



# Peninsula Health Care District

## **BOARD OF DIRECTORS REGULAR MEETING Thursday, April 22, 2010**

The Board of Directors of the Peninsula Health Care District was called to order on Thursday, April 22, 2010 at 17:45 hours at the Burlingame City Hall Council Chambers, 501 Primrose Road, Burlingame.

**ROLL CALL:** On roll call there were present Dan Ullyot, MD, Chair, Helen Galligan, RN, Secretary, Larry Cappel, PhD, Treasurer, and Don Newman, MD, Past Chair. [Rick Navarro, MD, Vice Chair was on an excused, out of town, absence].

**Also present were:** Cheryl A. Fama, Chief Executive Officer, Colin Coffey, General Legal Counsel, and Jan Matejcek, District Administrative Assistant.

**CONSENT CALENDAR:** The Consent Calendar consisting of the Regular Session minutes for March 25, 2010, the Treasurer's Report, and the unaudited Financial Statement for March 31, 2010 was presented.

***DIRECTOR GALLIGAN MOVED AND DIRECTOR NEWMAN SECONDED THE MOTION TO APPROVE THE CONSENT CALENDAR. THE MOTION CARRIED UNANIMOUSLY.***

### **COMMUNITY EDUCATION: "San Mateo Medical Center – More than Just a Hospital"**

**Chair Ullyot** introduced **Dr. Susan Ehrlich, Chief Executive Officer of the San Mateo Medical Center.** [Dr. Ehrlich's presentation is appended to and made a part of these minutes.]

In summary, Dr. Ehrlich covered:

- **The outpatient services** of SMMC, which is the focus of the majority of the medical center's programs and client contacts.
- **Demographics** of SMMC's clients, which cover the life cycle from pediatric to older adults.
- **SMMC by the numbers**, including the annual budget and unique individuals served.
- **Services:**
  - Emergency Department has had a 17% higher volume than one year ago due to the economy.
  - A new urgent care center opened in September and saw almost 2,700 patients, which means the 17% ED volume is understated.
  - In-patient census of 35 and includes Med Surg, ICU, and Maternity.
  - Three staffed operating rooms and an infusion center
  - Acute Psychiatry – ACD 30
  - Long Term Care – ACD 260
  - Eleven clinics around the county
- **SMMC Mission: "Opening doors to excellence with innovation"**. SMMC has been on a quest to improve the quality and efficiency of service – Dr. Ehrlich provided examples.
  - The Coleman Patient Visit Redesign Project: Cycle time, which is the time from arrival to discharge, improved from 120 minutes to 60 minutes.
  - SMMC is the first public hospital in the State to implement an ambulatory electronic medical record system which was funded by \$2.5M raised privately. Currently, 140 providers use the system; about 650 e-prescriptions are written on the system a day.

- The Seamless Care Center Initiative – a collaborative, two-year project, in which SMMC is one of five participating hospitals in the State, is focused on providing a consistent level of high quality in managing chronic disease care.
- **Community Partnerships** – SMMC has done quite a lot with private providers in the area to improve care and get private providers more involved in care to the uninsured and under-insured patients in the community.
  - The Palo Alto Medical Foundation (PAMF) provides a pediatric neurologist two one-half days per month. Two infectious disease doctors rotate on the in-patient service two days a month, all donated time.
  - SMMC has 5,000 people waiting for primary care services; PAMF physicians have offered to take 300 patients off this list. They will be providing all primary and specialty care for these patients in perpetuity. Kaiser has offered to do the same thing.
  - Delivery Expansion –PHCD has provided funding to help expand Obstetrics coverage to county residents. Prior to this new program, twelve hundred women on Medi-Cal a year came to SMMC for prenatal services, but could only deliver at Lucille Packard in Palo Alto. Now, women have the option of delivering at MPHS. All the policies and procedures are now in place and there are women on a waiting list to deliver under this new program.
  - New clinic construction: Three clinics in south county have physical problems and for one reason or another SMMC programs have to be out of those buildings. The new clinic will consolidate the three.

