.5%) per month, or at the highest rate allowed by law, whichever is less (the **"Default Rate").** SVH may, in good faith, dispute any amount invoiced by giving MGH written notice of objection within the thirty (30) day period set forth above. SVH's dispute of any invoiced amount shall not relieve SVH of the obligation to pay on a timely basis any undisputed amount invoiced. The parties shall meet and confer in good faith to attempt to resolve any dispute over any invoiced amount and shall submit any dispute that they are unable to resolve to the dispute resolution process set forth in Section 14 of this Agreement. If SVH disputes any invoiced amount and it is thereafter determined that SVH must

pay such disputed amount, or any portion thereof, the amount payable to MGH shall bear interest from the original due date thereof through date of payment at the Default Rate.

c. Notwithstanding Section 6.b, MGH shall credit the Deposit to the amounts owed during the final ninety (90) days of the Term of this Agreement.

d. To the extent applicable, the parties each agree to comply with the requirement of Section 1861(v)(1)(I) of the Social Security Act, as amended, and any written regulations pursuant thereto, governing the maintenance of documentation and records to verify the cost of services rendered hereunder as follows. Until the expiration of four (4) years after the last furnishing of services hereunder, each party shall make available upon written request of the Secretary of the Department of Health and Human Services, or upon request of the Comptroller General of the U.S., or any of their duly authorized representatives, this Agreement, general business terms relating to this Agreement, and any books, documents and records that are necessary to verify the nature and extent of the costs of services rendered hereunder. If either party is requested to disclose any books, documents or records relevant to this Agreement or the services provided hereunder for the purposes of an audit or investigation, the party impacted shall immediately notify the other party of the nature and scope of such request and shall make available to the other party, upon the other party's written request, all such books, documents or records.

7. Independent Contractors.

SVH and MGH are independent contractors with respect to one another under this Agreement and nothing herein shall cause the parties, or the parties' officers and employees providing services hereunder, to be employees, officers, officials, agents, joint ventures, or partners of one another. Subject to MGH's right to reimbursement and except as otherwise set forth in this Agreement, MGH assumes full and sole responsibility for the payment of all compensation, benefits, and expenses of all MGH Executive Management Team members and for all of their state and federal income tax, unemployment insurance, Social Security, and other applicable employee withholdings and for all of the fees, charges, and expenses of MGH Consultants.

8. SVH's Obligations.

SVH shall provide the following to relevant MGH Executive System Team members and MGH Consultants, as is necessary and appropriate to allow them to perform their duties:

a. Appropriate office space, furniture, equipment, computer systems/ hardware/software, and support staff and complete access to all of SVH's facilities, offices, and locations.

b. Accurate and complete documentation, reports, data, and other information.

c. Full and complete cooperation of all SVH employees, agents, consultants, counsel, and contractors.

9. MGH Warranties.

MGH warrants and represents that it shall instruct and cause the MGH Executive Management Team members and the MGH Consultants to provide their services as required hereunder, as required in each MGH Executive Management Team member's employment contract with MGH, and in each MGH Consultant's consulting agreement with MGH, and in any event with reasonable care and in a diligent and competent manner. SVH must give MGH written notice of any alleged default or violation of the warranty, which notice will specify in sufficient detail the alleged default or violation, and MGH shall have a reasonable amount of time, based on the nature and complexity of the alleged default or violation, to correct or remedy same. Each party shall be responsible for the acts or omissions of its own employees and agents performing services under this Agreement.

10. No Solicitation of Executive Management Team Members.

a. During the Term of this Agreement, SVH shall not solicit, employ, or otherwise engage any MGH Executive Management Team member, or any employee of MGH. Except as set forth in the foregoing sentence, nothing in this Agreement shall prohibit SVH from preparing to directly engage, hire, and/or employ a management team and consultants, in anticipation of expiration or termination of this Agreement.

b. During the Term of this Agreement, MGH shall not solicit, employ, or otherwise engage any Joint Executive Management Team member from SVH, or any employee of SVH. Except as set forth in the foregoing sentence, nothing in this Agreement shall prohibit MGH from preparing to directly engage, hire, and/or employ a management team and consultants, in anticipation of expiration or termination of this Agreement.

11. Indemnification.

Each party ("Indemnitor") hereby agrees to indemnify, defend, and hold harmless the other party and its officers, directors, employees, attorneys, agents, invitees, contractors, and subcontractors (for purposes of this Section 11, collectively "Indemnitee") in connection with the defense, prosecution, satisfaction, settlement, or compromise, including the reasonable cost and expense of litigation (including reasonable attorneys' fees and accountants' fees, travel expense, judgments, court costs, and related litigation expenses and such other actual and reasonable costs in connection with the defense, prosecution, satisfaction, settlement or compromise) of any claims, demands, controversies, actions, causes of action, obligations, expenses, fees, charges, damages, fines, and liabilities of any nature whatsoever, whether at law or in equity (collectively, "Claims"), brought by any officer, director, employee, attorney, agent, invitee, contractor, or subcontractor of Indemnitor arising out of, based upon, and/or related to, any breach by Indemnitor of any of its agreements with any such officer, director, employee, attorney, agent, invitee, contractor, or subcontractor. The terms of this Section 11 and the parties' rights and obligations hereunder, shall survive the termination of this Agreement.

12. Confidentiality of Information.

a. **"Confidential Information"** means (a) any information disclosed by either party to the other party or the other party's employees (including, without limitation, information SVH discloses to the MGH Executive Management Team and/or the MGH Consultants), either directly or indirectly, in writing, orally or by inspection, of tangible objects, including, without limitation, algorithms, business plans, customer data, customer lists, customer names, designs, documents, drawings, engineering information, financial analysis, forecasts, formulas, hardware configuration information, know-how, ideas, inventions, market information, marketing plans, protected health information as defined by HIPAA (as defined below), pricing policies, processes, products, product plans, research, specifications, software, source code, trade secrets, and organizational, technical and financial information, or any other information arising out of, or related or connected to, the business, operations or governance of either party, or this Agreement, and (b) any information otherwise obtained, directly or indirectly, by a receiving party through inspection, review or analysis of such materials. All information disclosed to the MGH Executive Management Team and/or the MGH Consultants shall be considered Confidential Information unless the SVH confirms in writing that such information is not Confidential Information. Confidential Information may also include information of a third party that is in the possession of one of the parties and is disclosed to the other party under this Agreement.

b. Without the clear and express prior written consent of the party disclosing the Confidential Information (the **"Disclosing Party"),** the party receiving the disclosed information (the **"Disclosee")** agrees to hold in confidence and not to disclose or reveal Confidential Information received hereunder to any person, entity or third party except for those of Disclosee's officers, employees, directors, agents, consultants, counsel and advisors that need to know or have access to such Confidential Information in order for such party to satisfy its obligations under this Agreement (collectively, the **"Permitted Representatives").** Each Permitted Representative to whom Confidential Information is disclosed shall adhere to all aspects of this Section 12. Disclosee further agrees not to use any of the Confidential Information received hereunder except for the purpose of performing its obligations under this Agreement. At a minimum, Disclosee shall use the same diligent care to prevent disclosure of received Confidential Information to any third party as the Disclosee employs with similar confidential information of its own, and in no event, less than ordinary reasonable care. If Disclosee or a Permitted Representative receives a request under a subpoena or order issued by, or in conjunction with a litigation pending with, a court of competent jurisdiction or a governmental body to disclose all or any part of the Confidential Information, Disclosee agrees, to the extent lawful, to (i) immediately notify the Disclosing Party of the existence, terms and circumstances surrounding such a request, (ii) consult with the Disclosing Party on the advisability of taking legally available steps to resist or narrow such request, (iii) if disclosure of such Confidential Information is required, furnish only that portion of the Confidential Information which, in the opinion of Disclosee's counsel, Disclosee is required to disclose, and (iv) permit the Disclosing Party at the Disclosing Party's expense to obtain an order or other reliable assurance that confidential treatment will be accorded to such disclosed Confidential Information.

c. The above obligations of secrecy and nondisclosure shall not apply to: (a) information which, at the time of disclosure or discovery, is in the public domain or subject to the California Public Records Act; (b) information, which, after disclosure, becomes part of the public domain by publication or otherwise except by breach of this Agreement; (c) information which reasonable proof can establish was in the Disclosee's possession prior to the time of disclosure by the Disclosing Party and was not acquired, directly or indirectly, from the other Party; (d) information which the Disclosee receives from a third party on a nonconfidential basis, provided, however, that to the knowledge of such party receiving such information, the source of such information is not bound by a confidentiality agreement or other contractual or legal obligation of confidentiality with respect to such information; and (e) developments by the Disclosee subsequent to and independent of the receipt of information from the Disclosing Party.

d. Notwithstanding any of the foregoing provisions of this Section 12, the following provisions shall apply to each MGH Executive Management Team Member's, Legal Counsel's, and each MGH Consultant's access to, and custody and use of, any data, documents, reports, or any other information with respect to SVH or SVH or its business, operations and governance, whether or not Confidential Information (collectively, "SVH's Business Records"). Each MGH Executive Management Team Member, Legal Counsel, and each MGH Consultant shall only access, use or possess SVH's Business Records at the offices and on the business premises of SVH or SVH or such other sites or locations other than MGH's offices as are reasonably required for the MGH Executive Management Team Member, Legal Counsel, and the MGH Consultants to perform his/her/their services as required under this Agreement. Under no circumstances shall any MGH Executive Management Team Member, Legal Counsel, or MGH Consultant transmit any of SVH's Business Records to MGH or any employee, director, officer, representative, agent, consultant, or contractor, without such transmission taking place as necessary to the performance of services provided under this Agreement.

13. HIPAA Business Associate.

The parties acknowledge that members of the MGH Executive Management Team and other MGH employees and agents may have access in the course of performing their duties under this Agreement to patient-identifiable health information regarding SVH patients. For this reason MGH will be the "business associate" of SVH as that term is used in the privacy and security rules promulgated under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). In accordance with the HIPAA requirements SVH and MGH will comply with the standards for business associates, as set forth in Exhibit B to this Agreement.

14. Dispute Resolution.

a. If a dispute arises out of or relates to this Agreement or breach or interpretation thereof, the parties shall promptly schedule a meeting at which they shall diligently endeavor to settle the dispute first through direct discussions. Each party shall participate in good faith, through a representative who shall have full authority to resolve the dispute. If the dispute is not resolved through such direct discussions, the parties shall endeavor to settle the dispute by mediation under the mediation rules of the Judicial Arbitration and Mediation Services

("JAMS") as a condition precedent to recourse to arbitration or litigation. Once one party files a request for mediation with the other party, the parties agree to conclude such mediation as soon as practicable after such request, but in no event later than fifteen (15) days after the request, during which time all applicable statutes of limitations shall be tolled. Each party shall pay its own costs and attorneys' fees with respect to any mediation proceeding.

b. Any controversy or dispute between the parties to this Agreement involving the construction, interpretation, application or breach of any term of this Agreement, which cannot be resolved by the parties through mediation, shall be submitted to and decided by arbitration pursuant to this Section 13(b). Subject to the terms and conditions hereof, and except as modified herein, any arbitration pursuant to this Agreement shall be governed by the then current provisions of the California Arbitration Act, *California Code of Civil Procedure §§*, 1280 — 1294.2. Within ten (10) days after written demand by any party, the parties shall meet and confer and select one (1) independent arbitrator to resolve their dispute. If within said ten (10) days the parties are unable to agree upon one (1) independent arbitrator, an arbitrator shall be appointed by petition to the Sonoma County Superior Court, in which case either party may be the petitioner. Any arbitrator appointed by the Court shall be from the list of arbitrators available through JAMS. The arbitrator shall hear and decide the parties' dispute within thirty (30) days following his or her appointment, and the parties shall cooperate with the arbitrator to meet such deadline. Except as limited by this Agreement, the arbitrator shall have full authority to issue any award that a court of competent jurisdiction would have. The decision of the arbitrator shall be a final and binding decision on the parties and may be entered as a judgment in Sonoma Superior Court. The arbitrator shall have the authority to award attorneys' fees and costs to the prevailing party. The foregoing agreement to arbitrate shall be specifically enforceable in accordance with applicable law in any court having jurisdiction thereof

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN SECTION 14 DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN SECTION 14. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY. WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN SECTION 13 TO NEUTRAL ARBITRATION.

