SONOMA VALLEY HEALTHCARE DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING AGENDA
Thursday, September 4, 2014
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 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*	
3. CONSENT CALENDAR A. Regular Board Minutes 8.7.14 B. FC Minutes 7.29.14 C. QC Minutes 7.23.14 D. Revised AC and QC Charters E. Policies and Procedures F. MEC Credentialing Report, 8.27.14	*Nevins*	Action
4. RESOLUTION No. 324-SETTING THE TAX RATE FOR FY2014-2015	*Nevins*	Action
5. HONORING NORMAN GILROY'S CONTRIBUTIONS	*Hohorst*	Inform
6. MGH-SVH AFFILIATION AGREEMENT	*Nevins/Mather*	Action
7. CEO PERFORMANCE EVALUATION	*Hohorst*	Inform
8. CEO EXECUTIVE COMPENSATION	*Hohorst*	Action
9. ACHD MEMBERSHIP	*Nevins/Boerum*	Action
10. WEST COUNTY HAND AND PHYSICAL THERAPY SERVICE PROPOSAL AT PALM DRIVE HOSPITAL	*Donaldson*	Action
11. FINANCIAL REPORT FOR JULY 2014	*Jensen*	Inform
12. ADMINISTRATIVE REPORT AUGUST 2014 AND GROWTH TEAM EXECUTIVE SUMMARY	*Mather*	Inform

13. OFFICER & COMMITTEE REPORTS A. Board Chair Report i.Board Retreat ii.Board Education B. Governance Committee i.Contracting Policy	*Board*	Inform/Action
14. ADJOURN Next Regular Board meeting, October 2, 2014	*Nevins*	

3.

CONSENT CALENDAR

SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING MINUTES
Thursday, August 7, 2014, 2014
Community Meeting Room, 177 1st St W, Sonoma

Committee Members Present	Committee Members Absent/Excused	Admin Staff /Public/Other	
Sharon Nevins		Kelly Mather	Gigi Betta
Peter Hohorst		Mark Kobe	Leslie Lovejoy
Jane Hirsch		Kevin Coss	Ken Jensen
Bill Boerum		Allan Sendaydiego	Selma Blanusa
Kevin Carruth		Paula Davis	Dawn Kuwahara
		Celia Kruse de la Rosa	Bob Kenney
		Paul Amara, MD	Dr. Smith
		Lynn McKissok	Don Frances

AGENDA ITEM	DISCUSSION	ACTION	FOLLOW-UP
1. CALL TO ORDER	*Nevins*		
	6:00PM		
2. PUBLIC COMMENT ON CLOSED SESSION	*Nevins*		
3. CONSENT CALENDAR	*Nevins*	Action	
A. Regular Board Minutes 6.5.14, 7.3.14 B. FC Minutes 6.24.14 C. QC Minutes 6.25.14 D. Revised Charters: ~~FC~~, GC E. MEC Credentialing Report, 7.23.14	Mr. Hohorst requested that the FC Charter (item 3D) be moved to item 13 under Governance Committee Report so it can be reviewed prior to approval.	**MOTION:** by Hohorst to approve A,C,D,E and 2nd by Hirsch. All in favor.	
4. RESOLUTION 323 REQUESTING PARCEL TAX FUND TRANSFER	*Nevins*	Action	
		MOTION: by Carruth to approve and 2nd by Hohorst. Roll call vote: 5 ayes. All in favor.	
5. OB RECOMMENDATION	*Kobe*	Action	
	Mr. Kobe recommended keeping the OB service line open. Hospital management believe they can		

AGENDA ITEM	DISCUSSION	ACTION	FOLLOW-UP
	maintain an annual loss of $250K or less (a minimum of 12 births per month are required to meet this goal) inclusive of DSH funding. The OB will be closely monitoring over the next year. Since there will be no change to the OB service line, a vote by the Board is not necessary. Mr. Carruth noted for the record that the SVH Board has never taken a policy stand on the OB tnd that the Hospital set the metrics. Mr. Boerum pointed out discrepancies between last month's OB analysis and this month's analysis. He requested more detailed service line P&Ls that include pay rate analysis of the six full time employees. Anna Pier, La Luz Board Chair thanked everyone for their decision to keep the OB open. She suggested that the Hospital consider offering birth classes in Spanish in an effort to increase the census. Rosemarie Pedranzini expressed her displeasure with the Hospital's handling of the OB issue. Kathleen Robbiano SVH birth center employee, expressed her gratitude with the decision to keep the birth center open. She requested that the Hospital consider a dedicated OB manager to increase both service line strength and outreach.		
6. SURGICAL SERVICES UPDATE	*A.Sendaydiego*	Inform	
	Mr. Sendaydiego introduced himself and gave a short bio before giving an update on the surgical services at SVH. Ms. Hirsch suggested that a piece about the patient's responsibility for personal hygiene prior to surgery be added to the Surgery Wellness brochure.		
7. SVHF FUNDRAISING STRATEGIC PLAN SUMMARY	*Blanusa*	Inform	
	Ms. Blanusa presented the SVHF fundraising goals for the remainder of the calendar year. The two areas of focus going forward will be on fundraising (goal of $500K by end of calendar year) and continued efforts to support the Capital Campaign and outstanding pledges.		
8. SENIOR WELLNESS UPDATE	*Kuwahara*	Inform	
	Ms. Kuwahara talked about the Senior Wellness gym closure and emphasized that there are many		

AGENDA ITEM	DISCUSSION	ACTION	FOLLOW-UP
	programs and services *still* offered to the senior community: the Aches & Pains educational presentations and the group balance, nutrition and gentle yoga classes. In addition, SVH collaborates with Vintage House and Parkpoint Health Club to provide no cost/low cost alternative programs. Ms. Nevins feels that senior wellness programs are important to the Community and heart patients and would like to continue to address the senior wellness issue and alternative programs. Rosemarie Pedrenzini talked about her experience with the former cardiac rehab program at SVH and how important Senior Wellness is to the heart patients in the community. Mr. Hohorst emphasized that with cut backs in Medicare reimbursement and significant reduction in revenue, SVH cannot be all things to all people. The most important thing is that the Hospital is in a financial position to remain open. Mr. Boerum suggests that next year's Strategic Plan include the cohort of seniors including demographics. While Mr. Carruth advocates improving Hospital services, he stresses there is a limit to what the Hospital can offer. With the Senior Wellness closure, there is a relatively *clean* alternative at Parkpoint, (with exception of limited handicap parking).		
9. APPOINTMENT OF CEO EVALUATION COMMITTEE	*Nevins*	Inform	
	Ms. Nevins appointed Ms. Hirsch and Mr. Hohorst as the CEO Evaluation/Advisory Committee. A date for a Special Board meeting will be announced sometime this month. The documentation tools from last year will be brought forward and will not be changed. Therefore, a Board motion and vote is not necessary for this item. Mr. Boerum will send a memo to Mr. Hohorst and Ms. Hirsch regarding SCHD online evaluation tools.		
10. FINANCIAL REPORT FOR JUNE 2014	*Jensen*	Inform	
	Mr. Jensen introduced himself and gave a short bio before presenting the financials for June 2014. Mr. Boerum requested again that Outpatient and ER		

AGENDA ITEM	DISCUSSION	ACTION	FOLLOW-UP
	be separate line items. Mr. Jensen agreed that this makes good sense and plans to make this format change in time.		
11. ADMINISTRATIVE REPORT FOR JULY 2014	*Mather*	Inform	
	Ms. Mather presented the Administrative Report and Dashboard for July 2014.		
12. PREVIEW OF HEALING HOSPITAL MODEL	*Mather*	Inform	
	Ms. Mather shared the Healing Hospital strategy and flyer and announced that the Healing Hospital Showcase event will be on September 22 and 23, 2014. The SVH Board is encouraged to attend.		
13. OFFICER & COMMITTEE REPORTS A. Board Chair Report i. SVHF Audit Report ii. Omission from 7.3.14 Minutes B. Governance Committee i. Revised AC Charter ii. Revised FC Charter (moved from Consent Calendar)	**A.i.** The 2013 SVHF Audit was presented to the FC Independent auditors declared it a *clean report* with only minor issues. Mr. Boerum recommends an audit on an annual basis. **A.ii.** A Motion was inadvertently omitted from the Board Minutes on 7.3.14. The Board re-opened the Consent Calendar and **added a motion to approve the Capital Budget** presented on 7.3.14. It is not known who made the Motion and who made the 2nd. This Motion was approved by majority of 3:2. **B.i.** Correction: AC Board cover letter in Agenda Package should read, *Audit Committee*. Proposed revisions to the Audit Committee Charter were reviewed and agreed upon; no action will be taken until the next meeting. **B.ii.** The FC Charter was moved from the Consent Calendar above and revisions were discussed and agreed upon.	Inform **MOTION** to approve Capital Budget from 7.3.14. Roll call vote: 3 ayes and 2 abstained. **MOTION** by Hohorst to approve FC Charter and 2nd by Carruth. All in favor.	**Bring forward** to 9.4.14 Consent Calendar.
14. ADJOURN	*Nevins* Meeting adjourned at 7:50PM Next Regular Board meeting is September 4, 2014.		

SONOMA VALLEY HEALTH CARE DISTRICT
FINANCE COMMITTEE
MEETING MINUTES
Tuesday, July 29, 2014
Schantz Conference Room

Voting Members Present	Members Absent/Excused	Staff/ Public/Other	Staff Excused/Absent
Dick Fogg Phil Woodward Peter Hohorst Sharon Nevins Steve Barclay Stephen Berezin S. Mishra, MD Mary Smith	Shari Glago Keith Chamberlin, MD	Kelly Mather Sam McCandless Jeannette Tarver Ken Jensen 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/ANNOUNCEMNTS	*Fogg*		
	5:02 PM Ken Jensen, Interim CFO was introduced.		
2. PUBLIC COMMENT SECTION	*Fogg*		
	None.		
3. CONSENT CALENDAR	*Fogg*	Action	
A. FC Minutes 6.24.14	Mr. Barclay reminded the Committee that at the meeting on 6.24.14 he requested a debt capacity analysis. Mr. Woodward reminded the Committee that the Cash Flow statement is still outstanding. It was confirmed that Napa State will not send their inpatients to SVH in future but the cut-off date for this is unknown.	**MOTION** by Hohorst to approve Minutes and **2nd** by Barclay. All in favor.	

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
4. SVH FOUNDATION AUDIT RESULTS	*Nevins*	Inform	
	Ms. Nevins presented the independent auditor's report for the year ended 12/31/13 and took questions from the Committee. The Finance Committee recommends to the Board that there be an annual audit of the SVH Foundation paid for with Foundation funds and/or outside donations.		
5. CAPITAL REQUEST FOR FIRE ALARM	*Drummond*	Action	
	Ms. Drummond recommended replacement of the 30 year old fire and smoke detecting devices. She also gave some background, the financial impact and the project scope. This request for the fire alarm was approved as part of the Capital Budget FY15 presented at the 6.24.14 meeting and contingent upon receiving cash flow statements. Cash flow statements have been promised by the next FC meeting. The funding for this replacement is still to be determined. ***MOTION:** The source of funding is contingent upon cash flow statements promised to the FC at next meeting on 8.26.14; however, preliminary works can be started up to a maximum of $20,000.	**MOTION** by Hohorst* to approve and **2nd** by Smith. All in favor.	
6. REVISED FC CHARTER	*Fogg/Hohorst*	Action	
	Mr. Hohorst reviewed the proposed changes to the FC Charter and it was approved by all.	**MOTION** by Nevins to approve and **2nd** by Woodward. All in favor.	
7. JUNE 2014 FINANCIALS	*Jensen*	Inform	
	Mr. Jensen presented the overall financial results for June 2014. He distributed a summary on Accounts Payable and talked about the plan to reduce A/P moving forward. Essentially, if the Hospital breaks-even every month in terms of cash and realizes its cash initiatives, the January goal of $2,289K will be attained. Ms. Nevins added that it would be helpful to develop a schedule that compares expenses and revenues side by side on a monthly basis (once the Accounting Department has caught-up). Mr. Jensen will make some minor changes to financial statement formats to make them easier to read. Mr. Barclay asks that Hospital operations be separate from the SVH Foundation. The PDH physical therapy services agreement is still under review and a report to the FC and Board will be given once negotiations have		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
	concluded. The newspaper article announcing that an agreement had been reached was premature.		
8. CASH FLOW FORECAST	*Jensen*	Inform	
	See Item #7.		
9. CAPITAL ASSETS FY14	*Mather/Tarver*	Inform	
	Ms. Mather presented the 2014 Financial Overview including updates on the Operational Improvement Plan, current FTEs, the A/P plan, parcel tax collection, the cost accounting system, CEC and Celtic loans, Patient Financial Services and RAC. Ms. Tarver presented the FY14 Capital Spending report and answered questions from the Committee.		
10. ADJOURN	*Fogg*		
	Ms. Nevins summarized events that took place at the SVH Foundation retreat on 6.25.14 and summarized their fundraising strategic plan for the next year. Mr. Jensen announced that an audit will take place in the Business Offices beginning the week of August 11. Meeting adjourned at 6:15PM. The next meeting is on August 26, 2014		