Questions & Dr. Ehrlich's Answers:

**Director Cappel:** What effect are the Health Reform changes going to have on the Medi-Cal population and SMMC's truly indigent population? How is that going to impact a budget? Does the county now serve a large proportion of commercial patients? If not, how is that going to work for the county? **A.** We don't know for sure [the full impact of health reform]. We know that of the 65,000 currently uninsured, about one-third will be insured through Medi-Cal and about two-thirds will be eligible to purchase subsidized insurance through the exchange. A lot of these people who are going to be purchasing subsidized insurance are currently coming to us for care. So people will have a choice. They can either stay with the county system or go somewhere else, and this will be a challenge. Given the number of quality improvement projects currently in place, Dr. Ehrlich expressed the hope and expectation that people will stay. The SMMC experience has been that once people come they stay because of high satisfaction ratings. **Director Cappel:** Are you going to be able to make more margin than you're currently making off of Medi-cal reimbursement? **A.** In theory, yes. People who are uninsured and get insurance and choose to stay with us, that's a margin. Whatever the payment, it's better than no payment at all.

**Chair Ulyot** commented on the low number of in-patients and asked about physician coverage. **A.** There are 90 contracts in place with private and/or physician groups. SMMC employs physicians who work in primary care and psychiatry; all the medical and surgical sub-specialists have contracts. **Chair Ulyot:** Do you have patient arrangements with other hospitals. **A.** Virtually all of the basic hospital services are provided at the medical center. Patients needing services not provided, e.g. cardiac surgery are sent to MPHS, Sequoia, or Seton for the most part. The Health Plan of San Mateo is the County's third party administrator for Medi-cal and the ACE program. County referrals go to private hospitals or private providers contracting with the Health Plan. **Chair Ulyot:** Could you please comment on the epidemic of childhood obesity, prevention, and dental care? **A.** The health system works on the prevention of childhood obesity and works in the community to do all kinds of things to prevent children from becoming obese in the first place. SMMC runs programs that are targeted at children getting them to exercise, and watch their diets. We provide those services in all of our clinics. We also have a very robust dental program. We provide a full range of services for kids. Adult dental programs are much more limited

because nobody pays for it. SMMC does offer a very nice denture program at the Willow clinic in conjunction with the University of Pacific and the new coastside clinic will have four dental chairs.

**Luciana Kincer (resident):** When mental health moves out of the acute care facility at Peninsula and moves over to the Mills campus, what impact will this have on San Mateo County? I understand there will only be two rooms for psychiatric emergency services - what kind of impact will that have? **A.** Since we're the only two psychiatric emergency rooms in the community, I'm sure it's going to increase our volumes. **Luciana Kincer:** Do you have space? **A.** We have space at SMMC; the issue for us is not the physical space, it's funding more providers to come in and provide service. With current State and local budgets the way they are it's a dire situation. Thank goodness for health reform, but between now and 2014 it's going to be incredibly challenging to provide mental health services.

**Director Newman** commented: Given the plans for the behavioral health move and consolidation of programs at the Mills campus, he thinks there will actually be more services at Mills than there are now at Peninsula. He stated that he does not think it represents a significant cut-back, quite the contrary.

**Chair Ulyot** thanked Dr. Ehrlich for coming and her presentation.

**ORAL COMMUNICATIONS: NONE WERE OFFERED**

**COMMITTEE REPORTS:**

**Long Term Planning, Chair Ulyot,** Committee Chair,  
No meeting has been held since the last Board meeting.

**Sutter Health Oversight, Director Newman,** Committee Chair,  
No meeting has been held since the last Board meeting.

**Building Committee: Director Newman** introduced **Susan Farrell, MPHS Director, Facility Operational Planning Transition Hospital Replacement Project** to share plans for opening day of the new hospital when all patients will be transferred from the old to the new facility. [Ms. Farrell's presentation is appended to and made part of these minutes.]