SVH's Initials _____ MGH's Initials_____

15. Miscellaneous.

a. Neither party may assign this Agreement, unless such party first obtains the written consent of the other party, which consent such other party shall not unreasonably withhold, condition, or delay.

b. All notices or other communication provided for under this Agreement shall be in writing, shall be effective upon receipt or refusal to accept delivery, and shall be (i) delivered personally, (ii) sent by registered or certified mail, return receipt requested, postage prepaid, or by private overnight courier service, addressed to the person to receive such notice or communication at the following address, or (iii) sent by facsimile transmission to the phone number listed below with a copy of such notice concurrently sent by the method set forth in the preceding clause (ii). The address of any party for purposes of notices shall be the address set forth below; provided that any party may change its address by giving notice to the other parties hereto in accordance herewith.

Notice to SVH must be addressed as follows:

Sonoma Valley Health Care District
Attn.: Chief Executive Officer
347 Andrieux Street
Sonoma, CA 95476
Facsimile: (707) 935-5433

Notice to MGH must be addressed as follows:

Marin General Hospital Corporation
Attn.: Chief Executive Officer
100B Drakes Landing Road, Suite 250
Greenbrae, CA 94904
Facsimile: (415) 461-0308

c. This instrument and the attached Exhibits constitute the entire agreement between the parties relating to the Agreement. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. Any amendment to this Agreement will be of no force and effect unless it is in writing and signed by all parties. This Agreement shall bind and inure to the benefit of the parties to this Agreement and their employees, agents, representatives, successors, and assigns, except as otherwise provided in this Agreement. No term or obligation of this Agreement shall be deemed waived, and no breach hereof shall be waived or excused, unless the waiver or consent is in writing and signed by the party granting such waiver or consent and under no circumstances shall any such consent or waiver be deemed to be a consent or waiver of subsequent performance of the same obligation, or of a breach or subsequent breach of any other term or obligation hereof.

d. Any litigation arising under this Agreement will be prosecuted in the Superior Court of California, County of Sonoma. The laws of the State of California govern all matters

arising out of this Agreement. All of the parties to this Agreement have participated fully in negotiating and drafting this Agreement, so if any ambiguity or a question of intent or interpretation arises, this Agreement is to be construed as if the parties had drafted it jointly, as opposed to being construed against a party because it was responsible for drafting one or more provisions of this Agreement. In construing this Agreement, the singular forms of nouns and pronouns include the plural, and vice versa and the use of any gender shall include every other gender and all captions and Section headings are to be discarded.

e. In the event any interpretation of a provision of this Agreement is determined by appropriate judicial authority to be illegal or otherwise invalid, such provision will be given its nearest legal meaning or reconstrued as deleted as such authority determines and the remainder of this Agreement will continue in full force and effect.

f. The Exhibits to this Agreement are incorporated in and made a part of this Agreement.

g. The parties hereby agree that time is of the essence with respect to performance of each of the parties' obligations under this Agreement. The parties agree that in the event that any date on which performance is to occur falls on a Saturday, Sunday or state or national holiday, then the time for such performance will be extended until the next business day thereafter occurring.

h. This Agreement may be executed in any number of counterparts, each of which, when executed, will be deemed to be an original, and all of which will be deemed to be one and the same instrument. Facsimile transmission signatures will be deemed original signatures if followed by hard copy delivery.

i. If any party to this Agreement commences litigation, arbitration, or other proceeding arising out of or related to this Agreement, or the interpretation, enforcement, termination, cancellation or rescission hereof, or for damages for the breach hereof, the prevailing party in such action, arbitration or proceeding shall be entitled to its reasonable attorneys' fees and court costs and other expenses incurred, to be paid by the losing party as fixed by the court or arbitrator or in a separate action or arbitration brought for that purpose.

j. By this Agreement, MGH and SVH do not delegate or grant any authority or powers of the Districts as public agencies or otherwise to the other to exercise any of their rights or authority, and they each retain all those powers and authorities granted to them by the State by reason of their status as political subdivisions of the State of California.

k. Nothing in this Agreement shall permit the transfer of SVH assets or funds to MGH, including monies received as a result of the SVH parcel tax or general obligation bonds, except to the extent that SVH is providing compensation to MGH for MGH's services under this Agreement pursuant to Section 6 above.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

SONOMA VALLEY HEALTH CARE DISTRICT, dba SONOMA VALLEY HOSPITAL, a political subdivision of the State of California

By: _____

Its:_____

MARIN GENERAL HOSPITAL CORPORATION,
A California non profit corporation

By:_____

Its:_____

REVIEWED AS TO FORM AND LEGALITY

ARCHER NORRIS, PLC

By:_____

Its:_____

EXHIBIT A

PROJECTS

The purpose of this Agreement is to provide a structure for the exploration, development, and implementation of joint projects and programs deemed mutually beneficial to MGH and SVH, as exemplified by the following:

Priority Projects

- Finance — Continue to work together on financial functions such as General Accounting.
- Patient Accounting — Continue with MGH oversight over patient accounting services
- Medical Records — Continue with MGH management services of the SVH Medical Records Department.
- Information Systems — Evaluate the potential to consolidate IT services and/or provide access to MGH's suite of IT systems.
- Physician Partnership – Continue to have a Prima Medical Group office in Sonoma and participate in the governance of the Prima Medical Foundation
- Regional Strategies — Identify services such as Home Care, Oncology and Cardiology that are only offered by one of the hospitals in the market and support the success of that service.
- Payor Contracting — Identify and evaluate potential for a Joint Powers Authority or other such organizational structure that may provide for legally/regulatory permitted arrangements that would facilitate managed care financial process, including analysis and contract negotiations, on a combined basis.

Other Projects

- Clinical Program Support — Collaborate in the support of clinical programs.
- Other Opportunities — Pursue other opportunities for collaboration as identified by the parties.

EXHIBIT B

BUSINESS ASSOCIATE OBLIGATIONS

1. Compliance with HIPAA Rules. MGH shall comply with the business associate rules (in current or amended form) as they appear in the HIPAA security and privacy regulations, as amended by the HITECH Act, in using and disclosing patient-identifiable health care information ("Protected Health Information" or "PHI") that it receives from SVH in the course of furnishing services (the "Services") under the Management Services and Affiliation Agreement (the "Agreement").

2. Specific Obligations. MGH shall perform the following duties in accordance with the HIPAA business associate rules:

2.1. Use or disclose PHI only in order to: (i) perform the Services; (ii) assist in its own proper management and administration; or (iii) carry out its legal responsibilities. In the event of disclosure under Subsection (ii) or (iii), MGH will obtain assurances from the recipient that the PHI will be used or further disclosed only as required by law or for the purpose for which it was disclosed to the recipient, and that the recipient will notify MGH of any breach of confidentiality of which the recipient becomes aware.

2.2. Implement policies and procedures providing administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic Protected Health Information ("ePHI") that it creates, receives, maintains, or transmits on behalf of SVH as required by the HIPAA security regulations.

2.3. Use appropriate safeguards to prevent use or disclosure of PHI for purposes other than the performance of the Services.

2.4. Report to SVH any use or disclosure of PHI not provided for in this Agreement about which MGH becomes aware, including any security breach of unsecured PHI, and to provide such notifications on SVH's behalf to patients and other recipients at MGH's expense as SVH may determine.

2.5. Ensure that any agent, including a subcontractor, to whom MGH provides PHI enters into a written contract with it by which the agent agrees to the same restrictions and conditions that apply to MGH.

2.6. Ensure that any agent, including a subcontractor, to whom MGH provides ePHI agrees to implement reasonable and appropriate administrative, physical, and technical safeguards to protect such information.

3. Obligations to SVH. MGH shall perform the following obligations with respect to SVH:

3.1. Give SVH or the patient access to the health records, as required by the patient access provisions of the HIPAA privacy rules, including making ePHI available in electronic format to the patient or anyone designated by the patient.

3.2. Allow SVH, at the patient's request, to require amendment of the health records in the time and manner that it designates.

3.3. Document any disclosures by it of PHI and provide the resulting documentation to SVH in order to allow SVH to respond to the patient's request for an accounting of disclosures; or, at SVH's direction, provide an accounting of its disclosures of PHI to any patient who requests it.

3.4. Comply with the applicable provisions in the HIPAA privacy rules and the HITECH Act in the event that it assists SVH with marketing or fundraising activities. These include (1) obtaining the patient's permission in most circumstances before using or disclosing the patient's PHI for marketing purposes, and (2) placing a clear statement in any fundraising materials allowing the patient to opt out of receiving such communications in the future.

3.5. Refrain from selling PHI or receiving compensation for providing PHI without the express written permission of SVH and, unless the HIPAA privacy rules expressly permit it, the patient to whom the PHI pertains.

3.6 Provide indemnification to SVH for any expenses to which SVH is put in notifying residents, governmental agencies, or other persons or entities, as required by law, of security breaches involving PHI in the custody of MGH or MGH's agent.

4. Records. MGH shall make its internal practices, books, and records relating to the use and disclosure of PHI available to SVH, or, at the request of SVH, to the Secretary of the Department of Health and Human Services, in a time and manner designated by SVH or the Secretary, to assist the Secretary in determining SVH's compliance with the HIPAA privacy and security regulations.

5. Termination. The following provisions shall apply to termination of the Agreement:

5.1. SVH may immediately terminate the Agreement in the event of a material violation by MGH of this Exhibit.

5.2. Following any termination of the Agreement, MGH shall, if feasible, return or destroy all PHI (including copies) received from SVH, or created or received by MGH on behalf of SVH. If it is not feasible to return or destroy the PHI, MGH shall continue to protect the PHI under this Exhibit and shall limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

6. Amendment. SVH and MGH shall amend this Exhibit from time to time as necessary to comply with the HIPAA privacy and security regulations.

10.

FY2015 OPERATING BUDGET

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

To: **SVH Finance Committee**
From: **David Cox, Acting CFO**
Date: **June 5, 2014**
Subject: **Fiscal 2015 Operating Budget**

The 2015 Operating Budget is presented within the context of a rapidly changing healthcare environment, with reduction in inpatient utilization being offset somewhat by increased outpatient activity. The recent opening of our new wing will add additional cost to the organization, but will also present opportunities for growth. Also, management is reacting to these challenges through the implementation of significant cost reductions, which are reflected in the attached draft budget.

The objectives of the budget include:

- Stabilization of operating performance.
- Funding of ongoing capital needs of approximately $1.0 million per year.
- Improvement in our liquidity position as measured by Days Cash on Hand.
- Reduction of vendor payable to a reasonable level of 45 to 60 days outstanding.