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

Committee Members Present	Committee Members Present cont.	Committee Members Absent/Excused	Admin Staff /Other
Jane Hirsch Susan Idell Ingrid Sheets Howard Eisenstark MD Cathy Webber		Michael Mainardi MD Kelsey Woodward Kevin Carruth Carol Snyder D. Paul Amara, MD	Robert Cohen M.D. Gigi Betta Leslie Lovejoy

AGENDA ITEM	DISCUSSION	ACTION	FOLLOW-UP
1. CALL TO ORDER	*Hirsch*		
	Meeting called to order at 5:04 PM		
2. PUBLIC COMMENT	*Hirsch*		
	None		
3. CONSENT CALENDAR	*Hirsch*	Action	
A. QC Meeting Minutes, 6.25.14 B. P&Ps		**MOTION** to approve Consent by Sheets and 2nd by Idell. All in favor.	
4. REVISED QUALITY COMMITTEE CHARTER	*Hirsch*	Action	
	Ms. Hirsch will incorporate the changes agreed upon at the meeting and will bring the revised Charter back to the next meeting.		
5. HIGH-RISK OB MANAGEMENT	Amara	Inform	
	Dr. Amara was absent from the meeting and will present on high-risk OB management at a future meeting.		
6. QUALITY REPORT JUNE 2014	*Lovejoy*	Inform/Action	
	Ms. Lovejoy presented the Quality & Resource Management Report which included four priorities:	**MOTION** to approve the Quality Report by Idell	

AGENDA ITEM	DISCUSSION	ACTION	FOLLOW-UP
	onboarding the nurse informaticist, pre-admission flow process, CDPH activity, and plans for regulatory changes.	and 2nd by Eisenstark. All in favor.	
7. 2013 ANNUAL RISK MANAGEMENT REPORT	*Lovejoy*	Inform	
	Ms. Lovejoy presented the Annual Risk Management Report and the three areas of risk: clinical, regulatory and business. There were a few corrections to be made to the report therefore; approval of the report will be held until after Ms. Lovejoy submits the revised report.		
8. CLOSING COMMENTS/ANNOUNCEMNTS	*Hirsch*		
	The flu vaccine program will begin in the third week of September 2014.		
9. ADJOURN	*Hirsch*		
	Regular Session adjourned at 5:44 PM		
10. UPON ADJOURNMENTOF REGULAR OPEN SESSION	*Hirsch*	Inform	
11. CLOSED SESSION	*Hirsch*	Action	
12. REPORT OF CLOSED SESSION	*Hirsch*	Inform	
13. ADJOURN	Closed Session adjourned at 5:45 PM		

Meeting Date: **September 4, 2014**

Prepared by: Peter Hohorst

Agenda Item Title: Audit Committee Charter Revision

Recommendations:
The Governance Committee recommends that the Board approve the Audit Committee Charter.

Background:
The Audit Committee does not have a formal charter. Its activities are guided only by the limited information in the District By Laws.

The draft material was originally borrowed from another organization and contained several items that were outside of the scope of the activities of the District's Audit Committee in the past. At the August 7th Board meeting the Board recommended modifying the draft Charter to match past practices. The attached draft of the Audit Committee Charter includes the Boards suggestions.

The scope issues that were removed from the draft were:

- Audit Committee responsibility with internal audit functions (if any)
- Audit Committee responsibility for an independent review of internal financial controls
- Audit Committee responsibility for oversight for the District's process for monitoring compliance with legal and regulatory requirements as this function is already being provided by the Quality and Governance Committees that meet on a more frequent basis.
- Audit Committee authority to engage independent legal, accounting and other advisors that it might deem necessary without seeking Board approval first.

Consequences of Negative Action/Alternative Actions:

The Audit Committee is does not have an approved Charter that defines its responsiblities

Financial Impact:
None

Attachment:
Draft Audit Committee Charter

SUBJECT: Audit Committee Charter	POLICY #
	PAGE 1 OF 3
DEPARTMENT: Board of Directors	EFFECTIVE:
APPROVED BY: Board of Directors	REVISED: 8/26/14

Purpose:

The purpose of the Audit Committee of Sonoma Valley Healthcare District (District) is to assist the District Board in its annual audit process. Subject to the ultimate authority of the District Board, the Audit Committee shall select, engage and oversee the District's outside auditor and approve and oversee all audit services provided by the District's outside auditor.

Policy:

SCOPE AND APPLICABILITY

This is a District Board Policy and it specifically applies to the Board, the Audit Committee, and the President/Chief Executive Officer (CEO) of the Sonoma Valley Hospital (SVH).

RESPONSIBILITY

Subject to the ultimate authority of the District Board, the Audit Committee (AC) shall:

1. Recommend the appointment and compensation of the independent auditor and provide oversight of the annual financial audit process. The independent auditor shall report directly to the Audit Committee.

2. Establish policies and procedures for the review and pre-approval by the AC of all auditing services.

3. Review and discuss with the independent auditor: (a) its audit plans and audit procedures, including the scope, fees and timing of the audit; (b) the results of the annual audit examination; and (c) the annual financial statements audited by the independent auditor.

4. Review the annual financial audit with management and determine whether to recommend the acceptance of the audit to the District Board.

5. Review with the independent auditor its judgment as to the quality, and not just the acceptability, of the District's accounting practices and internal controls, and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards.

6. Review with the independent auditor and management any changes or improvements in financial or accounting practices that are necessary or desirable, and the extent to which any changes or improvements previously approved by the AC have been implemented.

7. Review with the independent auditor any audit problems or difficulties and management's response to these issues.

8. Oversee the resolution of any disputes between management and the independent auditor if and when such disputes arise.

9. Perform such other duties and functions as are assigned, from time to time, to the AC by the District Board.

10. Annually review and reassess the adequacy of its charter and recommend any changes, if needed, to the District Board.

Membership

The Audit Committee shall be comprised of not less than two (2) members of the public, the Chair of the District Board, the Treasurer of the District Board, and the Chair of the Finance Committee. The CEO and the Chief Financial Officer (CFO) of the Hospital shall be non-voting members of the committee.

All voting members of the AC must be stakeholders of the District. A stakeholder has been defined by the District Board as:

- Living some or all of the time in the District, or
- Maintaining a place of Business in the District, or
- Being an accredited member of the Hospital's Medical Staff

The District Board Chair shall serve as the Chair of the AC. If the District Chair is not present at an Audit Committee meeting the Treasurer shall serve as Chair of the AC.

Operations

The Audit Committee shall meet at such times and places as the Audit Committee shall determine, but no less than two (2) times annually. Meetings of the Audit Committee may be called by the Chair of the Board, the CEO or the CFO.

All AC meetings shall be announced and conducted pursuant to the Brown Act.

Narrowly focused and short term ad hoc subcommittees may meet to address specific issues that will be brought to the AC for review and referral to the Board for its deliberation and action. Subcommittee meetings are not subject to the Brown Act.

SUBJECT: Audit Committee Charter	POLICY #
	PAGE 3 OF 3
DEPARTMENT: Board of Directors	EFFECTIVE:
APPROVED BY: Board of Directors	REVISED: 8/26/14

The AC shall be authorized to adopt its own rules or procedures not inconsistent with (i) any provision of this Charter, (ii) any provisions of the Bylaws of the District, and (iii) the laws of the State of California.

The Chair of the Audit Committee shall report to the District Board on the actions taken by the committee.

Public Participation

The general public, Medical Staff, and Hospital staff are always welcome to attend and provide input. Other Board members may attend but may not comment as it may be a Brown Act violation.

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

SUBJECT: Quality Committee Charter	
	PAGE 1 of 5
	EFFECTIVE: 12/1/11
APPROVED BY: Board of Directors (12/1/11)	REVISED: 8/27/14

Purpose:
Consistent with the Mission of the District the Board, with the assistance of its Quality Committee (QC), serves as the steward for overall quality improvement for the District. The QC shall constitute a committee of the District Board of Directors. The Board shall refer all matters brought to it by any party regarding the quality of patient care, patient safety, and patient satisfaction to the QC for review, assessment, and recommended Board action. The QC makes recommendations and reports to the Board. It has no authority to make decisions or take actions on behalf of the District unless the Board specifically delegates such authority.
The QC shall assist the Board in its responsibility to ensure that the Hospital provides high-quality patient care, patient safety, and patient satisfaction. To this end the QC shall:

1. Formulate policy to convey Board expectations and directives for Board action;
2. Make recommendations to the Board among alternative courses of action, including but not limited to physician credentialing, and oversight activities;
3. Provide oversight, monitoring and assessment of key organizational processes, outcomes, and external reports.

Policy:
SCOPE AND APPLICABILITY
This is a SVHCD Board Policy and it specifically applies to the Board, the Quality Committee, the Audit Committee, the Medical Staff, and the CEO of SVH.

RESPONSIBILITY

Physician Credentialing

1. The QC shall ensure that recommendations from the Medical Executive Committee and Medical Staff are in accordance with the standards and requirements of the Medical Staff Bylaws, Rules, and Regulations with regard to: completed applications for initial medical staff and allied health staff appointment; initial staff category assignment, initial department/divisional affiliation; membership prerogatives and initial clinical privileges; completed applications for reappointment of medical staff, staff category; clinical privileges; establishment of categories of allied health professionals permitted to practice at the hospital; the appointment and reappointment of allied health professionals; and privileges granted to allied health professionals.

2. The QC shall, in closed session, on a case by case basis, fully, rigorously, and carefully review the recommendations of the Medical Staff regarding the appointment, reappointment, and privilege delineation of physicians and submit recommendations to the Board for review and action.

Develop Policies

1. The QC shall submit recommendations for action to the Board on draft policies developed by the QC and those developed by the Hospital regarding quality patient care, patient safety, and patient satisfaction.

Oversight

Annual Quality Improvement Plan

1. The QC shall review and analyze findings and recommendations from the CEO resulting from the Hospital's prior year Annual Quality Improvement Plan, including but not limited to a comparison of the plan to actual accomplishments, administrative review, and evaluation activities conducted, findings and actions taken, system or process failures and actions taken to improve safety, both proactively and in response to actual occurrences.

2. The QC shall review the Hospital's Annual Quality Improvement Plan for continuously improving quality, patient safety, and patient satisfaction and submit the analysis with recommendations establishing priorities to the Board for discussion and action. The Hospital's plans should include, but not be limited to, assessing the effectiveness and results of the quality review using metrics and benchmarks, utilization review, performance improvement, implementing and improving electronic medical/health records, professional education, risk management programs, and patient care related activities and policies of the Hospital and/or Medical Staff, as applicable.

Medical Staff Bylaws

1. The QC shall assure that the Medical Staff's Bylaws are reviewed and approved by the Board and are consistent with the District and Hospital Mission, Vision and Values, Board policy, and accreditation standard, prevailing standards of care, and evidence-based practices.

2. The QC shall review the Medical Staff's fulfillment of its responsibilities in accordance with the Medical Staff Bylaws, applicable law and regulation, and accreditation standards and make recommendations to the Board.

Quantitative Quality Measures

1. The QC shall assess and recommend quantitative measures to be used by our Board in assessing the quality of the Medical Staff's and Hospital's services and submit them to the Board for deliberation and action. The recommendations shall include descriptions that show how the organization measures and reports the improvement of patient care, as well as management accountability.

2. The QC shall review all reports by and Hospital responses to accreditation organizations, e.g., Fire Marshals, Environmental Health, State Department of Health Services (DHS), and other external organizations conducting management, programmatic, physical plant audits/assessments/reviews that are directly or indirectly related to the quality of health care delivery in the Hospital (quality patient care, patient safety, and patient satisfaction). Track all uncompleted/open items until remedied/closed by the Hospital, and make recommendations and report to the Board for its action as appropriate. This includes the final OSHPD report on a construction project prior to licensing by DHS, but it does not include on-going OSHPD reviews/inspections/reports while a project is in design or construction. This does not include routine financial audits, unless the audit identifies quality patient care, patient safety, and/or patient satisfaction issues, in which case the

Audit Committee shall refer the audit to the QC for its review and recommendations to the Board.

3. The QC shall ensure there is an effective, supportive, and confidential process for anyone (the Medical Staff, other health care professionals; Hospital administration; leaders and staff; patients, and their families and friends; and the public) to bring issues to the QC directly or via the Hospital—as a group, personally or anonymously--in order to promote the reporting of quality and patient safety problems and medical errors, and to protect those who ask questions and report problems.

4. The QC shall review and assess the process for identifying, reporting, and analyzing "adverse patient events" and medical errors. The QC shall develop a process for the QC to address these quality deficiencies, in the most transparent manner possible, without unnecessarily increasing the District's liability exposure.

5. The QC shall review the assessment of patient needs/satisfaction, and submit this assessment with recommendations to the Board for review and possible action. This may include, but is not limited to CMS Value Based Purchasing information; patient satisfaction surveys; reports and comparisons to other hospitals, state and national standards; and patient and/or family compliments and complaints.

6. The QC shall review and assess the system for resolving interpersonal conflicts among individuals working within the Hospital environment that could adversely affect quality of care, patient safety or patient satisfaction, and make recommendations to the Board.