We are proposing a budget with a positive Net Income of $153,750 and EBIDA of $4.4 million, which are margins of 0.5% and 8.8%, respectively. This is an aggressive target and would represent a very significant improvement in operating performance, but is necessary to accomplish our objectives, including providing capital for growth and improved liquidity. In addition to the budget, we have attached a three year financial forecast, based on the budget, which includes a projected income statement, balance sheet, and statement of cash flow through the projection period.

Discussion

Patient Volumes – The only area where we are budgeting growth is in our Home Care Program, due to expansion, and Physical Therapy. All outpatient departments have plans to grow by 2% over prior year and we have a strong marketing program, with each leader being assigned a target to be reviewed monthly.

347 Andrieux Street, Sonoma, CA 95476-6811 ♦ 707.935-5000 ♦ Fax 707.935.5433

Gross Charges – We are including a 5% increase in gross charges to be implemented July 1, 2014. We are currently in the process of evaluating SVH's pricing structure to ensure that we have reasonable rates in relation to the market.

Contractual Allowances – We are still in the process of evaluating net revenues and the allowances, but believe that 21.8% overall collections can be achieved through recent improvements in the revenue cycle. Also, we are evaluating contracts to determine inequities that should be addressed to improve our performance in this area.

Wages and Benefits – We have accomplished a reduction in paid FTEs to 301.6 from the current level of 315.0, but are including a 3.0% average increase in wage rates in order to maintain market equity. We are expecting an increase in benefit costs, although this may be conservative.

Medical and Professional Fees – We are able to budget a 27% reduction in this area through the commitment of our Chief Medical Officer and the entire Medical Staff. This is a very significant achievement for SVH and evidence of very strong commitment to the success of the hospital.

Supply Costs – are expected to be reduced by about 7% due to renegotiation of agreements and improved utilization.

Purchased Services are budgeted at a 15% reduction and is one of the primary areas benefitting from the recent cost reduction program. Notwithstanding the overall reduction, IT expenses continue to increase and this is an area where we are providing additional resources. We have reduced non-essential patient care expenditures significantly, including patient satisfaction vendors, MGH management fees, the Studer program, and hospital association dues.

Depreciation – we will see an approximate $1.3 million non-cash increase in depreciation expense now that the Project has come on line.

Utilities are budgeted at only a 2.6% increase.

Insurance Costs are under review with our broker but, given current information, we are expecting a 5.9% increase in these costs to $240,000 annually.

Interest expense will increase based on the draw of the additional $2 million on our Line of Credit with Union Bank. However, we intend to pay down the LOC as philanthropic commitments are received.

In total, we are budgeting a 1% reduction in total operating expenses, to $53.6 million. However, the reduction in controllable costs (excludes depreciation and interest) is $2.5 million, or 5%, which is quite significant.

The loss from operations is budgeted to decrease from $4.9 to $3.2 million and Net Income, as mentioned above, is slightly positive. We are very pleased to note that the subsidy for our Prima operations has been reduced to $450,000, per agreement with Prima management (we are budgeting $480,000).

Long Term Financial Plan – As mentioned, we have attached a preliminary long-term financial plan including a projected income statement, balance sheet, and statement of cash flow. The plan needs additional work, and greater detail in certain areas, and should be reviewed by the Finance Committee at a future meeting.

Sonoma Valley Health Care District						
Statement of Revenue and Expenses						
Comparative Results - DRAFT						
		2012 Actual	**2013 Actual**	**2014 Forecast**	**2015 Budget**	**% Change**
	Gross Patient Revenue					
1	Inpatient	57,964,875	61,939,766	61,597,778	64,675,909	5.0%
2	Outpatient	61,765,081	63,888,100	72,768,541	76,390,332	5.0%
3	Emergency	29,953,349	35,236,048	38,068,552	39,956,622	5.0%
4	SNF	23,548,942	25,104,020	28,639,299	29,843,396	4.2%
5	Home Care	3,118,552	3,499,514	3,199,610	4,019,732	25.6%
6	Total Gross Patient Revenue	176,350,799	189,667,448	204,273,780	214,885,991	
	Deductions from Revenue					
7	Contractual Discounts	(127,295,324)	(143,192,466)	(157,037,880)	(165,752,339)	5.5%
8	Bad Debt	(3,490,000)	(2,901,255)	(2,043,351)	(2,000,000)	-2.1%
9	Charity Care Provision	(1,773,377)	(2,040,452)	(296,018)	(300,000)	1.3%
10	Prior Period Adjustments	957,082	(836,022)	1,194,826	-	
11	Total Deductions from Revenue	(131,601,619)	(148,970,195)	(158,182,423)	(168,052,339)	6.2%
12	Net Patient Service Revenue	44,749,180	40,697,253	46,091,357	46,833,652	1.6%
13	Pure Collection Ratio	**24.8%**	**21.9%**	**22.0%**	**21.8%**	
14	Risk contract revenue	3,396,375	3,825,992	3,459,032	3,459,033	0.0%
15	Net Hospital Revenue	48,145,555	44,523,245	49,550,389	50,292,685	1.5%
16	Other Operating Revenue	167,000	268,541	413,799	165,000	
17	**Total Operating Revenue**	**48,312,555**	**44,791,786**	**49,964,188**	**50,457,685**	**1.0%**
	Operating Expenses					
18	Salary and Wages and Agency Fees	22,622,659	23,757,873	23,862,049	23,876,997	0.1%
19	Employee Benefits	8,326,784	8,796,201	8,820,667	9,107,205	3.2%
20	Total People Cost	30,949,443	32,554,074	32,682,715	32,984,202	0.9%
21	Med and Prof Fees (excld Agency)	5,760,326	4,581,763	5,059,047	3,661,479	-27.6%
22	Supplies	6,230,877	6,156,796	6,122,350	5,698,441	-6.9%
23	Purchased Services	3,897,773	5,083,928	4,701,826	3,986,412	-15.2%
24	Depreciation	1,991,127	2,132,705	1,939,910	3,266,363	68.4%
25	Utilities	854,790	899,734	942,717	966,805	2.6%
26	Insurance	230,965	243,607	226,656	240,000	5.9%
27	Interest	372,596	361,512	415,111	1,028,157	147.7%
28	Other	1,951,018	1,112,839	2,197,515	1,817,512	-17.3%
29	**Operating expenses**	**52,238,915**	**53,126,958**	**54,287,848**	**53,649,371**	**-1.2%**
30	**Operating Margin**	**(3,926,360)**	**(8,335,172)**	**(4,323,660)**	**(3,191,686)**	**35.5%**
	Non Operating Rev and Expense					
31	Electronic Health Records & Misc. Rev.	487,322	1,717,163	1,095,971	705,436	
32	Donations	149,906	118,139	76,413	120,000	
33	Professional Center/Phys Recruit	(1,550)	-	-	-	
34	Physician Practice Support-Prima	(782,817)	(787,560)	(800,259)	(480,000)	
35	Parcel Tax Assessment Rev	2,914,779	2,967,986	2,849,331	3,000,000	
36	**Total Non-Operating Rev/Exp**	**2,767,640**	**4,015,728**	**3,221,456**	**3,345,436**	
37	**Net Income / (Loss) prior to Restricted Contributions**	**(1,158,720)**	**(4,319,444)**	**(1,102,204)**	**153,750**	
38	Capital Campaign Contribution	2,043,087	3,858,852	3,800,000	675,000	
39	Restricted Foundation Contributions	-	114,334	-	360,000	
40	Net Income / (Loss) w/ Restricted Contributions	884,367	(346,258)	2,697,796	1,188,750	
41	GO Bond Tax Assessment Rev	1,842,802	1,829,105	1,827,912	1,802,886	
42	GO Bond Interest	(360,130)	(360,132)	(797,485)	(1,683,072)	
43	**Net Income / (Loss) with GO Bond Activity**	**2,367,039**	**1,122,715**	**3,728,223**	**1,308,564**	
44	**Net Margin**	**0.7%**	**-6.4%**	**-0.1%**	**0.5%**	
45	**EBIDA**	**$ 1,205,003**	**$ (1,825,227)**	**$ 1,252,817**	**$ 4,448,270**	
46	**EBIDA margin**	**2.5%**	**-4.1%**	**2.5%**	**8.8%**	
47	Bad debt %	-2.0%	-1.5%	-1.0%	-0.9%	
48	Charity %	-1.0%	-1.1%	-0.1%	-0.1%	
49	**Collection %**	**27.3%**	**23.5%**	**24.3%**	**23.4%**	
50	**Total FTEs**		**317.0**	**315.0**	**301.6**	

Sonoma Valley Hospital			
Operating Expense by Department			
FY2015 Operating Budget			
Department	FY 2013 Actual	FY 2014 Jan YTD Annlzd	FY 2015 Budget
6010 - ICU	1,437,036	1,549,308	1,527,992
6170 - MED-SURG	2,363,965	2,563,716	2,278,237
6171 - 3RD SOUTH	1,326,961	1,253,241	1,246,590
6179 - 2nd SOUTH	709,159	16,209	-
6580 - SKILLED NURSING	2,447,528	2,514,845	2,586,170
7010 - EMERGENCY	1,814,076	1,924,325	1,900,381
7011 - EDMD	815,318	1,349,403	1,195,250
7012 - HOSPITALIST	689,871	944,496	723,400
7071 - SENIOR WELLNESS	93,758	71,122	11,338
7072 - SPEC PROC	169,323	168,386	184,582
7085 - WOMEN'S HEALTH CENTER	6,495	48,394	-
7290 - HOME HEALTH CARE	2,480,318	2,767,800	2,875,020
7420 - SURGERY	3,794,638	3,633,739	3,192,588
7427 - RECOVERY	334,126	302,095	318,691
7430 - AMB CARE UNIT	485,767	403,413	410,988
7450 - ANESTHESIOLOGY	1,076,812	1,024,687	774,250
7470 - CENTRAL SERVICES	238,564	186,062	194,921
7471 - CENT SVC STERILE	144,287	99,924	96,005
7500 - CLINICAL LAB	2,339,811	2,372,018	2,231,535
7520 - PATHOLOGY LAB	76,245	47,099	47,101
7540 - BLOOD BANK	209,772	161,262	153,840
7560 - ECHO	148,024	147,370	83,336
7590 - EKG	67,356	75,717	62,837
7630 - RADIOLOGY	1,259,837	1,313,888	1,165,382
7631 - MAMMOGRAPHY	255,290	245,477	246,414
7650 - NUCLEAR MEDICINE	132,053	187,819	182,737
7660 - MRI	269,380	244,988	237,591
7670 - ULTRASOUND	358,055	363,869	370,095
7680 - C.T. SCAN	315,219	308,811	307,304
7721 - RESPIRATORY THER	583,922	588,178	586,468
7730 - PULM FUNCT LAB	20,710	20,924	21,035
7740 - WOUND CARE	81,534	102,933	122,809
7770 - PHYSICAL THERAPY	524,200	677,110	616,225
7771 - O-P PHYSICAL THERAPY	757,601	774,906	763,469
7775 - OCCUPATIONAL HEALTH	320,514	285,008	318,412
7780 - SPEECH THERAPY	116,056	114,473	115,730
7790 - OCCUP THERAPY	344,854	364,758	329,306
7871 - IV THERAPY	91,338	126,757	82,916
7873 - EHR TRAINING	110,719	77,038	15,364
8310 - PRINTING & DUPL	68,281	74,168	92,139
8340 - DIETARY SVC	1,447,420	1,381,136	1,319,216
8350 - LAUNDRY & LINEN	284,758	223,676	224,247
8360 - SOCIAL SERVICES	70,586	98,530	81,574
8390 - PHARMACY	2,441,765	2,701,141	2,632,617
8400 - PURCHASING	286,485	406,582	444,941
8410 - GROUNDS	36,557	24,175	24,175
8440 - ENVIRON SVCS	796,776	830,680	628,451
8450 - PLANT OPERATIONS	2,170,330	2,220,132	1,943,264
8452 - FACILITIES PLANNING	199,806	-	-
8455 - INFECTIOUS WASTE	31,990	33,680	34,136
8470 - COMMUNICATIONS	112,100	1,450	-
8480 - INFORMATION SYST	2,556,689	2,095,851	2,469,047
8490 - MESSENGER	17,074	57,061	36,787
8510 - ACCOUNTING	561,942	745,385	820,509
8530 - PATIENT ACCNTG	929,092	968,780	947,056
8560 - ADMITTING	407,626	652,263	645,990
8610 - HOSPITAL ADMIN	1,564,928	1,995,939	985,131
8612 - PUBLIC RELATIONS	202,418	201,791	177,529
8620 - GOVERNING BOARD	97,396	138,487	158,552
8650 - HUMAN RESOURCES	381,325	372,323	393,175
8660 - EMPL HLTH SVC	78,254	51,061	54,657
8661 - BACK TO WORK PROGRAM	38,272	53,941	40,008
8670 - AUXILIARY	1,506	602	5,000
8700 - MEDICAL RECORDS	492,001	461,655	507,474
8710 - MEDICAL STAFF	163,554	281,933	281,782
8720 - NURSING ADMIN	1,012,104	927,680	1,040,136
8740 - HOSPITAL EDUC	31,553	115,319	105,353
8750 - QUALITY	678,312	943,510	925,340
8770 - FOUNDATION SUPPORT	109,459	90,772	-
8771 - FOUNDATION CAPITAL CAMPAIGN	198,774	185,054	73,547
8772 - ROUNDTABLE	-	19,843	10,000
8810 - DEPRECIATION	2,132,705	1,939,910	3,266,363
8840 - INSURANCE	243,607	226,656	240,000
8870 - INTEREST	361,512	415,111	1,028,157
8880 - MISC OVERHEAD	4,109,509	3,849,038	4,373,865
9550 - COMMUNITY HEALTH	-	80,968	62,845
TOTAL	53,126,958	54,287,848	53,649,371

Sonoma Valley Hospital
FTEs by Department
FY2015 Operating Budget

Department	FY 2013 Actual	FY 2014 Jan YTD Annlzd	FY 2015 Budget
6010 - ICU	10.71	11.04	10.90
6170 - MED-SURG	22.51	20.82	19.13
6171 - 3RD SOUTH	8.45	8.01	7.47
6179 - 2nd SOUTH	1.85	-	-
6580 - SKILLED NURSING	28.61	27.85	27.13
7010 - EMERGENCY	14.56	14.25	14.24
7071 - SENIOR WELLNESS	1.10	1.02	0.14
7072 - SPEC PROC	0.29	0.23	0.46
7290 - HOME HEALTH CARE	22.49	24.59	24.23
7420 - SURGERY	11.69	10.09	8.38
7427 - RECOVERY	2.11	1.69	1.59
7430 - AMB CARE UNIT	4.60	3.83	3.83
7450 - ANESTHESIOLOGY	1.00	0.98	0.95
7470 - CENTRAL SERVICES	0.97	1.00	1.00
7471 - CENT SVC STERILE	1.66	1.37	1.20
7500 - CLINICAL LAB	17.17	16.19	14.65
7560 - ECHO	1.04	0.93	0.50
7590 - EKG	1.04	1.11	0.50
7630 - RADIOLOGY	11.51	11.53	11.53
7631 - MAMMOGRAPHY	1.95	1.97	1.90
7650 - NUCLEAR MEDICINE	0.91	0.78	0.60
7660 - MRI	1.83	1.85	1.20
7670 - ULTRASOUND	2.56	2.63	2.50
7680 - C.T. SCAN	1.08	0.68	0.71
7721 - RESPIRATORY THER	6.78	6.78	6.41
7730 - PULM FUNCT LAB	0.13	0.14	0.14
7740 - WOUND CARE	0.61	0.84	1.00
7770 - PHYSICAL THERAPY	6.26	6.79	6.40
7771 - O-P PHYSICAL THERAPY	7.43	7.62	6.80
7775 - OCCUPATIONAL HEALTH	2.76	2.67	2.60
7780 - SPEECH THERAPY	1.10	1.09	1.06
7790 - OCCUP THERAPY	3.09	3.27	3.00
7871 - IV THERAPY	0.06	0.12	-
7873 - EHR TRAINING	1.04	0.51	0.13
8340 - DIETARY SVC	18.52	18.55	17.87
8350 - LAUNDRY & LINEN	0.45	0.46	0.45
8360 - SOCIAL SERVICES	0.99	0.87	0.85
8390 - PHARMACY	7.85	8.33	8.28
8400 - PURCHASING	3.92	4.41	4.90
8440 - ENVIRON SVCS	14.64	15.62	12.87
8450 - PLANT OPERATIONS	6.87	7.96	6.74
8452 - FACILITIES PLANNING	1.04	(0.03)	-
8470 - COMMUNICATIONS	1.83	-	-
8480 - INFORMATION SYST	7.48	7.12	8.82
8490 - MESSENGER	0.45	-	-
8510 - ACCOUNTING	5.25	4.52	5.10
8530 - PATIENT ACCNTG	8.99	8.82	11.50
8560 - ADMITTING	8.58	13.97	13.55
8610 - HOSPITAL ADMIN	3.64	2.67	2.00
8612 - PUBLIC RELATIONS	0.36	0.62	1.00
8620 - GOVERNING BOARD	0.14	1.01	1.00
8650 - HUMAN RESOURCES	3.13	3.11	3.09
8660 - EMPL HLTH SVC	0.57	0.39	0.39
8661 - BACK TO WORK PROGRAM	0.47	0.67	0.50
8700 - MEDICAL RECORDS	5.36	4.98	4.50
8710 - MEDICAL STAFF	0.83	1.33	1.40
8720 - NURSING ADMIN	6.84	6.02	6.44
8740 - HOSPITAL EDUC	0.05	0.02	0.67
8750 - QUALITY	5.69	6.29	6.75
8759 - INFECTION CONTROL	0.01	-	-
8760 - QUALITY REVIEW	0.03	-	-
8770 - FOUNDATION SUPPORT	1.52	0.96	-
8771 - FOUNDATION CAPITAL CAMPAIGN	0.49	0.86	-
9550 - COMMUNITY HEALTH	-	0.73	0.60
TOTAL	316.99	314.52	301.57

Sonoma Valley Hospital
Statistics by Department
FY2015 Operating Budget

Department	Statistic	FY 2013 Actual	FY 2014 Jan YTD Annlzd	FY 2015 Budget
6010 - ICU	IP Patient Days	1,034	1,284	1,284
6170 - MED-SURG	IP Patient Days	3,269	2,859	2,859
6171 - 3RD SOUTH	Patient Days + Deliveries	737	578	578
6171 - 3RD SOUTH	OP Tests	409	363	363
6179 - 2nd SOUTH	IP Patient Days	261	-	-
6580 - SKILLED NURSING	IP Patient Days	7,624	7,339	7,339
7010 - EMERGENCY	IP ED Visits	1,246	1,205	1,205
7010 - EMERGENCY	OP ED Visits	8,149	8,001	8,001
7071 - SENIOR WELLNESS	OP Visits	2,549	4,149	346
7072 - SPEC PROC	IP Procedures	1,800	67	67
7072 - SPEC PROC	OP Procedures	7,225	317	317
7290 - HOME HEALTH CARE	Visits	12,072	10,406	12,500
7420 - SURGERY	IP Minutes	53,415	49,157	49,157
7420 - SURGERY	OP Minutes	70,808	75,753	75,753
7427 - RECOVERY	IP Minutes	29,879	45,381	45,381
7427 - RECOVERY	OP Minutes	33,844	26,227	26,227
7430 - AMB CARE UNIT	OP Cases	1,790	1,299	1,299
7450 - ANESTHESIOLOGY	IP OR Minutes	53,415	49,157	49,157
7450 - ANESTHESIOLOGY	OP OR Minutes	70,808	75,753	75,753
7500 - CLINICAL LAB	IP Billed Tests	34,795	31,481	31,481
7500 - CLINICAL LAB	ER Billed Tests	20,373	20,806	20,806
7500 - CLINICAL LAB	OP Billed Tests	85,036	91,083	91,083
7500 - CLINICAL LAB	SNF Billed Tests	8,161	8,273	8,273
7520 - PATH LAB	IP Billed Tests	315	254	254
7520 - PATH LAB	ER Billed Tests	6	-	-
7520 - PATH LAB	OP Billed Tests	745	737	737
7520 - PATH LAB	SNF Billed Tests	25	36	36
7540 - BLOOD	IP Billed Tests	1,238	1,056	1,056
7540 - BLOOD	ER Billed Tests	140	149	149
7540 - BLOOD	OP Billed Tests	706	650	650
7540 - BLOOD	SNF Billed Tests	63	69	69
7560 - ECHO	IP Procedures	204	233	233
7560 - ECHO	ER Procedures	3	22	22
7560 - ECHO	OP Procedures	664	636	636
7560 - ECHO	SNF Procedures	11	15	15
7590 - EKG	IP Procedures	1,067	929	929
7590 - EKG	ER Procedures	1,423	1,461	1,461
7590 - EKG	OP Procedures	1,155	1,322	1,322
7590 - EKG	SNF Procedures	56	51	51
7630 - RADIOLOGY	IP Procedures	2,488	2,484	2,484
7630 - RADIOLOGY	ER Procedures	2,641	2,686	2,686
7630 - RADIOLOGY	OP Procedures	5,090	5,439	5,439
7630 - RADIOLOGY	SNF Procedures	235	291	291
7631 - MAMMOGRAPHY	OP Procedures	5,846	6,125	6,125
7650 - NUCLEAR MEDICINE	IP Procedures	74	41	24
7650 - NUCLEAR MEDICINE	ER Procedures	3	5	5
7650 - NUCLEAR MEDICINE	OP Procedures	847	694	550
7650 - NUCLEAR MEDICINE	SNF Procedures	8	17	5