Hospital Policies

1. The QC shall assure that the Hospital's administrative policies and procedures, including the policies and procedures relative to quality, patient safety and patient satisfaction, are reviewed and approved by the appropriate Hospital leaders, submitted to the Board for action, and are consistent with the District and Hospital Mission, Vision and Values, Board policy, accreditation standards, and prevailing standards of care and evidence-based practices.

Other

1. Perform other duties related to high-quality patient care, patient safety, and patient satisfaction as assigned by the Board.

Annual QC Work Plan

The QC shall develop an Annual QC Work Plan comprised of the required annual activities and additional activities selected by the QC. The Annual QC Work Plan shall be reviewed and acted on by the Board after considering the CEO's work plan to support the QC.

Required Annual Calendar Activities:

1. The QC shall review the adequacy of financial and human resources currently allocated for maintaining high-quality care, patient safety, and patient satisfaction in April, in advance of the annual budget process and provide an assessment to the Board and CEO with recommendations for action.

2. The QC Work Plan shall be submitted to the Board for its review and action no later than December.

3. The QC shall report on the status of its prior year's work plan accomplishments by December.

4. The QC reviews and assesses all Board policies regarding quality specifically including the QC Charter, and makes recommendations to the Board for action in December.

QC Membership and Staff

The QC shall have seven voting members (including three members of the public) and up to four non-voting public member alternates. All public members are appointed pursuant to Board policy and pursuant to Health and Safety Code Section 32155.

1. The seven voting members of the QC are as follows:

    - Two Board members, one of whom shall be the QC chair, the other the vice-chair. Substitutions for one or both Board members may be made by the Board chair for any QC meeting.

    - Two designated positions from the Medical Staff leadership, i.e., the President and the President-Elect. Substitutions may be made by the President for one Medical Staff member for any QC meeting.

    - Three members of the public. Substitutions may be made by the QC Chair from the prioritized non-voting public member alternates for any QC meeting. These substitutes shall attend closed session QC meetings and vote as QC members.

2. The non-voting public member alternates may attend QC meetings and fully participate in the open meeting discussions. When substituting for a voting public member, they shall attend closed session QC meetings and vote as QC members.

3. Members of the public must be stakeholders of the District. Stakeholders have been defined by the District Board for the purposes of committee membership as:

    - Living some or all of the time in the District, OR
    - Maintaining a place of Business in the District, OR
    - Being an accredited member of the Hospital's staff

4. Staff to the QC include the Hospital's Chief Medical Officer (CMO), Chief Nursing Officer (CNO), and the Director of Quality and Resource Management who shall be the lead staff in support of the QC Chair for meetings, documents, and activities. These individuals who staff the QC are not voting members. Staff is expected to attend the QC meetings. The CEO may attend all QC and subcommittee meetings and shall be a resource at the QC meetings upon request of the QC Chair.

Frequency of QC Meetings
The QC shall meet monthly, unless there is a need for additional meetings.

Public Participation
All QC meetings shall be announced and conducted pursuant to the Brown Act. Physician Credentialing and Privileges are discussed and action is taken in QC Closed Session without the general public.

The general public, patients and their families and friends, Medical Staff, and Hospital staff are always welcome to attend and provide input. Other Board members may attend but may not comment as it may be a Brown Act violation.

Narrowly focused and short term ad hoc subcommittees may meet to address specific issues that will be brought to the QC for review and referral to the Board for its deliberation and action. Subcommittee meetings are not subject to the Brown Act.

Reference:

POLICY HISTORY
December 1, 2011--Board Policy regarding the QC was first adopted.

FREQUENCY OF REVIEW/REVISION
This shall occur annually or more often if required. If revisions are needed they will be taken to the Board for action.

SONOMA VALLEY HOSPITAL
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 Summary Sheet) (JULY 2014 LIST)	
APPROVED BY **Leslie Lovejoy, RN**	DATE: **8/06/14**
Director's/Manager's Signature Leslie Lovejoy	Printed Name Leslie Lovejoy

Leslie Lovejoy
Leslie Lovejoy, RN
Chief Nursing Officer, CQO — 8-6-14 — Date

Robert Cohen, MD
Chief Medical Officer — 8-6-14 — Date

D. Paul Amara, MD
President of Medical Staff — 8/6/14 — Date

Kelly Mather
Chief Executive Officer — Date

Sharon Nevins
Chair, Board of Directors — Date

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SONOMA VALLEY HEALTH CARE DISTRICT
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Policy Submission Summary Sheet

Title of Document: **Organizational-Multiple Departments**

July Policies	**Type:** Revision
Policy	**Notes**
EC-SEC8610-111 Closed Circuit TV, Security Management	revised; update to current use and reference
EC-SEC8610-112 Personnel Identification, Security Management	reviewed; no changes
EC-SEC8610-106 Security of Pediatric Patients	retire; refer to EC-SEC8610-104 Infant/Pediatric Security and Code Pink & Purple
EC-SEC8610-101 Security Management Policy	retire; not needed
EC-SEC8610-113 Traffic Control and Vehicle Access	reviewed; no changes
EC-UT8610-110 Central Core Disaster Contingency Plan	retire; Engineering department policy #57
EC-UT8610-116 Change to Diesel From Natural Gas	retire; Engineering department policy #57C
EC-UT8610-120 Electrical Failure	retire; Engineering department policy #63
EC-UT8610-125 Emergency Water Supply/Hand Carried from Well	retire; Enginerring department policy #84
EC-UT8610-123 HVAC System	retire; Engineerig department policy #69
EC-UT8610-117 Make Up Feed Water	retire; no linger in use
Plan Information Management Business Continuity and Disruption Pla	retire; Section Q of the EOP 2014
HR8610-164.7 Annual Medical Surveillance	reviewed; no changes
HR8610-164.11 Ergonomics Safety Program	reviewed; minor changes in wording
HR8610-164.3 Hepatitis B Vaccination Program	reviewed; minor changes in wording
HR8610-164.4 Health Screening of Contract Workers	reviewed; no changes
HR8610-164.9 Infectious Disease Work Restricton/Exposures	revised; minor changes to work restrictions, replaced Addendum A & B with CDC Health Guidelines
Addendum A Infectious Disease Illness Work Restrictions	revised; replaced with CDC Table on Infectious diseases and healthcare workers
FORM Infectious Disease Addendum B	delete; included in Addendum A CDC Table
Addendum C Infectious Disease Exposure Form	reviewed; no changes
HR8610-164.13 Modified Work Program	reviewed; minor changes in wording
HR8610-164.10 Management of Exposures to Blood and Body Fluids	reviewed; minor changes in wording
HR8610-164.1 Post Offer Pre-Employment Screening	reviewed; minor changes in wordking
HR8610-164.14 Respiratory Protection Program	revised; mask fit testing mandatory
HR8610-164.2 Measles, Mumps, Rubella, Varicella, Tetanus and Influe	revised; updated Tdap and flu vaccine requirements
HR8610-164.5 Tuberculosis Screening	reviewed; minor changes, added annual Wellness Fair screening
HR8610-164.6 Tuberculosis Exposure Management	reviewed; minor changes in wording; added CDC reference
HR8610-164.12 Work Injuries Investigation & Return to Work	reviewed; minor changes in wordking
IM8610-116 Disclosure of Basic Patient Information by Hospital Perso	retire; refer to IM8610-120 Workforce HIPPA regulations
LD8610-300 Capital Acquisition Policy	revised; added quotes to MDBuylines for analysis prior to purchase; updated authority of CEO to act in emergency
LD8610-136 Dietary Services Non-Patient	retire; not needed
LD8610-201 Handicapped Access for Functions	retire; not needed
LD8610-310 Interpreter Services	revised; updated Optimal Interpreter for foreign language and
LD8610-147 Weapons	revised; includes weapon definition and employee violation
PC8610-160 Clinical Documentation in the Patient Medical Record	revised; includes Documentation and Noting and Tranascribing
PC8610-367 Clinical Nursing Procedures	reviewed; no changes
PC8610-105 Code Management for Patient Emergency: Code Blue	census has only ONE RN on Med/Surg Unit. In this staffing
PC8610-130 Patient Transportation	retire; refer to Case Management department policies
PC8610-136 Residential Care, Board &Care, and Assisted Living Facility	retire; not needed

Reviewed By:	**Date**	**Approved (Yes or No)**
Surgery Committee	**8/6/14**	yes
Medicine Committee	**8/14/14**	yes
Medical Executive Committee	**8/21/14**	
Board Quality Committee	**8/27/14**	

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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 Summary Sheet)	**June List**
APPROVED BY **Leslie Lovejoy, RN**	DATE: **7/02/2014**
Director's/Manager's Signature	Printed Name

Leslie Lovejoy, RN
Chief Nursing Officer, CQO

7-8-14
Date

Robert Cohen, MD
Chief Medical Officer

7/14/14
Date

D. Paul Amara, MD
President of Medical Staff

7/17/14
Date

Kelly Mather
Chief Executive Officer

Date

Sharon Nevins
Chair, Board of Directors

Date

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
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Policy Submission Summary Sheet

Title of Document: Organizational-Multiple Departments

Type: **Revision**

June Policies

Policy	**Notes**
EC-UT8610-115 Boiler Failure/High Pressure	retire; not needed, new system
EC-UT8610-115 Boiler Failure/Low Pressure	retire; not needed, new system
EC-UT8610-124 Bulk Liquid Oxygen	retire; department policy #77
EC-UT8610-118 Communications	retire; not needed, an IS policy
EC-UT8610-107 Commuications Phones List	retire; not needed, an IS policy
EC-UT8610-119 Emergency Delivery/Diesel Fuel	retire; department policy #59
EC-UT8610-121 Emergency Generator Testing	retire; department policy #65
EC-UT8610-109 Engineering/Earthquake Procedures	retire; department policy #42
EC-UT8610-113 Equipment Failure/Offsite	retire; not needed, included in ECUT8610-112
EC-UT8610-112 Equipment/Utility Failure	retire; department policy #51
EC-UT8610-106 Equipment Phone List	retire; department policy #31
EC-UT8610-122 Fire Alarm Testing Procedures	retire; not needed in Life Safety Plan
EC-UT8610-104 Interim Life Safety	retire; refer ECLS8610-101 Interim Life Safety Measures
EC-UT8610-101 On-Call Engineer	retire; department policy #4
EC-UT8610-102 Preventative Maintenance	retire; department policy #7
EC-UT8610-108 Utilities Failure Phone List	retire; department policy #38
HR8610-164.8 Asbestos Medical Surveillance	reviewed; addition of Physician Assistant to care for patients
IM8610-119 HIPPA Committee Reporting, Monitoring and	reviewed; no changes
IM8610-110 Medical Record Review-closed	retire; not needed department policy, TJC standard
IM8610-101 Noting and Transcribing Orders	retire; included in PC8610-160 Documentation
LD8610-152 Administrative Call	revised; updated to current protocol
LD8610-143 Advance Approval for Hospital Inspection by	retire; not needed
LD8610-157 Alcoholic Beverages	reviewed; no changes
LD8610-200 Treat and Transfer of Patients (aka: Diversion of	revised; name change, updated Admin Nursing Supervisor as responsible
MS8610-125 Specialty Physician Emergency Care	revised; update to current standard re medical care & orthopedists on call
PC8610-142 Telemetry Monitoring	retire; use PC8610-210 Cardiac Rhythm Monitoring
PC8610-146 Transporting of Monitored Patients	revised; added E.H.R. documenting, reference
RC 8610-101 Medical Record Documentation Practices	retire; refer to PC8610-160 Documentation
RC8610-125 Clinical Documentation in the Patient Medical	retire; now PC8610-160
RC8610-111 Medical Record Review for Timely completion	revised; changed number from IM8610-111; updated to current standards
RC8610-325 Medical Record Content	reviewed; updated to current standards

Reviewed By:	**Date**	**Approved (Y/N)**
Policy & Procedure Team	**6/26/14**	**Yes**
Surgery Committee	**7/2/14**	**Yes**
Medicine Committee	**7/10/14**	**Yes**
Medical Executive Committee	**8/21/14**	~~Yes~~
Board Quality Committee	7/23/14	Yes

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Review and Approval Requirements

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- 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: Pharmacy	
APPROVED BY: **Director of Pharmacy**	DATE: **3-27-14**
Director's/Manager's Signature	Printed Name **Chris Kutza**

Leslie Lovejoy, RN
Chief Quality & Nursing Officer — 7-15-14 — Date

Robert Cohen, MD
Chief Medical Officer — 7/15/14 — Date

D. Paul Amara, MD
President of Medical Staff
Chair, Pharmacy and Therapeutics Committee — 7/17/14 — Date

Kelly Mather
Chief Executive Officer — Date

Sharon Nevins
Chair, Board of Directors — Date

Policy Submission Summary Sheet

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
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Title of Document: **Pharmacy Department**
New document or revision written by: Chris Kutza