Sonoma Valley Hospital
Statistics by Department
FY2015 Operating Budget

Department	Statistic	FY 2013 Actual	FY 2014 Jan YTD Annlzd	FY 2015 Budget
7660 - MRI	IP Procedures	64	84	84
7660 - MRI	ER Procedures	30	15	15
7660 - MRI	OP Procedures	1,086	1,171	1,171
7660 - MRI	SNF Procedures	17	29	29
7670 - ULTRASOUND	IP Procedures	320	345	345
7670 - ULTRASOUND	ER Procedures	340	305	305
7670 - ULTRASOUND	OP Procedures	3,022	3,087	3,087
7670 - ULTRASOUND	SNF Procedures	48	60	60
7680 - C.T. SCAN	IP Procedures	862	926	926
7680 - C.T. SCAN	ER Procedures	1,438	1,574	1,574
7680 - C.T. SCAN	OP Procedures	1,322	1,425	1,425
7680 - C.T. SCAN	SNF Procedures	47	62	62
7721 - RESPIRATORY THER	Respiratory APD	13,437	4,514	4,514
7721 - RESPIRATORY THER	Respiratory APD	1,692	861	861
7721 - RESPIRATORY THER	Respiratory APD	390	165	165
7721 - RESPIRATORY THER	Respiratory APD	5,450	7,339	7,339
7730 - PULM FUNCT LAB	IP Tests	1,215	1,029	1,029
7730 - PULM FUNCT LAB	ER Tests	103	96	96
7730 - PULM FUNCT LAB	OP Tests	398	339	339
7730 - PULM FUNCT LAB	SNF Tests	1,161	1,570	1,570
7740 - WOUND CARE	IP Procedures	57	89	89
7740 - WOUND CARE	ER Procedures	4	5	5
7740 - WOUND CARE	OP Procedures	1,197	2,112	2,112
7740 - WOUND CARE	SNF Procedures	65	159	159
7770 - PHYSICAL THERAPY	IP 15 Minutes Sessions	4,594	5,006	5,006
7770 - PHYSICAL THERAPY	ER 15 Minutes Sessions	13	26	26
7770 - PHYSICAL THERAPY	OP 15 Minutes Sessions	343	477	477
7770 - PHYSICAL THERAPY	SNF 15 Minutes Sessions	18,868	20,563	20,563
7771 - O-P PHYSICAL THERAPY	IP 15 Minutes Sessions	14	-	-
7771 - O-P PHYSICAL THERAPY	OP 15 Minutes Sessions	25,561	27,070	27,070
7775 - OCCUPATIONAL HEALTH	OP 15 Minutes Sessions	6,071	7,663	7,663
7780 - SPEECH THERAPY	IP Sessions	451	442	442
7780 - SPEECH THERAPY	OP Sessions	317	550	550
7780 - SPEECH THERAPY	SNF Sessions	1,342	1,387	1,387
7790 - OCCUP THERAPY	IP 15 Minutes Sessions	130	199	199
7790 - OCCUP THERAPY	OP 15 Minutes Sessions	4,942	5,422	5,422
7790 - OCCUP THERAPY	SNF 15 Minutes Sessions	10,259	12,981	12,981
7871 - IV THERAPY	IP Procedures	11,723	10,517	10,517

Financial Statements

Income Statement	Projection Years 2014	2015	2016	2017
Patient Revenue				
Inpatient Services	$91,385	$94,519	$99,246	$104,194
Outpatient Services	113,324	120,366	126,387	132,721
Gross Patient Revenue	204,709	214,885	225,633	236,915
Deductions from Patient Revenue				
Contractual Discounts	156,332	165,752	174,805	184,828
Bad Debt	2,657	2,000	2,642	2,925
Provision for Charity	295	300	415	429
Total Deductions from Revenue	159,284	168,052	177,862	188,182
Net Patient Revenue	45,425	46,833	47,771	48,733
Other Operating Revenue	3,813	3,615	3,615	3,615
Total Operating Revenue	**49,238**	**50,448**	**51,386**	**52,348**
Operating Expenses				
Salaries and Wages	22,844	23,036	23,734	24,455
Employee Benefits	8,781	9,107	9,383	9,668
Contract Labor	816	841	858	875
Professional fees	5,633	3,661	3,697	3,734
Supplies	5,969	5,698	5,812	5,928
Drugs and Pharmaceuticals	0	0	0	0
Purchased Services	4,987	3,986	4,026	4,066
Depreciation & Amortization	2,422	3,266	3,437	3,608
Interest	943	1,028	1,000	1,000
Other	1,908	3,023	3,063	3,103
Bad Debt	0	0	0	0

Financial Statements

	Projection Years			
	2014	**2015**	**2016**	**2017**
Total Operating Expenses	54,303	53,646	55,010	56,437
Excess of Revenue over Expenses from Operations	**(5,065)**	**(3,198)**	**(3,624)**	**(4,089)**
Nonoperating Revenue				
Investment Income	15	55	92	143
Interest Expense	0	0	0	0
Unrestricted Contributions	4,475	120	0	0
Other	4,288	4,331	4,508	4,550
Net Nonoperating Revenue	8,778	4,506	4,600	4,693
Excess of Revenue over Expenses Before Extraordinary Items	3,713	1,308	976	604
Extraordinary Items	0	0	0	0
Excess of Revenue over Expenses	**$3,713**	**$1,308**	**$976**	**$604**

11.

OB UPDATE

CM_Direct

		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	Total	PayorMix%	Annualized Projection
Operating Stats	Total Primary - Inpatient	62	44	47	54	54	39	37	50	73	16	476		
	Total Primary - Outpatient	29	21	31	48	30	26	27	51	65	31	359		
	Total Primary Statistics	91	65	78	102	84	65	64	101	138	47	835		
	Total Inpatient Revenue	170,962	121,700	141,570	175,320	163,973	120,139	96,011	136,461	230,054	63,740	1,419,928	81%	1,703,914
	Total Outpatient Revenue	27,987	23,652	21,088	55,681	25,822	17,121	20,031	41,596	59,530	41,972	334,480	19%	401,376
	Total Emergency Revenue	0	1,558	2,058	0	1,426	467	467	2,856	0	0	8,832	1%	10,598
	Total Gross Patient Revenue	**198,949**	**146,910**	**164,716**	**231,001**	**191,221**	**137,727**	**116,509**	**180,913**	**289,584**	**105,712**	**1,763,240**		**2,115,888**
	Total Inpatient Revenue	69,666	56,763	56,773	73,961	79,352	53,008	40,524	55,576	92,423	28,653	606,699		693,655
	Net Rev as a % of Gross Rev	*41%*	*47%*	*40%*	*42%*	*48%*	*44%*	*42%*	*41%*	*40%*	*45%*	*43%*		*41%*
	Total Outpatient Revenue	1,933	4,196	955	5,364	3,192	1,486	1,137	3,484	7,139	4,328	33,214		39,857
	Net Rev as a % of Gross Rev	*7%*	*18%*	*5%*	*10%*	*12%*	*9%*	*6%*	*8%*	*12%*	*10%*	*10%*		*10%*
	Total Emergency Revenue	0	118	452	0	233	233	0	0	0	0	1,037		1,244
	Net Rev as a % of Gross Rev	*0%*	*8%*	*22%*	*0%*	*16%*	*50%*	*0%*	*0%*	*0%*	*0%*	*12%*		*12%*
	Total Net Patient Revenue	**71,599**	**61,076**	**58,180**	**79,324**	**82,778**	**54,728**	**41,660**	**59,060**	**99,563**	**32,982**	**640,950**		**734,756**
	Net Rev as a % of Gross Rev	*36%*	*42%*	*35%*	*34%*	*43%*	*40%*	*36%*	*33%*	*34%*	*31%*	*36%*		*35%*
	Supplemental Funding													
	Medicare DSH	**41,905**	**41,905**	**41,905**	**41,905**	**41,905**	**41,905**	**41,905**	**41,905**	**41,905**	**41,905**	**419,053**		**502,864**
	Total Estimated Operating Revenue	**113,504**	**102,982**	**100,086**	**121,230**	**124,683**	**96,633**	**83,566**	**100,966**	**141,468**	**74,887**	**1,060,003**		**1,237,620**
	Net Rev as a % of Gross Rev (after DSH)	57%	70%	61%	52%	65%	70%	72%	56%	49%	71%	60%		58%
Direct Expenses														
	Total Salaries	77,716	79,157	85,377	89,947	80,997	84,159	81,389	62,129	71,786	43,672	756,329		907,594
	Total Paid Time Off	5,371	7,827	6,421	7,527	6,198	11,934	10,510	4,538	4,539	1,018	65,883		79,060
	Total Employee Benefits	24,926	26,095	27,539	29,242	26,158	28,828	27,570	20,000	22,898	13,407	233,256		279,908
	Total Prof Fees-Agency	6,521	6,248	2,290	-2,074	0	1,570	11,349	5,753	29,538	46,605	107,799		
	Total Prof Fees-Phys	22,824	22,824	22,824	23,016	23,080	22,888	22,952	22,888	22,888	22,952	229,136		274,963
	Total Prof Fees-Other	0	0	0	0	0	0	0	0	0	0	0		0
	Total Supplies	660	1,551	1,707	1,000	791	1,237	899	1,281	2,034	1,772	12,933		15,520
	Total Minor Equipment	278	0	0	429	129	558	42	0	0	0	1,437		1,725
	Total Pat Chg Supplies	221	0	0	0	0	14	0	48	4	-96	192		230
	Total Purchased Svcs	0	0	0	4,690	20	0	0	0	0	0	4,710		5,652
	Total Purch Mgd Care	0	0	0	0	0	0	0	0	0	0	0		0
	Total Depreciation	0	0	0	0	0	0	0	0	0	0	0		0
	Total Utilities	0	0	0	0	0	0	0	0	0	0	0		0
	Total Insurance	0	0	0	0	0	0	0	0	0	0	0		0
	Total Interest	0	0	0	0	0	0	0	0	0	0	0		0
	Total Education-Travel	1,131	-607	0	374	239	0	0	124	396	0	1,657		1,988
	Total Other Expenses	314	349	289	444	169	201	290	266	465	367	3,154		3,784
	Total Direct Expenses	**139,963**	**143,444**	**146,448**	**154,595**	**137,781**	**151,390**	**155,001**	**117,026**	**154,547**	**129,697**	**1,429,892**		**1,570,424**
	Contribution Margin	**(26,459)**	**(40,462)**	**(46,362)**	**(33,365)**	**(13,098)**	**(54,757)**	**(71,435)**	**(16,061)**	**(13,079)**	**(54,810)**	**(369,889)**		**(332,804)**
Manhours														
	Total Productive Manhours	1,241	1,112	1,298	1,421	1,207	1,170	1,224	836	1,095	623	11,228		13,473
	Total NonProductive Manhours	32	113	83	76	6	170	227	140	46	104	997		1,196
	Total Manhours	1,404	1,277	1,393	1,497	1,213	1,340	1,591	1,127	1,634	1,307	13,783		16,539
	Total FTEs	8	7	8	8	7	8	9	7	9	8	8		6
	Calendar Days	*31*	*31*	*30*	*31*	*30*	*31*	*31*	*28*	*31*	*30*	*304*		*365*

12.

FINANCIAL REPORT
APRIL 2014

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

To: SVH Finance Committee
From: David Cox, CFO, MGH
Date: June 5, 2014
Subject: Financial Report for the Month Ending April 30, 2014

Overall Results for April 2014

Overall for April, SVH has a net loss after the restricted contributions of ($360,511) on a budgeted loss of ($16,116), for an unfavorable difference of ($344,395). Total net patient service revenue was under budget by ($255,945). Risk contract revenue is under budget by ($65,218), which is due to low Napa State inpatient volume. Other operating revenue is under budget by ($50,851) due to the receipt of the Electronic Health Record Phase 1 money in January. Phase 2 of the Electronic Health Record money is being accrued at $64,369 per month with an anticipated receipt of the money in January 2015. This brings the total operating revenue to $4,040,562 or ($372,014) under budget. Expenses were $4,599,951 on a budget of $4,688,309 or $88,358 better than budget. The EBIDA prior to the restricted donations for the month was $43,053 or 1.1%.

Patient Volumes - April

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	94	90	4	88
Acute Patient Days	303	370	-67	315
SNF Patient Days	674	621	53	589
Home Care Visits	1,218	1,300	-82	1,101
OP Gross Revenue	$9,918	$9,135	$783	$8,906
Surgical Cases	147	128	19	115

Overall Payer Mix - April

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	50.6%	49.1%	1.5%	51.1%	49.4%	1.7%
Medi-Cal	17.2%	10.5%	6.7%	12.5%	10.7%	1.8%
Self Pay	2.6%	3.7%	-1.1%	2.9%	3.8%	-0.9%
Commercial	17.6%	29.6%	-12.0%	23.4%	29.0%	-5.6%
Managed MC	5.3%	2.8%	2.5%	4.5%	2.9%	1.6%
Workers Comp	3.8%	1.5%	2.3%	3.2%	1.5%	1.7%
Capitated	2.9%	2.8%	0.1%	2.4%	2.7 %	-0.3%
Total	100%	100%		100%	100%	

Total Operating Revenues

Total operating revenues for April were $4.0 million on a budget of $4.4 million or ($372,014) under budget.

Net Patient Revenue is under budget by ($255,945) or 6%, due to the following:

- Home Care was under budget by 82 visits, but offset with a better case mix.
- Skilled Nursing Home volume was over budget by 53 days.
- Bad Debts and Charity Care were favorable to budget by $196,657.

This is off set with:

- Overall inpatient volume was over budget by 4 discharges, offset with a poor case mix.
- Outpatient was over budget in volume, but had higher Medicare patients and lower commercial insured patients.

Expenses

April's expenses were $4.6 million on a budget of $4.7 million or better than budget by $88,358. The following is a summary of the operating expense variances for the month of April:

- Total productivity FTE's were over budget at 285 on a budget of 280, or ($6,166) over budget. This was due to the use of registry in Surgery ($12,987).
- Employee Benefits were under budget by $37,400, due to health insurance being under budget by $11,009 and State Unemployment Insurance under budget by $12,568.
- Medical and Prof Fees are over budget by ($43,718), ($45,000) is due to additional Prima Physician call.
- Supplies are over budget by ($44,699) due to Surgery supplies being over budget by ($82,371) due to April's volumes.
- Purchase Services are under budget by $55,524, due to all departments being under budget except Patient Financial Services contracts for collection companies, ($22,913) and ($23,438) is for the Lab for outsourced testing that Quest performs.

Cash Collections on Patient Receivables:

For the month of April the cash collection goal was $2,899,990 the Hospital collected $3,498,230 or over the goal by $598,240. Year to date the Hospital patient collections goal was $32,327,387 and had collection of $33,411,314 or $1,083,927 over the goal. The cash collection goal is based upon net hospital revenue from 60 days ago. Days of cash on hand are 12 days at April 30, 2014.

These comparisons are for actual FY 2014 compared to actual FY 2013. These are not budget comparisons.

ER Visits

	ER – Inpatient				ER – Outpatient			
	CY	PY	Change	%	CY	PY	Change	%
July	109	109	0	0%	641	729	-88	-12.1%
Aug	94	106	-12	-11.3%	695	778	-83	-10.7%
Sept	105	111	-6	-5.6%	690	677	13	1.9%
Oct	60	95	-35	-32.4%	671	706	-35	-5.2%
Nov	72	101	-29	-27.1%	593	631	-38	-6.0
Dec	95	100	-5	-4.2%	656	693	-37	-5.9%
Jan	81	141	-60	-64.5%	730	711	19	2.7%
Feb	80	112	-32	-34.0%	575	598	-23	-3.8%
Mar	105	97	8	6.6%	664	660	4	0.6%
April	99	88	11	12.5%	689	641	48	7.6%
YTD	900	1,060	-160	-15.1%	6,604	6,824	-220	-3.2%

Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended April 2014

		Month				Year-To- Date				YTD
		This Year		Variance		This Year		Variance		
		Actual	Budget	$	%	Actual	Budget	$	%	Prior Year
	Volume Information									
1	Acute Discharges	94	90	4	4%	978	1,207	(229)	-19%	1,180
2	SNF Days	674	621	53	9%	6,346	6,473	(127)	-2%	6,516
3	Home Care Visits	1,218	1,300	(82)	-6%	9,274	9,975	(701)	-7%	9,940
4	Gross O/P Revenue (000's)	9,918	9,135	783	9%	$ 95,044	$ 90,391	4,653	5%	$ 84,982
	Financial Results									
	Gross Patient Revenue									
5	Inpatient	$ 4,393,802	$ 5,095,946	(702,144)	-14%	$ 50,181,640	$ 55,932,191	(5,750,551)	-10%	$ 52,022,171
6	Outpatient & Emergency	6,630,801	5,668,442	962,359	17%	61,286,272	55,168,078	6,118,194	11%	52,738,969
7	Emergency	2,931,180	3,105,565	(174,385)	-6%	30,922,395	32,506,635	(1,584,240)	-5%	29,351,958
8	SNF	2,345,270	2,136,378	208,892	10%	24,056,457	22,322,907	1,733,550	8%	21,238,039
9	Home Care	356,301	360,887	(4,586)	-1%	2,835,455	2,716,785	118,670	4%	2,890,758
10	Total Gross Patient Revenue	$ 16,657,354	$ 16,367,218	290,136	2%	$ 169,282,218	$ 168,646,596	635,622	0%	$ 158,241,895
	Deductions from Revenue									
11	Contractual Discounts	$ (12,777,209)	$ (12,034,471)	(742,738)	-6%	$ (131,000,650)	$ (125,526,597)	(5,474,053)	-4%	$ (117,889,109)
12	Bad Debt	(150,000)	(205,223)	55,223	27%	(1,958,255)	(2,114,603)	156,348	7%	(2,220,000)
13	Charity Care Provision	(30,000)	(171,434)	141,434	83%	(225,250)	(1,618,553)	1,393,303	86%	(1,385,971)
14	Prior Period Adjustments	-	-	-	0%	2,107,929	-	2,107,929	0%	(300,000)
15	Total Deductions from Revenue	$ (12,957,209)	$ (12,411,128)	(546,081)	4%	$ (131,076,226)	$ (129,259,753)	(1,816,473)	1%	$ (121,795,080)
16	Net Patient Service Revenue	$ 3,700,145	$ 3,956,090	(255,945)	-6%	$ 38,205,992	$ 39,386,843	(1,180,851)	-3%	$ 36,446,815
17	Risk contract revenue	$ 256,699	$ 321,917	(65,218)	-20%	$ 2,871,921	$ 3,219,170	(347,249)	-11%	$ 3,218,753
18	Net Hospital Revenue	$ 3,956,844	$ 4,278,007	(321,163)	-8%	$ 41,077,913	$ 42,606,013	(1,528,100)	-4%	$ 39,665,568
19	Other Op Rev & Electronic Health Records	$ 83,718	$ 134,569	(50,851)	38%	$ 1,232,448	$ 1,345,690	(113,242)	-8%	$ 1,320,025
20	Total Operating Revenue	$ 4,040,562	$ 4,412,576	(372,014)	-8%	$ 42,310,360	$ 43,951,703	(1,641,343)	-4%	$ 40,985,593
	Operating Expenses									
21	Salary and Wages and Agency Fees	$ 2,035,022	$ 2,028,856	(6,166)	0%	$ 20,005,428	$ 20,330,390	324,962	2%	$ 19,666,156
22	Employee Benefits	722,496	$ 759,896	37,400	5%	7,329,822	7,652,886	323,064	4%	7,359,585
23	Total People Cost	$ 2,757,518	$ 2,788,752	31,234	1%	$ 27,335,250	$ 27,983,276	648,026	2%	$ 27,025,741
24	Med and Prof Fees (excld Agency)	$ 422,504	$ 378,786	(43,718)	-12%	$ 4,316,397	$ 3,892,773	(423,624)	-11%	$ 3,774,597
25	Supplies	526,664	481,965	(44,699)	-9%	5,071,177	5,030,943	(40,234)	-1%	5,106,502
26	Purchased Services	377,300	432,824	55,524	13%	4,060,015	4,348,719	288,704	7%	4,022,577
27	Depreciation	244,361	277,142	32,781	12%	1,776,072	2,282,780	506,708	22%	1,814,225
28	Utilities	91,216	132,354	41,138	31%	810,496	1,023,540	213,044	21%	737,360
29	Insurance	18,888	18,699	(189)	-1%	188,876	186,989	(1,887)	-1%	195,519
30	Interest	21,512	34,188	12,676	37%	320,131	453,983	133,852	29%	291,612
31	Other	139,988	143,599	3,611	3%	1,654,794	1,351,214	(303,580)	-22%	914,596
32	Operating expenses	$ 4,599,951	$ 4,688,309	88,358	2%	$ 45,533,208	$ 46,554,217	1,021,009	2%	$ 43,882,729
33	Operating Margin	$ (559,389)	$ (275,733)	(283,656)	-103%	$ (3,222,848)	$ (2,602,514)	(620,334)	-24%	$ (2,897,136)
	Non Operating Rev and Expense									
34	Miscellaneous Revenue	$ 2,194	$ 4,167	(1,973)	-47%	$ (155,548)	$ 41,668	(197,216)	*	$ 137,606
35	Donations	-	3,333	(3,333)	-100%	444,097	33,333	410,764	*	563,106
36	Professional Center/Phys Recruit	-	-	-	0%	-	-	-	0%	-
37	Physician Practice Support-Prima	(55,451)	(65,630)	10,179	-16%	(577,174)	(656,300)	79,126	-12%	(656,300)
38	Parcel Tax Assessment Rev	237,500	237,500	-	0%	2,373,635	2,375,000	(1,365)	0%	2,448,520
39	Total Non-Operating Rev/Exp	$ 184,243	$ 179,370	4,873	3%	$ 2,085,010	$ 1,793,701	291,309	16%	$ 2,492,932
40	**Net Income / (Loss) prior to Rest. Cont. & GO Bond Activity**	**$ (375,146)**	**$ (96,363)**	**(278,783)**	**289%**	**$ (1,137,838)**	**$ (808,813)**	**(329,025)**	**41%**	**$ (404,204)**
41	Capital Campaign Contribution	$ 3,175	$ 67,521	(64,346)	-95%	$ 3,264,165	$ 1,593,840	1,670,325	105%	$ 524,163
42	Restricted Foundation Contributions	$ -	$ -	-	0%	$ -	$ -	-	100%	$ -
43	Net Income / (Loss) w/ Restricted Contributions	$ (371,971)	$ (28,842)	(343,129)	1190%	$ 2,126,327	$ 785,027	1,341,300	171%	$ 119,959
44	GO Bond Tax Assessment Rev	152,326	153,584	(1,258)	-1%	1,523,257	1,535,840	(12,583)	-1%	1,535,670
45	GO Bond Interest	(140,866)	(140,858)	(8)	0%	(515,905)	(542,235)	26,330	-5%	(300,110)
46	**Net Income/(Loss) w GO Bond Activity**	**$ (360,511)**	**$ (16,116)**	**(344,395)**	**-2137%**	**$ 3,133,679**	**$ 1,778,632**	**1,355,047**	**-76%**	**$ 1,355,519**

Sonoma Valley Health Care District
Balance Sheet
For The Period Ended
As of April 30, 2014