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

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

MM8610-117 Sterile Compounding--Updated
MM8610-125 Temperature Monitoring of Medication Storage--Updated
MM8610-126 Adverse Drug Events-Quality Assurance--Updated
MM8610-127 Multi-Dose and Single-Dose Vials--Updated
MM8610-128 Unapproved Abbreviations--Updated
MM8610-129 Pharmacy & Therapeutics Committee--Updated
MM8610-130 Fentanyl Patch--Updated
MM8610-131 High Alert Medications--Updated
MM8610-132 Labeling of Medications--Updated
MM8610-133 Ordering and Prescribing of Medications--Updated
MM8610-134 Standing Orders and Protocols--Updated
MM8610-135 Investigational Drug Use--Updated
MM8610-136 Herbal and Natural Product Use--Updated
MM8610-137 Compounding Drug Products--Updated
MM8610-139 Medication Recalls—Updated
MM8610-140 Licensed Pharmacy Employee Theft or Impairment—Updated

Reviewed By	Date	Approved (Y/N)	Comment
Pharmacy & Therapeutics Committee	**3-27-14**	**Yes**	
Medical Executive	**8-21-14**		
Quality Board			

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
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Policy Submission Summary Sheet

Title of Document: **Pharmacy Department**
New document or revision written by: Chris Kutza

Type	**Regulatory**
☒ **Revision** ☐ **New Policy**	☒ **CMS** ☐ **CDPH** (formerly DHS) ☐ **TJC** (formerly JCHAO) ☐ **Other:**
☐ **Organizational: Clinical/Non-clinical** *(circle which type)*	☐ **Departmental** ☐ **Interdepartmental** *(List departments effected)*

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

MM8610-104 Lipid Rescue—Updated
MM8610-117 Sterile Compounding—Updated
MM8610-122 Formulary Management—Updated
MM8610-142 Medication Shortages—Updated

MM-148 IV Admixture – Intermittent IV Piggyback Standard Administration Schedule—Delete
MM-149 IV Admixture – Labeling of Parenteral Products—Delete
MM-150 IV Admixture – Preparation & Handling of Antineoplastic Chemotherapy—Delete
MM-180 Sample Medication Use—Delete
MM-182 Unsafe Medication Ordering—Delete
MM-184 Unapproved Use of Medications—Delete

Reviewed By	Date	Approved (Y/N)	Comment
Pharmacy & Therapeutics Committee	**5-22-14**	**Yes**	
~~**Surgery Committee**~~	NA		
~~**Medicine Committee**~~	NA		
Medical Executive	8-21-14		
Quality Board			

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
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Policy Submission Summary Sheet

Title of Document: **Pharmacy Department**
New document or revision written by: Chris Kutza

Type	**Regulatory**
☒ **Revision** ☐ **New Policy**	☒ **CMS** ☐ **CDPH** (formerly DHS) ☐ **TJC** (formerly JCHAO) ☐ **Other:**
☐ **Organizational: Clinical/Non-clinical** *(circle which type)*	☐ **Departmental** ☐ **Interdepartmental** *(List departments effected)*

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

MM8610-143 Unit Dose Packaging—Updated
MM8610-144 Medication Reconciliation—Updated
MM8610-145 Authorized Access to Medication Storage Areas—Updated
MM8610-146 Access to Medication When the Pharmacy is Closed—Updated

MM-103 Medication Packaging and Labeling—Deleted
-Replaced by MM8610-132 Labeling of Medications & MM8610-143 Unit Dose Packaging
MM-113 Medication Administration-Unit Dose Distribution of Medications—Deleted-Obsolete
MM-133 Computerized (MAR) Medication Administration Records—Deleted-Obsolete
MM-135 Criteria Based IV to PO Med Conversion—Deleted-Obsolete
MM-137 Discharge Prescriptions—Deleted-Obsolete
MM-139 Dosing Per Pharmacy—Deleted-Obsolete
MM-142 Drug-Drug-Nutrient Interaction Screening—Deleted-Obsolete
MM-151 Intravenous Concentrated Electrolytes—Deleted
-Replaced by MM8610-123 Storage of Medications
MM-152 Level of Care for patients Receiving Intravenous Medications—Deleted-Obsolete
MM-154 Maintenance &Security of Code, Broselow Carts, and Emergency Medications—Deleted
-replaced by PC8610-115Maintenance/Security of Code/Broselow Carts and Emergency Medications
MM-156 Medication Dispensed for Outpatient Use—Deleted-Obsolete
MM-160 Medication Use Evaluation—Deleted-Obsolete
MM-177 Sliding Scale Insulin Protocol—Deleted-Obsolete
MM-178 Storage and Disposal of Unusable Medications—Deleted
-Replaced by MM8610-123 Storage of Medications
MM-187 Medication Order Noting and Transcribing—Deleted-Obsolete
MM-188 Insulin Management and Storage—Deleted
-Replaced by MM8610-131 High Alert Medications

Reviewed By	Date	Approved (Y/N)	Comment
Performance Improvement	**6-26-14**	**Yes**	
Surgery Committee	NA		
Medicine Committee	NA		
Medical Executive	8.21.14		
Quality Board			

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SONOMA VALLEY HEALTH CARE DISTRICT
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POLICY AND PROCEDURE
Approvals Signature Page

Review and Approval Requirements

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- 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.

Quality Resource Management: Case Management	
APPROVED BY **Leslie Lovejoy, RN**	DATE: **8/19/14**
Director's/Manager's Signature Leslie Lovejoy	Printed Name LESLIE LOVEJOY

D. Paul Amara, MD
President of Medical Staff

Date

Robert Cohen, MD
Chief Medical Officer

8/19/14
Date

Kelly Mather
Chief Executive Officer

8/19/14
Date

Sharon Nevins
Chair, Board of Directors

Date

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
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Policy Submission Summary Sheet

Title of Document: Case Management

New document or revision written by: Leslie Lovejoy

Date: 08/19/2014

Type **X Revision ❑ New Policy**	**Regulatory** **❑ CDPH** (formerly DHS) **X CIHQ/CMS** **❑ Other:**
Organizational: Clinical/Non-clinical *(circle which type)*	**X Departmental** **❑ Interdepartmental** *(List departments effected)*

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

PC8750-100 **Assessment & Reassessment, Case Management; revised to fit new regulations**
PC8750-101 **Accountability & Responsibility, Case Management; minor revisions to reflect current structure**
PC8750-102 **Case Finding Criteria for Assessment; no changes**
PC8750-113 **Case Management in the Emergency Department; outlines current process**
PC8750-104 **Case Management Intervention; no changes**
PC8750-105 **Case Management to Community Resources, Relationship of; no changes**
RI-8750-103 **Condition Code 44-Inpatient to Observation Status; implemented in 2012**
PC8750-107 **Discharge Referral Process for Home Care; minor changes related to EHR**
PC8750-106 **Expedited Review of Continued Hospital Stay; added Executive Healthcare Resources process**
RI8750-108 **Important Message from Medicare Guideline; no changes**
PC8750-109 **Intensity of Services/Severity of Illness Screening Process; no changes**
IM8750-121 **Laptop Use, Maintenance & Cleaning; implemented in 2012**
PC8750-110 **Multidisciplinary Teams; no changes**
PC8750-123 **Observation Status; formalized in 2012, no changes**
PC8750-112 **Orientation, Case Manager: formalized in 2012**
PC8750-113 **Patient Transportation; no changes**
PC8750-114 **Philosophy of Resource & Case Management: formalized in 2011 to move towards care coordination model**
PC8750-116 **Physician Advisor Referral; added Executive Healthcare Resources process**
RI8750- 120 **Protective and Advocacy Services; no changes**
PC8750-117 **Skilled Level of Care Criteria, Guidelines for; no changes**
PC8750-118 **Social Services Referrals; no changes**
PC8750-121 **Texting by Case Managers; implemented in 2013**
PC8750-119 **Transfer Process, Case Management Role in the; added CCD requirement**
MS8710-112 **Utilization Review Plan Organizational Policy: went through committees 1st Q 2014**

Reviewed By	Date	Approved (Y/N)	Comment
Leslie Lovejoy	**08/19/14**	**Y**	
Robert Cohen	**08/19/14**	**Y**	
MEC	8/21		
QC	8/27		

4.

RESOLUTION No. 324- SETTING THE TAX RATE FOR FY2014-15

SONOMA VALLEY HEALTH CARE DISTRICT

RESOLUTION No. 324

RESOLUTION SETTING THE TAX RATE FOR THE 2013-2014 FISCAL YEAR FOR THE PAYMENT OF INTEREST ON THE SONOMA VALLEY HEALTH CARE DISTRICT (SONOMA COUNTY, CALIFORNIA) GENERAL OBLIGATION BONDS, ELECTION OF 2008, SERIES A (2009)

WHEREAS, by resolution, adopted by the Board of Directors (the "Board") of the Sonoma Valley Health Care District (the "District") on August 6, 2008, the Board determined and declared that public interest and necessity demanded the need to raise moneys for the expansion, improvement, acquisition, construction, equipping and renovation of health facilities of the District (the "Project"), and the Board called a mailed ballot election to be held within the boundaries of the District in accordance with the California Elections Code;

WHEREAS, a special municipal election was held in the District on November 4, 2008 and thereafter canvassed pursuant to law;

WHEREAS, at such election there was submitted to and approved by the requisite two-thirds (2/3) vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for the purpose of raising money for the Project in the maximum aggregate principal amount of $35,000,000, payable from the levy of an *ad valorem* tax against all taxable property in the District;

WHEREAS, pursuant to Chapter 4 of Division 23 (commencing with section 32300) of the California Health and Safety Code (the "Act"), the District is empowered to issue general obligation bonds;

WHEREAS, the District sold, on January 27, 2009, an initial series of bonds for the purpose of raising funds needed for the Project and for other authorized costs in the aggregate principal amount of $12,000,000, identified as the "Sonoma Valley Health Care District (Sonoma County, California) General Obligation Bonds, Election of 2008, Series A (2009)" (the "Bonds"); and

WHEREAS, the District sold, on August 1, 2010, an additional series of bonds for the purpose of raising funds needed for the Project and for other authorized costs in the aggregate principal amount of $23,000,000, identified as the "Sonoma Valley Health Care District (Sonoma County, California) General Obligation Bonds, Election of 2008, Series B (2010)" (the "Bonds"); and

WHEREAS, the District sold, on January 28, 2014, a refunding series of bonds for the purpose of refunding the Sonoma Valley Health Care District (Sonoma County, California) General Obligation Bonds, Election of 2008, Series A (2009)" in the aggregate principal amount of $12,437,000, identified as the "Sonoma Valley Health Care District (Sonoma County, California) 2014 General Obligation Refunding Bonds" (the "Bonds"); and

WHEREAS, the County has requested that the District provide to the County the tax rate required for Fiscal Year 2014-2015 to pay interest on the Bonds and to provide a reasonable reserve;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF SONOMA VALLEY HEALTH CARE DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Recitals. All of the recitals herein are true and correct. To the extent that the recitals relate to findings and determinations of the Board, the Board declares such findings or determinations to be made thereby.

Section 2. Tax Rate; Remittance.

(a) Based upon the County's estimate of assessed valuation of all secured property in the District ($7,716,050,681), the tax rate required to assure payment of the principal of, interest on and a reasonable reserve for the Bonds for Fiscal Year 2014-2015 is $37.00 per $100,000 of assessed valuation. It is the intent of the District to provide to the County, by resolution, the tax rate required to assure payment of the principal of, interest on and a reasonable reserve for the Bonds for Fiscal Year 2015-2016 and each Fiscal Year thereafter, so long as the Bonds remain outstanding. However, in the event the District fails to provide a tax rate in any year, the County is directed to apply the most recently provided tax rate in such year.

(b) The District hereby delegates to the County Board of Supervisors the authority to annually levy and collect the annual *ad valorem* property taxes required for the payment of the principal of and interest on the Bonds.

(c) The District hereby requests that such amounts, as collected, be remitted directly to The Bank of New York Mellon Trust Company, N.A., the District's paying agent for the Bonds.

Section 3. Request for Necessary County Actions. The County Board of Supervisors and the County Auditor-Controller-Treasurer-Tax Collector, and other officials of the County, are hereby directed to take whatever action that may be necessary pursuant to law to provide for the levy and collection of a property tax on all taxable property within the District at the tax rate specified in Section 2(a) above.

Section 4. General Authority. The Chair, the Secretary, the Chief Executive Officer and the Chief Financial Officer, and their respective designees, are each hereby authorized, empowered and directed in the name and on behalf of the District to take any and all steps which they or any of them might deem necessary or appropriate in order to give effect to this resolution.

Section 5. Effective Date. This resolution shall take effect immediately on and after its adoption.

* * * * * * * *

PASSED AND ADOPTED this 3rd day of OCTOBER 2013, by the following vote:

AYES:

NAYS:

ABSENT:

Chair, Board of Directors
Sonoma Valley Health Care District

ATTEST:

Secretary, Board of Directors
Sonoma Valley Health Care District

6.

MGH-SVH AFFILIATION AGREEMENT

AFFILIATION AGREEMENT

Marin General Hospital Corporation and Sonoma Valley Health Care District

This 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.

B. MGH is an affiliate of the Marin Healthcare District, a political subdivision of the State of California. MGH provides long established provider of acute care hospital services at Marin General Hospital ("MGH") 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 pursuing regional strategies to support the growth of both organizations.