		Current Month	Prior Month	Prior Year
	Assets			
	Current Assets:			
1	Cash	$ 1,793,052	$ 1,255,535	$ 2,457,837
2	Trustee Funds	762,010	762,010	1,263,697
3	Net Patient Receivables	8,028,724	7,888,038	8,675,897
4	Allow Uncollect Accts	(1,800,483)	(1,740,680)	(1,238,916)
5	Net A/R	6,228,241	6,147,358	7,436,981
6	Other Accts/Notes Rec	2,197,966	2,980,819	910,027
7	3rd Party Receivables, Net	1,725,610	1,937,910	721,988
8	Due Frm Restrict Funds	-	-	-
9	Inventory	766,137	743,867	887,739
10	Prepaid Expenses	1,221,350	909,717	1,383,073
11	Total Current Assets	$ 14,694,366	$ 14,737,216	$ 15,061,342
12	Board Designated Assets	$ 5,402	$ 5,399	$ 186,468
13	Property,Plant & Equip, Net	53,054,235	52,469,485	10,844,197
14	Hospital Renewal Program	-	-	24,672,940
15	Unexpended Hospital Renewal Funds	-	-	9,000,255
16	Investments	-	-	-
17	Specific Funds	496,265	565,239	2,145,292
18	Other Assets	428,023	436,558	265,134
19	Total Assets	$ 68,678,291	$ 68,213,897	$ 62,175,628
	Liabilities & Fund Balances			
	Current Liabilities:			
20	Accounts Payable	$ 5,005,757	$ 4,471,747	$ 4,213,471
21	Accrued Compensation	3,988,357	3,892,725	3,641,340
22	Interest Payable	428,011	285,340	428,557
23	Accrued Expenses	1,434,691	1,261,871	280,410
24	Advances From 3rd Parties	174,667	(191,739)	1,322,123
25	Deferred Tax Revenue	927,346	1,317,172	783,469
26	Current Maturities-LTD	911,205	910,496	805,376
27	Other Liabilities	4,197,662	4,204,540	2,542,868
28	Total Current Liabilities	$ 17,067,696	$ 16,152,152	$ 14,017,614
29	Long Term Debt, net current portion	$ 37,616,900	$ 37,707,628	$ 37,908,808
30	Fund Balances:			
31	Unrestricted	$ 12,865,708	$ 13,229,305	$ 7,416,623
32	Restricted	1,127,987	1,124,812	2,832,583
33	Total Fund Balances	$ 13,993,695	$ 14,354,117	$ 10,249,206
34	Total Liabilities & Fund Balances	$ 68,678,291	$ 68,213,897	$ 62,175,628

Sonoma Valley Hospital
Sonoma Valley Health Care District
April 2014 Financial Report

Finance Committee
May 27, 2014

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

April's Patient Volumes

	Actual	Budget	Variance	Prior Year
Acute Discharges	94	90	4	88
Acute Patient Days	303	370	-67	315
SNF Patient Days	674	621	53	589
Home Health Care Visits	1,218	1,300	-82	1,101
Outpatient Gross Revenue (in thousands)	$9,918	$9,135	$783	$8,906
Surgical Cases	147	128	19	115

Summary Statement of Revenues and Expenses Month of April 30, 2014

	Actual	Budget	Variance	Percentage	Prior Year
1Total Operating Revenue	$ 4,040,562	$ 4,412,576	$ (372,014)	-8%	$ 3,999,585
2Total Operating Expenses	$ 4,599,951	$ 4,688,309	$ 88,358	2%	$ 4,406,973
3Operating Margin	$ (559,389)	$ (275,733)	$ (283,656)	-103%	$ (407,388)
4NonOperating Rev/Exp	$ 184,243	$ 179,370	$ 4,873	3%	$ 310,667
5Net Income before Rest.Cont. & GO Bond	$ (375,146)	$ (96,363)	$ (278,783)	289%	$ (96,721)
6Restricted Contribution	$ 3,175	$ 67,521	$ (64,346)	-95%	$ 84,314
7Net Income with Restricted Contributions	$ (371,971)	$ (28,842)	$ (343,129)	1190%	$ (12,407)
8Total GO Bond Rev/Exp	$ 11,460	$ 12,726	$ (1,266)	-10%	$ 123,556
9Net Income with GO Bond	$ (360,511)	$ (16,116)	$ (344,395)	2137%	$ 111,149
10EBIDA before Restricted Contributions	$ 43,053	$ 368,551	$ (325,498)		$ 283,137
11EBIDA before Restricted Cont. %	1%	8%	-7%		7%

Summary Statement of Revenues and Expenses Year to Date April 30, 2014 (10 months)

		Actual	Budget	Variance	Percentage	Prior Year
1	Total Operating Revenue	$ 42,310,360	$ 43,951,703	$ (1,641,343)	-4%	$ 40,985,593
2	Total Operating Expenses	$ 45,533,208	$ 46,554,217	$ 1,021,009	2%	$ 43,882,729
3	Operating Margin	$ (3,222,848)	$ (2,602,514)	$ (620,334)	-24%	$ (2,897,136)
4	NonOperating Rev/Exp	$ 2,085,010	$ 1,793,701	$ 291,309	16%	$ 2,492,932
5	Net Income before Rest.Cont. & GO Bond	$ (1,137,838)	$ (808,813)	$ (329,025)	41%	$ (404,204)
6	Restricted Contribution	$ 3,264,165	$ 1,593,840	$ 1,670,325	105%	$ 524,163
7	Net Income with Restricted Contributions	$ 2,126,327	$ 785,027	$ 1,341,300	171%	$ 119,959
8	Total GO Bond Rev/Exp	$ 1,007,352	$ 993,605	$ 13,747	1%	$ 1,235,560
9	Net Income with GO Bond	$ 3,133,679	$ 1,778,632	$ 1,355,047	76%	$ 1,355,519
10	EBIDA before Restricted Contributions	$ 2,481,622	$ 3,463,790	$ (982,168)		$ 2,225,796
11	EBIDA before Restricted Cont. %	6%	8%	-2%		5%

13.

ADMINISTRATIVE REPORT MAY 2014

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

To: **SVHCD Board of Directors**
From: **Kelly Mather**
Date: **6/5/14**
Subject: **Administrative Report**

Summary: Fiscal Year 2014 has been an incredibly challenging year for everyone. We believe we will end the year with a slightly below budget with about a $1 million loss. It is important to note that we have had to navigate through the added expenses for opening the New Wing, higher than expected costs for Information Technology, the deterioration of the shared services agreement with Palm Drive Hospital, the significant loss of years of revenue from the RAC program and the reduced inpatient admissions. With the new Fiscal Year, we project more stability.

Leadership and Organizational Results (Dashboard)

As demonstrated by the April dashboard, we have done well as compared to the goals for this year. April was a pretty good month for volumes and surgery volumes remain steadily higher than usual. Our cash flow and EBIDA margin is improving. Patient satisfaction is above the goal. The construction on the med/surg floor will be complete next week and that should decrease the noise issues. Now that we have received the staff satisfaction results, the leaders complete action plans by meeting with their staff to review the top opportunities for improvement. In addition, I hold staff forums which include review of the organization wide opportunities and actions planned for improvement.

Strategic Review

The following strategies have been executed in the FY 2014 Rolling Strategic Plan:

- ✓ Increased messaging to improve reputation through sharing quality and financial results
- ✓ Aches & Pains (Joint Pain) program in Rehabilitation
- ✓ Medicare Advantage Plan partnership in Sonoma for 2015
- ✓ Expand Home Care into Marin County
- ✓ Cost accounting – decision support system
- ✓ Reduced re-admissions using best practices
- ✓ Bi-lingual signage and communications

The following strategies are still

- ➢ Grow Prima physician practices: All practices are meeting targets now except for one
- ➢ Cross referrals with Palm Drive Hospital: We are actively working with them to refer patients like Wound Care. Physician relationships are not there.
- ➢ Begin sharing Healing Hospital Model: The model is in SVH, but not yet hardwired or clear
- ➢ Patient Portal: We need to fundraise for this application

Operations

The leadership, staff and physicians of SVH have been incredibly supportive as we have implemented the changes for future stability over the last month. While it has been very difficult to reduce expenses to only necessary or contributing investments, our positive culture remains. It is a pleasure to serve with these outstanding leaders and the MGH financial team has been outstanding!

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

APRIL 2014 DASHBOARD

PERFORMANCE GOAL	OBJECTIVE	METRIC	ACTUAL RESULT	GOAL LEVEL
Service Excellence	High In-Patient Satisfaction	5 out of 8 HCAHPS results above the 50th percentile	5 out of 8 87.1%	>5 = 5 (stretch) >4 = 4 >3 = 3 (Goal) >2 = 2 <1=1
	High Out-Patient Satisfaction	Press Ganey monthly mean score	Outpatient 90.7% Surgery 94.8 % Emergency 89.1%	>94% = 5 (stretch) >93%=4 >92% =3 (Goal) >91%=2 <90%=1
Quality	Excellent Clinical Outcomes	Value Based Purchasing Clinical Score	100% for 9 months of the last 12	100% for 12 mos= 5 100% 9/12 mos=4 100% 6/12 mos =3 >90%=2 <80%=1
People	Highly Engaged and Satisfied Staff	Press Ganey percentile ranking of current mean score	2013 76% mean score at 77th percentile	>85th = 5 (stretch) >82nd=4 >80th=3 (Goal) >77th=2 <76th =1
Finance	Financial Viability	YTD EBIDA	6%	>10% (stretch) >9%=4 >8% (Goal) <7%=2 <6%=1
	Efficiency and Financial Management	FY 2014 Budgeted Expenses	$45,533,208 (actual) $46,554,217 (budget)	<2% =5 (stretch) <1% = 4 <Budget=3 (Goal) >1% =2 >2% = 1
Growth	Surgical Cases	Increase surgeries by 2% over prior year	1330 YTD FY2014 1254 YTD FY 2013	>2% (stretch) >1%=4 >0% (Goal) <0%=2 <1%=1
	Outpatient Volumes	2% increase (gross outpatient revenue over prior year)	$94.9 million YTD $84.9 million 2013 (9% increase)	
Community	Community Benefit Hours	Hours of time spent on community benefit activities for the fiscal year	1323 hours for 10 months	>1500 = 5 >1200 = 4 >1000 = 3 >750 = 2 <500 = 1

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

FY 2014 TRENDED RESULTS

MEASUREMENT	Goal FY 2014	Jul 2013	Aug 2013	Sep 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2013	Jun 2013
Inpatient Satisfaction	>87%	86.9	86.5	85.2	86.7	88.8	88.2	86.1	86.9	87.6	87.1	86.1	86.5
Outpatient Satisfaction	>93%	93.8	94.2	93.9	92.5	94.5	92.9	94	94.2	93.7	90.7	91.8	92.7
Surgery Satisfaction	>93%	93.2	94.1	93.7	92.7	93.1	91.7	92.5	93.1	95.2	94.8	92.0	92.6
Emergency Satisfaction	>89%	89.4	89.6	88.6	86.9	88.6	89.7	89.5	89.7	88.9	89.1	89.5	88.9
Value Based Purchasing Clinical Score	100	88	77	100	100	100	100	100	80	100	100	90	100
Staff Satisfaction	>77%	77	77	77	77	77	77	77	76	76	76	77	77
Turnover	<10%	2.8	2.8	2.8	7.9	7.9	7.9	9.9	9.9	9.9	3.6	3.6	3.6
EBIDA	>8%	7	12	7	6	6	6	5	5	6	9	1	8
Net Revenues	>3.9m	4.08	4.35	4.0	4.5	3.9	4.1	3.75	3.46	5.54	3.9	4	3.8
Expense Management	<4.5m	4.4	4.4	4.3	5.0	4.3	4.4	4.55	4.27	5.0	4.4	4.6	4.7
Net Income	>50	185	440	883	990	-57	412	13	-160	401	91	**-375**	732
Days Cash on Hand	>20	8	11	8	7	11	7	7	6	11	17	12	7
A/R Days	<55	64	53	50	48	50	52	51	47	51	55	48	62
Total FTE's	<320	315	315	320	312	313	315	310	301	318	320	311	317
FTEs/AOB	<4.5	4.25	4.33	4.45	4.12	4.39	4.39	4.39	4.4	3.81	3.86	4.25	4.25
Inpatient Discharges	>100	100	102	107	91	85	112	91	79	117	94	99	87
Outpatient Revenue	>$8.8m	10.1	9.8	9.2	10.2	9.3	8.8	9.1	8.6	9.99	9.91	9.3	8.3
Surgeries	>130	135	130	120	135	135	138	113	121	156	147	147	116
Home Health	>1000	760	760	748	941	903	951	1040	872	1106	1218	1140	990
Births	>15	15	11	13	9	14	11	6	14	19	6	15	8
SNF days	>660	457	615	585	606	531	733	754	641	750	674	638	470
MRI	>120	119	121	111	125	111	83	103	108	122	103	104	106
Cardiology (Echos)	>70	76	68	93	76	61	50	45	50	55	62	91	73
Laboratory	>12.5	12.0	11.8	13.1	13.9	11.9	12.5	13.1	11.1	13.3	12.4	12.4	10.7
Radiology	>850	959	931	885	801	819	877	963	837	851	868	915	828
Rehab	>2587	2868	2893	2543	2471	2572	2899	2485	2403	2903	3394	2736	2657
CT	>300	392	368	299	277	295	285	332	295	334	301	272	301
ER	>775	838	789	795	801	665	751	811	655	769	788	795	716
Mammography	>475	486	457	465	677	569	489	430	445	447	404	545	431
Ultrasound	>300	263	343	329	342	341	307	290	350	438	424	302	292
Occupational Health	>550	492	576	853	521	642	535	579	504	534	595	556	494

14.