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 regional planning for the benefit of each District.

D. Accordingly, the parties now hereby agree as follows:

Agreements

1. Management and Administrative Services.

a. 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. The SVH CEO also shall be a member of the Joint Executive Management Team.

b. Other members of the Joint Executive Management Team shall be available to SVH as needed and at the discretion of the MGH CEO.

c. 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 regional 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. Executive Relationships.

a. The MGH CEO 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 Management 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 Management 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 Joint Executive Management 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 Joint Executive Management Team member or MGH Consultant who is involved on the provision of services to SVH.

4. 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.

5. Fees.

a. SVH will pay MGH five thousand dollars per month by the tenth working day of each month for the fair value of services that are delivered and received under this Agreement.

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. 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.

6. 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 venturers, 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 Joint 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.

7. SVH's Obligations.

SVH shall provide the following to relevant MGH Joint Executive Management 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.

8. MGH Warranties.

MGH warrants and represents that it shall instruct and cause the MGH Joint Executive Management Team members and the MGH Consultants to provide their services as required hereunder, as required in each MGH Joint 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.

9. No Solicitation of Management.

a. During the Term of this Agreement, SVH shall not solicit, employ, or otherwise engage 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 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.

10. 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.

11. 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 Joint 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 Joint 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 Joint 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 its business, operations and governance, whether or not Confidential Information (collectively, "SVH's Business Records"). Each MGH Joint 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 such other sites or locations other than MGH’s offices as are reasonably required for the MGH Joint 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 Joint 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.

12. 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 _____

13. 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

- Payer Contracting – MGH will evaluate potential organizational structures that may provide for legally/regulatory permitted arrangements that would facilitate managed care financial processes, including analysis and contract negotiations, on a combined basis.

- Physician Strategy – MGH through the Prima Medical Foundation, will support the development of physician practice infrastructure to maintain a viable base of physicians for Sonoma Valley Hospital as funded by Sonoma Valley Hospital.

- Clinical Integration – MGH and SVH will work cooperatively to build a risk pool sharing network of providers, consistent with the identified need for a post ACA regional clinically integrated network.

- Regional Planning – MGH and SVH will jointly develop a North Bay Regional Strategy to support the growth of both institutions.

9.

ACHD MEMBERSHIP

September 4, 2014

Subject: ACHD District Board Membership

Prepared by: Bill Boerum, District Board Secretary
Member & Secretary, Board of Directors – Association of California Health Care Districts

To: District Board Members

During the past three years ACHD has undergone a transformation from a moribund organization to a first class trade association with:

- A reinvigorated staff;
- Responsive governance;
- Enhanced services; and,
- A new institutional identity.

It is dedicated exclusively to furthering the interests of California's 70 healthcare districts, those with hospitals (the overwhelming number) as well as those non-hospital districts which provide a variety of community health-related services.

Unlike other associations, the California Hospital Association and the Hospital Council of Northern & Central California, ACHD represents the industry of which the Sonoma Valley Health Care District is a part by charter and business. It is the organization most relevant to us as trustees and to our district hospital.

Direct users of ACHD services include elected trustees and enterprise CEOs, with both groups participating in governance on the board of directors. It is funded by membership dues and the proceeds of the insurance business conducted by the ALPHA Fund, a workers compensation insurance company.

Membership benefits include the following.

- Most importantly opportunities to interact and confer with peer trustees and CEOs on common challenges during the annual meeting (participating in topical workshops), the annual legislative day in Sacramento, and the leadership academy as well as informally through the acquaintances so formed; additionally seeking contextual advice from ACHD executive staff;
- Legislative advocacy and alignment supporting and opposing state legislation affecting healthcare districts as an industry and seeking advice and assistance from the advocacy staff on how to advance district-specific issues; unfortunately given the nature of politics in the Legislature this is most often an oppositional game;
- Accessing and utilizing the new online Board self-assessment tool developed specifically for healthcare districts, based on ACHD staff observations and consulting firm advice;

- Learning from the new online CEO assessment tool (despite its lengthy survey) developed specifically for healthcare districts by a consulting firm specializing in healthcare;
- Qualifying under the Governance Certification Program which currently is being rolled out giving districts the opportunity to demonstrate to the public and agencies that they have met rigorous transparency and disclosure disciplines;
- Monthly email updates are circulated on the state of the organization and industry;
- The ACHD Board (of which I'm a Member and as Board Secretary, a Member of the Executive Committee) has just concluded its annual strategy meeting determining to further evolve the organization and its services; and,
- For districts not wishing to self-insure workers compensation, they can participate in the ALPHA Fund for coverage. The Fund governed by the same board of directors as ACHD has grown rapidly in recent years and has over 90 participants (including non-profits) and with assets over $100 million and is an important source of income for ACHD.

The statement has been made that "we've gotten nothing from ACHD." This is because the CEO has drawn on previous personal affinities with CHA and the Hospital Council, both of which are oriented largely to administrators and CEOs and less so, if at all to boards of directors. The question can be posed: What have we, as a board of directors ever gotten from CHA or the Hospital Council?

As a board and as individual board members we should be turning to ACHD and not just to the executive staff but to develop peer group affiliations. Such connections can provide recognition and discussion of and insights for common challenges facing board members not just on governance issues but various aspects of oversight.

Other districts (more fragile than ours) or CEOs could claim "financial hardship" regarding payment of annual dues or could threaten termination of membership, but none have done so. ACHD does not provide membership dues relief or reduction. Our annual dues are $20,000. This is a reasonable expense to belong to the most relevant industry association for a health care district and its board of directors. This is our association which I am working to enhance.

As was acknowledged when this Board endorsed me for the ACHD board, ACHD board members receive meeting fees for participating in board and committee meetings, face-to-face and by conference call. I estimate my fees for the full year will total $2,000. I will turn back my fees to ACHD or to SVH (the District), effectively reducing the cost of membership by 10%. This relates to similar expense reductions for the 2014-15 budget.

Though difficult to quantify, continued membership in ACHD can benefit the Sonoma Valley Health Care District and specifically the District Board at the least by widening our horizons and providing important industry context.

I request continuance of the membership in the association for another year.

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

April 28, 2014

Mr. David McGhee, CEO
Assoc. of California Healthcare Districts
P.O. Box 619084
Roseville, CA 95661

Re: Termination of Membership

Dear Mr. McGhee:

This letter serves as written notice that Sonoma Valley Health Care District (Sonoma Valley Hospital) is cancelling its membership with the Association of California Healthcare Districts effective June 30, 2014 (the end of our current fiscal year). Unfortunately, this cancellation is simply due to lack of affordability at this time.

Sincerely,

Kelly Mather
President and Chief Executive Officer

AUG - 7 2014

7 2014

Invoice

ACHD
ASSOCIATION OF CALIFORNIA HEALTHCARE DISTRICTS

Invoice No.	**14003734**
Date	07/14/2014
Terms	Due Upon Receipt

Sonoma Valley Health Care District
Attn: Accounts Payable
347 Andrieux Street
Sonoma, CA 95476

Qty.	Description	Rate	Amount
1	Member Dues Comments:	20,000.00	20,000.00
		Total	**$20,000.00**

Association of California Healthcare Districts
by check:
P.O. BOX 619084
Roseville, CA 95661

By wire:
Wells Fargo Bank
Account #: 4121-229975
ABA/Routing #: 121000248

ACHD
ASSOCIATION OF CALIFORNIA
HEALTHCARE DISTRICTS

AUG - 7 2014

July 30, 2014

Ms. Kelly Mather, Chief Executive Officer
Sonoma Valley Health Care District
347 Andrieux Street,
Sonoma, California, 95476

Dear Ms. Mather,

The Association of California Healthcare Districts (ACHD) held its Annual Meeting this past May; the meeting theme was "Leading the Way to Effective Governance". As one would judge from the theme, the educational sessions focused on District Trustee's obligations to understand and operationalize best practices' in governance. The sessions were interactive and, based upon the level of audience engagement, the nature of the questions raised and the comments on session feed-back sheets, the program content was well received. One clear takeaway from the conference was the importance of CEO engagement with the Board and the indispensable role that plays in successful governance.

Over the past year ACHD has been focused on promoting best practices in governance and this process culminated in the rollout of a new program where Districts may receive a certification from the Association for meeting specific criteria for governance and transparency practices. This certification program follows two online tools now available to the membership introduced over the past two years. The first being a Board Self-Assessment which will allow member district boards to gauge board member perception of how their districts function and their performance as board members relative to their obligations. The second tool is a Chief Executive Officer Evaluation developed for those districts that do not already have an effective process in place.

Another focus of the Association has been in the area of developing and communicating key messages relative to your District. Healthcare Districts as a group have been subject to some very negative press the past few years and the Association's goal is to help Members proactively convey their accomplishments and successes to constituents, media and local and state elected officials. As a step in this process, the Association has been conducting regional media training workshops to assist Members craft a clear and consistent message. The resources to support our Members in communicating to their community and to the media are available as tool kits that can be accessed via My ACHD on the ACHD webpage.

Legislative advocacy on behalf of the Membership continues to be an area where ACHD employs significant resources; with approximately 2200 Bills introduced in each Legislative Session it is imperative that close attention be paid to legislative efforts that may have an impact on Healthcare Districts. Information about Bills of interest may be found on the ACHD web page under the heading "Advocacy". Additionally, Members receive an e-version of the reports the first Monday of each month; please consider adding these reports to your monthly Board agenda.

Enclosed is your ACHD dues invoice for Fiscal Year 2015 in the amount of $20,000.00. The Association's dues structure groups Districts in tiers according to operating revenues as reported to OSHPD, or in the case of Districts not reporting operating revenues, total assets are used for tier assignment. There are 7 tiers and your District is in tier 3; dues remain at the 2014 level.

In preparation for 2015, we'd like to make you aware of key ACHD events. You'll want to make sure to mark your calendar for these important events:

- Trustee Leadership Development – January 22-23, 2015, Sacramento
- Legislative Day – April 6-7, 2015, Sacramento
- Annual Meeting – May 6-8, 2015, Monterey

Thank you for your support of the Association and we look forward to serving you in the year ahead!

Best regards,

Samuel M. McCreary, PhD, ACHD Board Chair
Chair, John C. Fremont Healthcare District

Dave McGhee, CEO
Association of California Healthcare Districts

10.

WEST COUNTY HAND AND PHYSICAL THERAPY SERVICE PROPOSAL AT PALM DRIVE HOSPITAL

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

To: Board of Directors

From: Michelle Donaldson, Ken Jensen, Dawn Kuwahara

Date: August 27th, 2014

Subject: West County Hand and Physical Therapy

Recommendation:

It is our recommendation that Sonoma Valley Hospital invests in the operational management of the rehabilitation services department of Palm Drive. In June 2014, a formal proposal was submitted and accepted by Palm Drive Board of Directors outlining the methods in which Sonoma Valley Hospital could enhance profitability and operationalize this department. We feel it vital to our future sustainability to invest in this venture and acknowledge Sonoma Valley Hospital is capable of capitalizing on the closure of other organization's departments.

Background and Reasoning:

Rehabilitation services is a strong growth area at Sonoma Valley Hospital. Dawn Kuwahara and her team has streamlined services, increased revenue and created an outstanding service oriented team that has noted an increase of approximately 5,000 Units of Service in one fiscal year relating to an approximate gross revenue of $1.4 million (source: cost accounting dashboard reimbursement average all payers for Rehab service unit). This is a significant move to signify in our community as well as region that we are a viable and stable organization who has the capability to invest in our growth. Attached to this recommendation is an accrual budgeted projection income statement as well as a cash flow analysis for your review.

Consequences of Negative Action/Alternative Actions:

Working with the Palm Drive Executive Director and Palm Drive Health Care District, we have confirmed a 36 month agreement with Sonoma Valley Hospital being the sole owner of the department as well as an exit strategy as review and potential closure of the facility if circumstances resonate an a non-profitable venture.

Financial Impact: (See attached)

The attached documents review the accrual budgeted projections as well as the cash flow statement and capital needs. Our recommendations is to review the potential options for capital financing being; utilizing our line of credit, a waiver of the 20% payment to Palm Drive Health Care District and negotiating a loan from Palm Drive Health Care District for the needed capital to be paid as profits are realized (the latter being currently negotiated).

Support & Approval:

Through our due diligence we have gained support of the Foundation of Palm Drive Hospital as well as Dan Smith a prominent part of the Sebastopol community. In addition to this support, Andy Russell, the previous Director of Rehab Services has been actively volunteering his time to assist in the development of this proposal. These prominent factors as well as the support of the Palm Drive Board of Directors and Executive Director lends itself to a successful implementation.

Attachments:

Attachment: Accrual Budgeted Projections Income Statement

Attachment: Cash Flow Statement

Accrual Budgeted Projections Income Statement

estimated volume ↑ 5-7.5%/mn	Baseline visits pre-closure=1,046	FY 15 Q2			FY 15 Q3			FY 15 Q4				FY 16 Q1	Capture of 80% pre-closure volume
PDH Physical and Occupational Therapy	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**Total**
Physical Therapy Visits	315	405	495	534	578	623	667	667	700	700	710	710	7104
Occupational Therapy Visits	52	67	82	90	97	105	105	112	112	120	120	120	1182
Gross Revenue	$187,938	$241,635	$295,331	$318,600	$344,852	$371,700.49	$397,952.21	$397,952.21	$417,641.00	$417,641.00	$423,607.30	$423,607.30	$4,238,458
Gross Revenue	$38,636	$49,781	$60,926	$66,870	$72,071	$78,015	$78,015	$83,216	$83,216	$89,160	$89,160	$89,160	$878,226
Total Gross Revenue	$226,574	$291,416	$356,257	$385,470	$416,923	$449,715	$475,967	$481,168	$500,857	$506,801	$512,767	$512,767	$5,116,684
Collection Ratio	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	
Total Net Revenue	**$45,314**	**$58,283**	**$71,251**	**$77,094**	**$83,384**	**$89,943**	**$95,193**	**$96,233**	**$100,171**	**$101,360**	**$102,553**	**$102,553**	**$1,023,332**
Expenses													
Total Direct Salaries	$44,995	$44,995	$44,995	$46,794	$48,594	$49,494	$49,494	$49,494	$53,994	$53,994	$53,994	$53,994	
Paid Time Off	$2,625	$2,625	$2,625	$2,730	$2,835	$2,887	$2,887	$2,887	$3,150	$3,150	$3,150	$3,150	
Employee Benefits	$4,500	$4,500	$4,500	$4,680	$4,860	$4,950	$4,950	$4,950	$5,400	$5,400	$5,400	$5,400	
Rent and Utilities	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	
Insurance	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	
Supplies	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	
Equipment	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	
IT Depreciation	$2,361	$2,361	$2,361	$2,361	$2,361	$2,361	$2,361	$2,361	$2,361	$2,361	$2,361	$2,361	
IT Operational costs	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	
Leased copier	$175	$175	$175	$175	$175	$175	$175	$175	$175	$175	$175	$175	
Other/Billing etc.	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	
Total Expenses	$67,856	$67,856	$67,856	$69,940	$72,025	$73,067	$73,067	$73,067	$78,280	$78,280	$78,280	$78,280	$877,854
Operating Income	**($22,542)**	**($9,573)**	**$3,395**	**$7,154**	**$11,359**	**$16,876**	**$22,126**	**$23,166**	**$21,891**	**$23,080**	**$24,273**	**$24,052**	**$145,257**
Total PT/OT/Clerical/Admin Direct FTE's	5	5	5	5.2	5.4	5.5	5.5	5.5	6	6	6	6	
Visits Per FTE													
Operating Margin		-44%	-12%	7%	9%	15%	21%	25%	21%	24%	25%	26%	

Operating Income		**$145,257**
*Shared Lease Income with Palm Drive	**20%**	**($29,051)**
Sonoma Valley Return		**$116,206**
Capital Investment Required (primarily working capital)		$250,000
Capital IT infrastructure and network costs		$85,000
Total		**$335,000**
Estimated Return on Investment		**33%**
End of year one		**$111,537** **first 12 mns**
		$24,000 avg income/mn x 9 mns
Estimated Months to positive Cash Flow		**21 months**
		assuming 80% volume capture

*under negotiations

PDH PT Cash Flow Statement

	October	November	December	January	February	March	April	May	June	July	August	September	Total
Total Visits	367	472	577	624	675	728	772	779	812	820	830	830	8286
Total Gross Revenue	$226,574	$291,416	$356,257	$385,470	$416,923	$449,715	$475,967	$481,168	$500,857	$506,801	$512,767	$512,767	$5,116,684
Collection Ratio	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.00%
Total Cash Receipts	**$0**	**$0**	**$45,314**	**$58,283**	**$71,251**	**$77,094**	**$83,384**	**$89,943**	**$95,193**	**$96,233**	**$100,171**	**$101,360**	**$102,553**
Total Cash Expenses	$65,495	$65,495	$65,495	$67,579	$69,664	$70,706	$70,706	$70,706	$75,919	$75,919	$75,919	$75,919	$849,522
Net Cash Needs	($65,495)	($65,495)	($20,181)	($9,296)	$1,587	$6,388	$12,678	$19,237	$19,274	$20,314	$24,252	$25,441	$31,296

Start up cash needed

$160,467	From loss of operational start up (see above)
$50,000	working capital (signs, equipment)
$85,000	IT integration
$295,467	**Total**

11.

FINANCIAL REPORT
JULY 2014

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

To: **SVH Finance Committee**
From: **Ken Jensen, Interim CFO**
Date: **August 26, 2014**
Subject: **Financial Report for the Month Ending July 31, 2014**

Overall Results for July 2014

SVH has a net loss before the restricted contributions of ($59,620) on a budgeted net income of $36,672 for an unfavorable difference of ($96,292). Total net patient service revenue was over budget by $157,199. Risk contract revenue is under budget by ($38,546) due to Napa State inpatient volume. This brings the total operating revenue to $4,337,185 or $120,074 over budget. Expenses were $4,625,885 on a budget of $4,407,205 or ($218,680) over budget. The EBIDA prior to the restricted donations and GO Bond activity for the month was $293,074 or 6.8%.

Patient Volumes - July

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	105	98	7	100
Acute Patient Days	335	365	-30	338
SNF Patient Days	651	526	125	457
Home Care Visits	1,146	906	240	760
OP Gross Revenue	$10,879	$10,137	$742	$10,071
Surgical Cases	135	135	0	135

Overall Payer Mix – July

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	44.9%	49.3%	-4.4%	44.9%	49.3%	-4.4%
Medi-Cal	18.8%	11.2%	7.6%	18.8%	11.2%	7.6%
Self Pay	3.1%	3.4%	-0.3%	3.1%	3.4%	-0.3%
Commercial	21.3%	25.3%	-4.0%	21.3%	25.3%	-4.0%
Managed MC	5.1%	4.4%	0.7%	5.1%	4.4%	0.7%
Workers Comp	3.3%	3.4%	-0.1%	3.3%	3.4%	-0.1%
Capitated	3.5%	3.0%	0.5%	3.5%	3.0%	0.5%
Total	100%	100%		100%	100%	

Total Operating Revenues

Total operating revenues for June were $4.3 million on a budget of $4.2 million or $120,074 over budget.

Net Patient Revenue is over budget by $157,199 or 4%, due to the following:

- Overall inpatient volume was over budget by 7 discharges, but had a payer mix with higher MediCal and less Medicare and Commercial.
- Outpatient and Emergency Room was slightly under budget in volume, but had higher Medicare patients and higher commercial insured patients.
- Skilled Nursing Home volume was over budget by 125 days.
- Home Care was over budget by 240 visits.
- Bad Debt was favorable to budget by $93,884, due to bad debts being over reserved therefore the Hospital will reduce bad debt reserve by $80,000 per month for FY 2015.

Expenses

July's expenses were $4.6 million on a budget of $4.4million or over budget by ($218,680). The following is a summary of the operating expense variances for the month of July:

- Total productivity FTE's were over budget at 268 on a budget of 257, or ($115,163) over budget. Registry was over budget by ($48,584) due to Surgery ($13,836), Obstetrics (14,251) being over budget. Imaging was over budget, but was offset by a reduction in salaries. Salaries also were over budget by ($66,579), due to Skilled Nursing and Home Care for their increase in volume ($73,825). Surgery had two employees out on disability and replaced them with registry, which required a 13 week contract. The registry contract is up 9/9/14. Surgery was also cross training their employees to cover each other for vacations or absences. Lab was also over in salaries and management is working with both departments to manage salary expenses.
- Supplies are over budget by ($63,818), due to Surgery being over by ($72,433). This was due to PO issues with in Surgery and the issue has been addressed and Surgery is working with management.
- Depreciation is over budget by ($37,183) due to addition of the capitalized leased equipment from Celtic that was not included in the budget. Going forward monthly depreciation will be $291k approximately and will be over budget by approximately $19k.
- Utilities are over budget by ($20,960) due to utilities being over budget by $15,880.
- Interest Expense is under budget $42,366 due to the line of credit not being fully drawn on.

Cash Collections on Patient Receivables:

For the month of July the cash collection goal was $3,304,280 the Hospital collected $3,861,786 or over the goal by $557,506. The overage over goal is due to the back log of June coding from the McKesson Intelligent Coding which was caught up in July. The cash collection goal is based upon net hospital revenue from 60 days ago. Days of cash on hand are 14 days at July 31, 2014.

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

Finance Committee
August 26, 2014

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

July's Patient Volumes

	Actual	Budget	Variance	Prior Year
Acute Discharges	105	98	7	100
Acute Patient Days	335	365	-30	226
SNF Patient Days	651	526	125	457
Home Health Care Visits	1,146	906	240	760
Outpatient Gross Revenue (in thousands)	$10,525	$9,859	$666	$9,839
Surgical Cases	135	135	0	135

Summary Statement of Revenues and Expenses Month of July 31, 2014

	Actual	Budget	Variance	Percentage	Prior Year
1Total Operating Revenue	$ 4,337,185	$ 4,217,111	$ 120,074	3%	$ 4,196,467
2Total Operating Expenses	$ 4,625,885	$ 4,407,205	$ (218,680)	-5%	$ 4,440,670
3Operating Margin	$ (288,700)	$ (190,094)	$ (98,606)	-52%	$ (244,203)
4NonOperating Rev/Exp	$ 229,080	$ 226,766	$ 2,314	1%	$ 191,101
5Net Income before Rest.Cont. & GO Bond	$ (59,620)	$ 36,672	$ (96,292)	-263%	$ (53,102)
6Restricted Contribution	$ 50,864	$ 86,250	$ (35,386)	-41%	$ 122,329
7Net Income with Restricted Contributions	$ (8,756)	$ 122,922	$ (131,678)	-107%	$ 69,227
8Total GO Bond Rev/Exp	$ (28,962)	$ 9,972	$ (38,934)	-390%	$ 115,315
9Net Income with GO Bond	$ (37,718)	$ 132,894	$ (170,612)	-128%	$ 184,543
10EBIDA before Restricted Contributions	$ 293,074	$ 394,549	$ (101,475)		$ 235,739
11EBIDA before Restricted Cont. %	7%	9%	-3%		6%

Summary Statement of Revenues and Expenses Year to Date July 31, 2014 (1 month)

		Actual		Budget		Variance	Percentage		Prior Year
1	Total Operating Revenue	$ 4,337,185	$	4,217,111	$	120,074	3%	$	4,196,467
2	Total Operating Expenses	$ 4,625,885	$	4,407,205	$	(218,680)	-5%	$	4,440,670
3	Operating Margin	$ (288,700)	$	(190,094)	$	(98,606)	-52%	$	(244,203)
4	NonOperating Rev/Exp	$ 229,080	$	226,766	$	2,314	1%	$	191,101
5	Net Income before Rest.Cont. & GO Bond	$ (59,620)	$	36,672	$	(96,292)	-263%	$	(53,102)
6	Restricted Contribution	$ 50,864	$	86,250	$	(35,386)	-41%	$	122,329
7	Net Income with Restricted Contributions	$ (8,756)	$	122,922	$	(131,678)	-107%	$	69,227
8	Total GO Bond Rev/Exp	$ (28,962)	$	9,972	$	(38,934)	-390%	$	115,315
9	Net Income with GO Bond	$ (37,718)	$	132,894	$	(170,612)	-128%	$	184,543
10	EBIDA before Restricted Contributions	$ 293,074	$	394,549	$	(101,475)		$	235,739
11	EBIDA before Restricted Cont. %	7%		9%		-3%			6%

Sonoma Valley Health Care District
Balance Sheet
For The Period Ended July 31, 2014
As of July 31, 2014

		Current Month	Prior Month	Prior Year
	Assets			
	Current Assets:			
1	Cash	$ 2,083,036	$ 1,626,337	$ 1,103,756
2	Trustee Funds	1,753,339	1,637,914	1,263,697
3	Net Patient Receivables	7,629,045	7,998,223	8,382,656
4	Allow Uncollect Accts	(1,616,783)	(1,965,414)	(1,568,133)
5	Net A/R	6,012,262	6,032,809	6,814,523
6	Other Accts/Notes Rec	7,529,258	7,742,248	7,487,988
7	3rd Party Receivables, Net	3,084,687	2,972,553	511,173
8	Due Frm Restrict Funds	-	-	-
9	Inventory	768,566	760,222	755,936
10	Prepaid Expenses	868,871	1,097,626	1,185,586
11	Total Current Assets	$ 22,100,019	$ 21,869,709	$ 19,122,659
12	Board Designated Assets	$ -	$ -	$ 5,381
13	Property,Plant & Equip, Net	56,059,484	56,350,250	11,082,243
14	Hospital Renewal Program	-	-	31,801,877
15	Unexpended Hospital Renewal Funds	-	-	4,024,455
16	Investments	-	-	-
17	Specific Funds	1,464,113	1,234,949	3,070,459
18	Other Assets	475,376	477,458	270,175
19	Total Assets	$ 80,098,992	$ 79,932,366	$ 69,377,249
	Liabilities & Fund Balances			
	Current Liabilities:			
20	Accounts Payable	$ 5,586,333	$ 6,174,668	$ 5,724,431
21	Accrued Compensation	3,594,685	3,432,397	3,352,211
22	Interest Payable	701,045	520,286	857,115
23	Accrued Expenses	2,717,342	1,847,598	1,421,063
24	Advances From 3rd Parties	484,665	317,105	1,573,699
25	Deferred Tax Revenue	5,447,569	5,849,985	4,435,776
26	Current Maturities-LTD	1,580,933	1,510,435	850,707
27	Other Liabilities	5,175,182	5,175,182	2,424,891
28	Total Current Liabilities	$ 25,287,754	$ 24,827,656	$ 20,639,894
29	Long Term Debt, net current portion	$ 40,525,240	$ 40,783,715	$ 37,692,868
30	Fund Balances:			
31	Unrestricted	$ 13,059,347	$ 13,145,208	$ 3,949,556
32	Restricted	1,226,651	1,175,787	7,094,914
33	Total Fund Balances	$ 14,285,998	$ 14,320,995	$ 11,044,470
34	Total Liabilities & Fund Balances	$ 80,098,992	$ 79,932,366	$ 69,377,233