OFFICER AND COMMITTEE REPORTS

Board Meeting Date: June 5, 2014

Prepared by: Eugenia (Gigi) Betta, Clerk of the Board

Agenda Item Title: Report of Public Agency Filings 2014

Here is my summary report of all 2014 public agency filings due from the Sonoma Valley Healthcare District:

1. PUBLIC AGENCY ROSTER
Make sure a current Public Agency Roster is filed with the Sec of State's office in Sacramento and with the local County Clerk's office.
Board Clerk filed February 2014

2. OATHS OF OFFICE
Make sure all new board members have an Oath of Office (usually provided by the County Elections Dept) on file with the District, usually with copies to the County Clerk
All five original oaths on file.

3. COI/FORM 700
Make sure new board members or public officers of the District file Form 700 financial disclosures within 30 days of taking office. It's a good time to tee up the process for all the board members and senior management to have their annual filings done by April. Also, form 700 filings are required 30 after leaving office for those who lost an election or resigned from the Board. (You folks have already done this I see.
Board Clerk filed in April 2014.

4. COMPENSATION & FINANCIAL DISCLOSURE REPORT
Remember the State Controller's annual financial transactions / compensation disclosure report (due 90 to 110 days after close of fiscal year depending on format submitted).
Due August 18, 2014. Report compilation and e-filing with the State is the responsibility of the Finance department, specifically Shannon LaFranchi.

5. ETHICS TRAIING FOR BOARD MEMBERS
Make sure board member ethics training records are up to date (date of attendance and organization providing the training) covering the two hour course requirement within each two year period of the member's term.
Completed and current through 2014 for the five Board members.

6. NEW MANDATE: NOTICE AGENDA PACKAGES ON WEBSITE

Note new mandate that if the district maintains a web site board meeting notices need to be published on the site.
In practice since inception of svh.com

7. BIENNIAL REVIEW CONFLICT OF INTEREST REVIEW
By October 2014 the district board will need to conduct a review of the District's Conflict of Interest Code. This is the biennial review required of all local agencies. A form is submitted to the Board of Supervisors acknowledging the review, and any updates/amendments are submitted to the Supervisors by the end of the year.
To be finalized at the Governance Committee on 5.27.14 and approved at the Board meeting on 6.5.14.

BOARD QUALITY COMMITTEE DASHBOARD 2014

The following are quality and patient safety indicators selected by the Board Quality Committee for quarterly reporting as part of the oversight mandate for ensuring the organization has an effective quality assurance and performance improvement program (QAPI).

1. Surgical Services Volumes by Service Fiscal Year 2014/2015

	Jul-Sept2013 Q1.FY14		Oct-Dec2013 Q2.FY14		Jan-Mar2014 Q3.FY14		Apr-Jun2013 Q4.FY13		Totals
SERVICE	**IP**	**OP**	**IP**	**OP**	**IP**	**OP**	**IP**	**OP**	
General	44	44	29	55	27	44	30	48	311
OBGYN	6	16	13	19	14	26	11	22	120
Ophthalmology	0	48	0	63	0	59	0	48	204
Orthopedic	55	111	40	106	70	98	57	101	631
Pain Management	0	49	0	45	0	35	0	39	170
Podiatry	1	8	1	7	0	11	3	4	39
Urology	0	5	2	17	3	10	1	5	36
Vascular Surgery	0	3	0	3	0	3	0	7	18
Endoscopy	9	76	21	79	18	89	14	82	371
Totals	**115**	**360**	**106**	**394**	**132**	**375**	**116**	**356**	**1900**

2. Emergency Department Patient Performance

a. **Time from presentation to the ED to time seen by MD based on a sampling of cases.**

Measurement:	Emergency Department Patient Throughput (Lower # is Better)
Category:	Patient Safety
Definition:	Time from arrival in ED to being seen by an MD in minutes (Average)

CALENDAR YEAR 2013	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Q Change	YTY (2012/13) Trend	Benchmark Goal	Benchmark Perform
27.72	20.69						30	

Note: Reliable data collection in EMR is in development >>>GO LIVE with PhysDoc 05/2014<<<<

b. Time from decision to admit to bed on inpatient unit until patient departure from ED based on a sampling of cases.

Measurement:	Time from admit decision to depart to bed (Lower # is Better)
Category:	Patient Safety
Definition:	Time from decision to admit patient to departure to assigned bed in minutes (Average)

CALENDAR YEAR 2013	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Q Change	YTY (2012/13) Trend	Benchmark Goal	Benchmark Perform
60.69	47						96	

Patient Satisfaction: Quality Patient Experience

Patient satisfaction is measured by the Press Ganey Patient Satisfaction Questionnaire that is mailed to the patient's home two weeks post discharge. There are many questions on the survey and the hospital has shown a significant improvement over the past two years. We chose 3 questions upon which to focus our attention.

Measurement:	Noise Level in and around rooms (Higher # is Better)
Category:	Patient Satisfaction
Definition:	% of Patients responding to Press Ganey Survey who gave a score of 5 (Very Good)

CALENDAR YEAR 2013	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Q Change	YTY (2012/13) Trend	Benchmark Goal	Benchmark Perform
73%	69.4%						90.00%	

Measurement:	Explanations re: tests and treatments (Higher # is Better)
Category:	Patient Satisfaction
Definition:	% of Patients responding to Press Ganey Survey who gave a score of 5 (Very Good)

CALENDAR YEAR 2013	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Q Change	YTY (2012/13) Trend	Benchmark Goal	Benchmark Perform
86.93	86.3%						90.00%	

Measurement:	Likelihood to recommend SVH to others (Higher # is better)
Category:	Patient Satisfaction
Definition:	% of Patients responding to Press Ganey Survey who gave a score of 5 (Very Good)

CALENDAR YEAR 2013	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Q Change	YTY (2012/13) Trend	Benchmark Goal	Benchmark Perform
88.95	90.6%						90.00%	

3. Readmissions Rates: Quality Patient Outcomes

Data is captured for patients who return to SVH within 30 days. The hospital focuses on four specific diagnostic groups as they are currently tied to Medicare pay-for-performance.

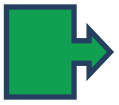
Measurement:	Readmission Rates for Medicare Patients (Lower # is better)
Category:	Quality Patient Outcomes
Definition:	Readmitted to SVH within 30 days - All Diagnosis

CALENDAR YEAR 2013	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Q Change	YTY (2012/13) Trend	Benchmark Goal	Benchmark Perform
5.80%	3.101%						16.0%	

Measurement:	Readmission Rates for Medicare Patients (Lower # is better)
Category:	Quality Patient Outcomes
Definition:	Readmitted to SVH within 30 days with Same Diagnosis (DRG)

CALENDAR YEAR 2013	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Q Change	YTY (2012/13) Trend	Benchmark Goal	Benchmark Perform
2.24%	**2.0**						**TBD**	**TBD**

Measurement:	Readmission Rates for Medicare Patients (Lower # is better)
Category:	Quality Patient Outcomes
Definition:	Readmitted to SVH within 30 days with AMI (Heart Attack)

CALENDAR YEAR 2013	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Q Change	YTY (2012/13) Trend	Benchmark Goal	Benchmark Perform
0.00%	**0.00%**						**18.0%**	

Measurement:	Readmission Rates for Medicare Patients (Lower # is better)
Category:	Quality Patient Outcomes
Definition:	Readmitted to SVH within 30 days with CHF (Congestive Heart Failure)

CALENDAR YEAR 2013	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Q Change	YTY (2012/13) Trend	Benchmark Goal	Benchmark Perform
9.17%	0.00%						23.0%	

Measurement:	Readmission Rates for Medicare Patients (Lower # is better)
Category:	Quality Patient Outcomes
Definition:	Readmitted to SVH within 30 days with PNE (Simple Pneumonia)

CALENDAR YEAR 2013	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Q Change	YTY (2012/13) Trend	Benchmark Goal	Benchmark Perform
2.78%	0.00%						17.6%	

Measurement:	Readmission Rates for Medicare Patients (Lower # is better)
Category:	Quality Patient Outcomes
Definition:	Readmitted to SVH within 30 days with COPD (Chronic Obstructive Pulmonary Disease)

CALENDAR YEAR 2013	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Q Change	YTY (2012/13) Trend	Benchmark Goal	Benchmark Perform
4.13%	**0.00%**					**N/A**	**TBD**	**TBD**

Measurement:	Readmission Rates for Medicare Patients (Lower # is better)
Category:	Quality Patient Outcomes
Definition:	Readmitted to SVH within 30 days Hip/Knee Arthroplasty

CALENDAR YEAR 2013	2014 Q1	2014 Q2	2014 Q3	2014 Q4	Q Change	YTY (2012/13) Trend	Benchmark Goal	Benchmark Perform
2.70%	**0.00%**						**5.4%**	

Chart Definitions:	Calendar Year	Average of all quarters previous year
	Q Change	Change from previous quarter/calendar year
	YTY Trend	Change from previous calendar year s based on an average of the annual values.
	Benchmark goal	External standard or internally set benchmark for quality performance
	Benchmark Perform	Most recent quarter performance against the benchmark goal
		Red means performance declined or does not meet the benchmark goal
		Green means improved performance or meeting the benchmark goal

4. Hospital Acquired Infections: Quality Patient Outcomes and Safety

Infections are tracked for 16 different categories of infections are reported in detail only if quarterly or YTD performance does not meet the benchmark set and therefore potentially merits clinical and management remedial action. The following table summarizes those infection categories being tracked which are within benchmark.

Infection Category	Within Benchmark
Central line associated bloodstream infections	
Hospital acquired Cdiff infections	
Inpatient, MRSA infections	
VRE bloodstream infections	
Hip surgical site infections	
Knee surgical site infections	
Overall surgical site infections	
Class I SSI rate	
Class II SSI rate	
Total Joint SSI rate	
Ventilator Associated Events	
Hospital acquired Pneumonia	
Inpatient Hospital acquired Catheter associated urinary tract infections	
Home Care associated infections	
MRSA Active Surveillance cultures	
Flash sterilization measurements	