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

		Month				Year-To- Date				YTD
		This Year		Variance		This Year		Variance		
		Actual	Budget	$	%	Actual	Budget	$	%	Prior Year
	Volume Information									
1	Acute Discharges	105	98	7	7%	105	98	7	7%	100
2	SNF Days	651	526	125	24%	651	526	125	24%	457
3	Home Care Visits	1,146	906	240	26%	1,146	906	240	26%	760
4	Gross O/P Revenue (000's)	10,879	10,137	742	7%	$ 10,879	$ 10,137	742	7%	$ 10,071
	Financial Results									
	Gross Patient Revenue									
5	Inpatient	$ 4,865,266	$ 5,434,997	(569,731)	-10%	$ 4,865,266	$ 5,434,997	(569,731)	-10%	$ 5,156,972
6	Outpatient	6,424,729	6,500,983	(76,254)	-1%	6,424,729	6,500,983	(76,254)	-1%	6,272,555
7	Emergency	4,100,448	3,358,036	742,412	22%	4,100,448	3,358,036	742,412	22%	3,566,716
8	SNF	2,479,118	2,039,596	439,522	22%	2,479,118	2,039,596	439,522	22%	1,802,466
9	Home Care	354,005	278,323	75,682	27%	354,005	278,323	75,682	27%	231,484
10	Total Gross Patient Revenue	$ 18,223,566	$ 17,611,935	611,631	3%	$ 18,223,566	$ 17,611,935	611,631	3%	$ 17,030,192
	Deductions from Revenue									
11	Contractual Discounts	$ (14,106,159)	$ (13,569,260)	(536,899)	-4%	$ (14,106,159)	$ (13,569,260)	(536,899)	-4%	$ (12,976,387)
12	Bad Debt	(70,000)	(163,884)	93,884	57%	(70,000)	(163,884)	93,884	57%	(200,000)
13	Charity Care Provision	(36,000)	(24,583)	(11,417)	-46%	(36,000)	(24,583)	(11,417)	-46%	(10,000)
14	Prior Period Adjustments	-	-	-	0%	-	-	-	0%	-
15	Total Deductions from Revenue	$ (14,212,159)	$ (13,757,727)	(454,432)	3%	$ (14,212,159)	$ (13,757,727)	(454,432)	3%	$ (13,186,387)
16	Net Patient Service Revenue	$ 4,011,407	$ 3,854,208	157,199	4%	$ 4,011,407	$ 3,854,208	157,199	4%	$ 3,843,805
17	Risk contract revenue	$ 249,706	$ 288,252	(38,546)	-13%	$ 249,706	$ 288,252	(38,546)	-13%	$ 224,547
18	Net Hospital Revenue	$ 4,261,113	$ 4,142,460	118,653	3%	$ 4,261,113	$ 4,142,460	118,653	3%	$ 4,068,352
19	Other Op Rev & Electronic Health Records	$ 76,072	$ 74,651	1,421	-2%	$ 76,072	$ 74,651	1,421	2%	$ 128,114
20	Total Operating Revenue	$ 4,337,185	$ 4,217,111	120,074	3%	$ 4,337,185	$ 4,217,111	120,074	3%	$ 4,196,467
	Operating Expenses									
21	Salary and Wages and Agency Fees	$ 2,031,898	$ 1,916,735	(115,163)	-6%	$ 2,031,898	$ 1,916,735	(115,163)	-6%	$ 1,954,807
22	Employee Benefits	763,125	$ 768,867	5,742	1%	763,125	768,867	5,742	1%	744,838
23	Total People Cost	$ 2,795,023	$ 2,685,602	(109,421)	-4%	$ 2,795,023	$ 2,685,602	(109,421)	-4%	$ 2,699,645
24	Med and Prof Fees (excld Agency)	$ 338,993	$ 324,986	(14,007)	-4%	$ 338,993	$ 324,986	(14,007)	-4%	$ 422,572
25	Supplies	550,982	487,164	(63,818)	-13%	550,982	487,164	(63,818)	-13%	512,096
26	Purchased Services	313,931	300,623	(13,308)	-4%	313,931	300,623	(13,308)	-4%	389,284
27	Depreciation	309,381	272,198	(37,183)	-14%	309,381	272,198	(37,183)	-14%	166,512
28	Utilities	101,527	80,567	(20,960)	-26%	101,527	80,567	(20,960)	-26%	84,114
29	Insurance	19,255	20,000	745	4%	19,255	20,000	745	4%	18,888
30	Interest	43,313	85,679	42,366	49%	43,313	85,679	42,366	49%	23,813
31	Other	153,480	150,386	(3,094)	-2%	153,480	150,386	(3,094)	-2%	123,746
32	Operating expenses	$ 4,625,885	$ 4,407,205	(218,680)	-5%	$ 4,625,885	$ 4,407,205	(218,680)	-5%	$ 4,440,670
33	Operating Margin	$ (288,700)	$ (190,094)	(98,606)	-52%	$ (288,700)	$ (190,094)	(98,606)	-52%	$ (244,203)
	Non Operating Rev and Expense									
34	Miscellaneous Revenue	$ 11,017	$ 933	10,084	1081%	$ 11,017	$ 933	10,084	*	$ 4,267
35	Donations	7,063	10,000	(2,937)	-29%	7,063	10,000	(2,937)	29%	1,000
36	Physician Practice Support-Prima	(39,000)	(34,167)	(4,833)	14%	(39,000)	(34,167)	(4,833)	14%	(51,666)
37	Parcel Tax Assessment Rev	250,000	250,000	-	0%	250,000	250,000	-	0%	237,500
38	Total Non-Operating Rev/Exp	$ 229,080	$ 226,766	2,314	1%	$ 229,080	$ 226,766	2,314	1%	$ 191,101
39	Net Income / (Loss) prior to Restricted Contributions	$ (59,620)	$ 36,672	(96,292)	-263%	$ (59,620)	$ 36,672	(96,292)	-263%	$ (53,102)
40	Capital Campaign Contribution	$ 50,864	$ 86,250	(35,386)	-41%	$ 50,864	$ 86,250	(35,386)	-41%	$ 122,329
41	Restricted Foundation Contributions	$ -	$ -	-	0%	$ -	$ -	-	100%	$ -
42	Net Income / (Loss) w/ Restricted Contributions	$ (8,756)	$ 122,922	(131,678)	-107%	$ (8,756)	$ 122,922	(131,678)	-107%	$ 69,227
43	GO Bond Tax Assessment Rev	154,014	150,241	3,773	3%	154,014	150,241	3,773	3%	152,326
44	GO Bond Interest	(182,976)	(140,269)	(42,707)	30%	(182,976)	(140,269)	(42,707)	30%	(37,010)
45	Net Income/(Loss) w GO Bond Activity	$ (37,718)	$ 132,894	(170,612)	128%	$ (37,718)	$ 132,894	(170,612)	128%	$ 184,543

12.

ADMINISTRATIVE REPORT AUGUST 2014 AND GROWTH TEAM EXECUTIVE SUMMARY

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

To: **Sonoma Valley Healthcare District Board of Directors**
From: **Kelly Mather**
Date: **8/28/14**
Subject: **Administrative Report**

Summary

The positive news this past month is that our quality outcomes and scores are some of the highest in the nation. Due to our excellent scores, CMS (Medicare) will reimburse SVH 1.5% more than the average payments starting in October. In addition, our re-admission rates are lower than the majority of the hospitals in our area. In addition, the hospital did not suffer damage from the recent earthquake and the team on site did an excellent job handling the emergency. The new affiliation agreement with Marin General Hospital is ready for review with a new focus on regional planning and the discontinuation of shared services. The new leaders in Finance and for the Revenue Cycle are now solely dedicated to Sonoma Valley Hospital.

Organizational Results

As demonstrated by the July dashboard, we are on track to meet most of the baseline goals for the year. On the trending report, I have highlighted all of the goals that were met for the month in green. While patient satisfaction is still high, we are watching it carefully. The expenses for July were $200k higher than expected and that was due to a significant variance in Surgery. Outpatient revenue and outpatient volumes continue to increase in most every service. We had 16 births and 132 MRI's- both above the goal. EBIDA has greatly improved over the prior month, days cash on hand and the days in accounts payable are all improving.

Operations

We are holding our Employee Forums for the first two weeks in September to start focusing on the future of SVH. I will present the plans for becoming a state of the art hospital, inspiring our community to choose our hospital for their care, reviewing the Healing Hospital model and the transformation with reform. The Leadership Development Institute and the Performance Improvement Fair will also be held in September. These two initiatives are aimed at enhancing the leadership skills of management to improve coaching, mentoring and project management.

Strategic Update

The rolling strategic plan initiatives for this quarter are underway. A mailing went out to all employers to encourage them to consider plans that use our hospital. SCAN (a Medicare Advantage plan) is entering Sonoma county and we are working with them on some communications to encourage enrollment. This is a capitation plan with Marin General Hospital. We have a few new surgeons (or returning surgeons) coming back to SVH due to the excellent team and new surgery facilities now. The cost accounting system is helping us make the right decisions on surgery cases and this is leading to higher margins. Finally, the HPSA for our Valley physicians was reinstated this past month. That means that our physicians will receive an extra 10% reimbursement from Medicare and this may inspire more surgeons to use our hospital that may have taken cases to other hospitals in the past.

PILLAR	PERFORMANCE GOAL	METRIC	ACTUAL RESULT	GOAL LEVEL
Service Excellence	Highly satisfied Inpatients	Maintain at least 5 out of 8 HCAHPS domain results above the 50th percentile	5 out of 8	>7 = 5 (stretch) >6 = 4 >5 = 3 (Goal) >4 = 2 <3=1
Service Excellence	Highly satisfied Emergency Patients	Maintain a year to date average of at least 75th percentile	77th (rolling three month average)	>85th = 5 (stretch) >80th=4 >75th =3 (Goal) <75th = 2 <70th= 1
Quality	Excellent Clinical Outcomes	Value Based Purchasing Clinical Score at 68 or higher	68.3	72 = 5 (stretch) 70 =4 68 =3 (Goal) 66=2 <66 = 1
People	Highly Engaged and Satisfied Staff	Press Ganey percentile ranking of 75th percentile or higher	2013 76% mean score at 77th percentile	>80th = 5 (stretch) >77th=4 >75th=3 (Goal) >72nd=2 <70th =1
Finance	Financial Viability	YTD EBIDA	7%	>10% (stretch) >9%=4 >8% (Goal) <7%=2 <6%=1
	Efficiency and Financial Management	FY 2014 Budgeted Expenses	$4,625,885 (actual) $4,407,205 (budget)	<2% =5 (stretch) <1% = 4 <Budget=3 (Goal) >1% =2 >2% = 1
Growth	Surgical Cases	Increase surgeries by 2% over prior year	135 YTD FY2015 135 YTD FY 2014	>2% (stretch) >1%=4 >0% (Goal) <0%=2 <1%=1
	Outpatient Volumes	2% increase (gross outpatient revenue over prior year)	$10,879 mm YTD $10,071 mm prior year	
Community	Community Benefit Hours	Hours of time spent on community benefit activities for the	250 hours for 1 month	>1500 = 5 >1200 = 4 >1000 = 3 >750 = 2 <500 = 1

SONOMA VALLEY HOSPITAL
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FY 2014 TRENDED RESULTS

MEASUREMENT	Goal FY 2015	Jul 2014	Aug 2013	Sep 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014
Inpatient Satisfaction	>87%	86.9	86.5	85.2	86.7	88.8	88.2	86.1	86.9	87.6	87.1	87.7	88.6
Emergency Satisfaction	>89%	89.4	89.6	88.6	86.9	88.6	89.7	89.5	89.7	88.9	89.1	89.9	90.1
Value Based Purchasing Score	>68	68	77	100	100	100	100	100	80	100	100	97	100
Staff Satisfaction	>75%	76	77	77	77	77	77	77	76	76	76	76	76
Turnover	<10%	2.8	2.8	2.8	7.9	7.9	7.9	9.9	9.9	9.9	9.4	9.4	9.4
EBIDA	>8%	7	12	7	6	6	6	5	5	6	9	4	3
Net Revenues	>4.1m	4.26	4.35	4.0	4.5	3.9	4.1	3.75	3.46	5.54	3.9	3.9	4.9
Expense Management	<4.5m	4.6	4.4	4.3	5.0	4.3	4.4	4.55	4.27	5.0	4.4	4.4	4.8
Net Income	>75	-8	440	883	990	-57	412	13	-12	401	-360	**-240**	567
Days Cash on Hand	>15	14	11	8	7	11	7	7	6	11	17	8	7
A/R Days	<50	47	53	50	48	50	52	51	47	51	55	46	48
Total FTE's	<301	309	315	320	312	313	315	310	301	318	320	309	303
FTEs/AOB	<4.5	3.92	4.33	4.45	4.12	4.39	4.39	4.39	4.4	3.81	3.86	3.89	3.74
Inpatient Discharges	>100	105	102	107	91	85	112	91	79	117	94	100	91
Outpatient Revenue	>$10m	10.8	9.8	9.2	10.2	9.3	8.8	9.1	8.6	9.99	9.91	10.2	10.1
Surgeries	>140	135	130	120	135	135	138	113	121	156	147	142	121
Home Health	>1000	1146	760	748	941	903	951	1040	872	1106	1218	1135	992
Births	>15	16	11	13	9	14	11	6	14	19	6	16	11
SNF days	>660	651	615	585	606	531	733	754	641	750	674	605	613
MRI	>120	132	121	111	125	111	83	103	108	122	103	118	124
Cardiology (Echos)	>70	49	68	93	76	61	50	45	50	55	62	61	57
Laboratory	>12.5	12.6	11.8	13.1	13.9	11.9	12.5	13.1	11.1	13.3	12.4	13.1	13.9
Radiology	>850	968	931	885	801	819	877	963	837	851	868	918	888
Rehab	>2587	3030	2893	2543	2471	2572	2899	2485	2403	2903	3394	2877	2945
CT	>300	376	368	299	277	295	285	332	295	334	301	332	335
ER	>800	889	789	795	801	665	751	811	655	769	788	**909**	716
Mammography	>475	414	457	465	677	569	489	430	445	447	404	519	429
Ultrasound	>325	348	343	329	342	341	307	290	350	438	424	497	339
Occupational Health	>575	656	576	853	521	642	535	579	504	534	595	600	618

Evolve and Integrate

A new look at short term gains and long term sustainability

Growth review of Sonoma Valley Hospital

Background

Health care institutions and providers will no longer be able to survive with small margins. The anticipated health care changes that include reimbursement decline will reduce these small margins to a negative bottom line. Recent articles state a strategic margin transition plan is the key to surviving these reform changes. As we continue to witness the shift of volume from inpatient to outpatient, this movement has forced us to realign our strategies in order to maintain stability in this economy. My prediction is the continuous downward creep in reimbursements for inpatients as well as the decline in inpatient volume as well as the upwards trend in Medicare and Medicaid populations has left Sonoma Valley Hospital to evolve our focus to an integrated ambulatory system and healthy community. As market forces shift the trends of reimbursement towards capitated contracts, global payments and/or bundled payments, institutions need to advance their practices towards a higher efficiency run outpatient systems and away from the traditional acute care centers.

A yearly creep in the average cost per discharge will no longer be acceptable and development of a robust system is crucial to determine real cost and revenue capture as a foundational key to understanding where to focus our priorities. Therefore, as leader of the growth team my plan is to not only incorporate tools such as our cost accounting system and Crimson Market Advantage but also evolve and integrate a *marginal transition plan*.

A *marginal transition plan* includes: defining revenue gaps, benchmarking unit costs and savings per area, defining specific areas to close the margin gap regarding utilization, focused growth approaches that are backed by accurate data and review revenue avenues that are reform ready such as capitation agreements. In this plan, everyone needs to be at the table including clinicians, operations, administration and finance for these efforts to be successful. Designing a clear margin transition plan will assist in defining what is needed to create a collaborative environment that can be focused on the patient and not

the diminishing reimbursements and increasing costs. I believe the transition to the increasing health care cost and decreasing revenue can be achieved by planning, analyzing and understanding as well as analyze both the internal as well as external environment for growth and business development.

Below is a growth analysis for FY 13, FY 14 and FY 15 annualized followed by a revenue projection on our annualized volumes.

3 Year Trending Volume Review

	FY 2013	FY 2014	FY 15 annualized
Professional Services	37,775	43,109	44,232
Ancillary Services	177,940	181,175	178,236
Surgery	1913	1992	2064
Home Health	12,077	11,410	13,752
Skilled Nursing	7624	7614	7564

6 month trending FY 14-FY 15

	Feb	March	April	May	June	July
Professional Services	3079	3652	4238	3669	3721	3686
Ancillary Services	13,263	15,515	14,487	15,596	16,656	14,853
Surgery (inc. Endo)	160	195	177	180	152	172
Home Health	872	1106	1218	1135	951	1146
Skilled Nursing	642	750	675	605	614	651

Projected Revenue increase FY 2015 over FY 2014

UOS=Units of Service (visits, patients, tests, procedures)

	Increase in UOS	*Revenue per UOS	Total FY 15 a. Over FY 15
Professional Services	1,123	$281/UOS	$315,563
Ancillary Services	-2,939	$235/UOS	($690,000)
Surgery	72	$4,173 (outpt)	$301,000
Home Health	2342	$226/UOS	$530,000
Skilled Nursing	-50	$512/UOS	($25,600)
Total			$431,000

*Revenue derived from cost accounting second release dashboard and/or IDEA budget system. Calculation from IDEA budget system: Net Patient Revenue/UOS=Revenue per UOS. Dashboard currently in development subject to minor changes before executive sign-off

Quarterly Action Items per Service Unit

In keeping with the previous growth summary we are moving towards a profit defining, measuring, managing and implementing system that incorporates the above mentioned tools of our newly developed cost accounting system and Crimson Market Advantage mature projects. Below is a high level view of the action items per service units regarding the next quarter.

Professional Services

- Proposal for regional expansion of our Rehab services
- Initial review of expansion of wound care regionally as well as a Physician led service to extend to Surgery downstream
- Review of outpatient market share provided by Crimson Market Advantage for splitter Physicians to re-recruit their volumes

Ancillary Services

- Practice Fusion implementation for care coordination with Physicians
- Expansion of laboratory testing with purchase of new equipment that will discontinue the need to send out certain high volume tests
- Nuclear Medicine volume increase and outreach to Physicians with new FDA approve equipment
- Continuation of Girl Talk events for volume increases in Radiology and Physical Therapy services

Surgery

- Expansion of Pain Management with the extension of Dr. Pang services to Napa State outpatient
- Orthopedic seminar outreach to Petaluma for capture of splitter volumes
- Review of referral trends by Primary Care Physicians to local Surgeons for focused approach to recapture lost revenue

Home Health

- Trending of regions monthly to monitor success of expansion
- Outreach and follow up on-site meeting with MGH key stakeholders
- Visits and outreach scheduled for Petaluma and Novato this quarter

Skilled Nursing

- Continuation of performance improvement project for increased revenue per patient
- Nine areas of SNF being evaluated for cost reductions, best practice and streamlined procedures

Sources

Anne B. Martin, Micah Hartman, Lekha Whittle, Aaron Catlin and the National Health Expenditure Accounts Team National Health Spending In 2012: Rate Of Health Spending Growth Remained Low For The Fourth Consecutive Year, *Health Affairs*, 33, no.1 (2014):67-77

http://kaiserfamilyfoundation.files.wordpress.com/2013/01/8023-r.pdf\
Johnson, Tacy, Borgos, Suzanne. Evolve and Integrate: A New Imperative For Ambulatory Care. Healthcare Financial Management Association.

Nugent, Michael. Managing Your Margin: Four Steps. Healthcare Financial Management Association. http://www.hfma.org/Content

Volumes: Monthly statistics reports Professional Services, Surgery Services, Ancillary Services, Home Health stats report, SNF monthly statistics report

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

Dear Community Employer:

As you consider employee health plan options for the coming year, we want to give you several compelling reasons to select one that provides your employees with access to Sonoma Valley Hospital.

Convenience – There's no need for employees to travel outside of the area for most of the services they need. We have greatly expanded our medical services in recent years and your employees and their families can now receive both routine and specialist care right here in Sonoma.

High Quality Service – We consistently rank in the top 25 percent among hospitals nationally for quality of service and also get high marks in patient satisfaction. Also, Consumer Reports recently named Sonoma Valley Hospital one of the 15 safest hospitals in the country.

Modernized Facility – In addition to building a state-of-the-art Emergency Department and Surgery Center, we have extensively upgraded the Hospital to make it a warm, comfortable place of healing.

Wellness Programs – We provide a number of wellness programs that support a healthy, active lifestyle. We also offer employers an employee wellness program that can help you reduce your health care costs.

I have enclosed a list of the health plans offered locally that provide access to Sonoma Valley Hospital services, and additional information about our services.

There's never been a better time for you to choose Sonoma Valley Hospital and the many excellent physicians associated with us. If I can answer questions about hospital services, please do not hesitate to call me.

Sincerely,

Kelly Mather

Kelly Mather, President and CEO
Sonoma Valley Hospital
707.935.5000

Healing Here at Home

13.

OFFICER AND COMMITTEE REPORTS

-------- Original Message --------
Subject: **CONTRACTING POLICY**
Date: Wed, 20 Aug 2014 22:38:50 +0000
From: Coffey, Colin
To: Hohorst, Peter

Peter: See my colleague's review of the policies and statutory scheme below. Adding the Salinas additional level of bidding scrutiny (of the GPO) is not legally mandated. I agree that it would be very burdensome on your management to engage in such oversight of the GPO's purchasing. Salinas has undergone a unique period of scrutiny and perhaps had to react with stuff like this….

From: Moore, Lyndsey L.
Sent: Tuesday, August 12, 2014 4:11 PM
To: Coffey, Colin
Subject: RE: Contracting Policy

Colin,
I do not think a stricter policy is legally required. The statute (H&S 32132) says…

"Except as otherwise provided in this section, or in Chapter 3.2…the board of directors shall let any contract involving an expenditure of more than twenty-five thousand dollars ($25,000) for work to be done, to the lowest responsible bidder who shall give the security the board requires or else reject all bids….nothing in this section shall prevent any district health care facility from participating as a member of any organization described in Section 23704 of the Revenue and Taxation Code, nor shall this section apply to any purchase made, or services rendered, by the organization on behalf of a district health care facility that is a member of the organization."

The draft version you prepared for Sonoma states: "The District may participate as a member of any cooperative hospital service organization described in Revenue and Taxation Code Sec 23704 ("GPO"). Any purchases made or services rendered by the GPO on behalf of the District that is a member to the GPO shall not be subject to formal bidding procedures or any other competitive requirements contained herein. (Health & Safety Code 32132(e).

Sonoma's current procurement draft is substantially similar: "Notwithstanding anything to the contrary, the CEO may award contracts that are placed through an accredited Group Purchasing Organization ("GPO") in excess of twenty-five thousand dollars ($25,000) without following the formal bidding and lowest bid policy. (Revenue and Taxation Code 23704; Health and Safety Code 32132(e).)

The Salinas level of details not statutorily mandated.

Lyndsey

From: Coffey, Colin
Sent: Sunday, August 10, 2014 8:12 PM
To: Moore, Lyndsey L.
Subject: Fwd: Contracting Policy

What you think?

From: Peter Hohorst
Date: August 10, 2014 at 5:48:46 PM AKDT
To: "Coffey, Colin"
Subject: Contracting Policy
Reply-To: Hohorst, Peter

Colin,
I have a question regarding the contracting policy that you reviewed last year and that the Board approved in November.
Two points which you are aware of:
A H&S Code allows a district to purchase items though a GPO without using a formalized bidding procedure (this is also stipulated in our policy).
The Salinas grand jury review has been in our headlights. We don't want to repeat their experience.

We have received a copy of the Salinas District Purchasing Policy (drafted to comply with the Grand Jury oversight) which states for GPO purchases:

> "C. Group Purchasing. Procurements may be made through group purchasing organizations without SVMHS conducting its own competitive solicitation. **In each case when a purchase that would otherwise be covered by this Policy occurs through a group purchasing organization, SVMHS shall require that the group purchasing organization provides evidence that its own processes for vendor identification and selection, item evaluation and price negotiation meet the minimum requirements that would apply were SVMHS to undertake the procurement itself.** All other requirements, such as the signature and approval authority requirements set forth herein and in other SVMHS policies, shall apply to SVMHS procurements through group purchasing organizations."

It would seem that SVMHS is reacting to the Grand Jury pressure to create a stricter paperwork requirement for GPO purchases than the law requires.
It would also seem that in view of the fact that 80% to 90% of our purchases are made through a GPO, this requirement for **each** purchase would be unworkable for us.
Does the law really require the stricter paperwork requirement that Salinas will be using? Should we amend our policy to include it?
I am attaching a copy of our Purchasing Policy and a copy of the Salinas Policy.
Thanks
Peter