In summary **Ms. Farrell's** presentation covered:

- Countdown Calendar –Timeline of move,
- Move Plan Highlights:
  - In-patients (270-census) will move Sunday, November 7, 2010
  - Patients will be moved in their beds
  - Both Emergency Departments will be open; the new one will receive patients starting at 7:00 a.m. while the current one will follow through on the care of anyone in the department.
  - Radiology, Cath Lab, and Surgery services will be available in both hospitals on patient-move day.
  - Extra security will be in place to direct traffic and control access.
- The move teams: their role, planning, and when they will start their training and exercises.
- A drill down into the detail of what would take place 4 weeks, 1 week, prior to move day and on the actual move day.
- Key Dates shared included: Keys turned over in August; Administrative staff move in August; Behavioral Health moves to Mills by end of October; doors open November 7, 2010.

Questions & Susan Farrell's Answers:

**Director Newman:** What are the plans for moving the mental health patients to Mills? **A.** Mental health patients will move in two ways: the chemical dependency patients will be able to travel to Mills in the van they currently have; the mental health patients will have specially qualified ambulances to take them to Mills.

**Chair Ulyot:** How many patients on ventilators do you anticipate? **A.** We currently own eight ventilators and may have two spares; we are using ten patients for our planning criteria. As we get closer to the move date we will start looking at our patient population to determine transport equipment needs. **Chair Ulyot:** Where are the doctors going to be and where are the nurses going to be? **A.** If the patient requires transport with a physician, then the physician will take the route with them. Every patient will be seen prior to transfer. All patients will enter the new hospital via the new ED. It is the plan to have additional physician staff on duty to check patients when they come in the door before moving up to their new beds. Hospitalists will be available in the hospital as they are now. **Chair Ulyot:** I applaud the idea that you are going to suspend elective surgery during the move, but I am a little surprised that you are not going to go on diversion and make arrangements with Seton and Sequoia that emergency patients be directed to those EDs? **A.** The new ED will be open and, whether we divert patients or not, there will be walk-ins. We think that some patients will wait until 7:00 a.m. just to come to the new ED. A final decision about diversion has not been made yet.

**Chair Ulyot** thanked Ms. Farrell for her presentation.

Community Health Investment, Director Galligan, Committee Chair

No meeting has been held since the last Board meeting.

CEO REPORT:

Before asking Ms. Fama to report, **Chair Ulyot** acknowledged a letter from the SF Business Times which announced that this year, as part of its 2010 Most Influential Women in Business list, a new category has been created entitled the, "Forever Influential Honor Roll", and Ms. Fama, CEO has been placed on this list, a very high distinction which reflects well on the District. **Ms. Fama** thanked Chair Ulyot for the acknowledgment, and then proceeded with her report.

- **Strategic Plan 2010-2015 updates and content.** As part of the Board assessment of the external environment, Ms. Fama provided some materials that will need to be reviewed and considered by the Board, as well as, an update on her research activities.
  - Dr. Scott Morrow, the county's Medical Director, reported that the priority health needs have not changed only increased since the detailed 2008 Community Assessment was conducted. A copy of the Executive Summary of the Assessment will be provided to each Board member.
  - Ms. Jean Fraser, Chief of the Health System, presented her proposed Health System Budget Plan for FY 2011 to the Board of Supervisors. Copies of the presentation are included in the Board's meeting packet. The slides present a good overview of the system's mission, mandated vs. discretionary programs and services, and data to support Dr. Morrow's comments about demand noted above. Ms. Fama highlighted the many service areas that will experience significant funding shortfalls.
  - Dr. Ehrlich's Board presentation this evening is another part of building the environmental scan, the big picture of need.
  - Dr. Ulyot and Ms. Fama participated in a preview of the Mills Peninsula Strategic Vision of Plans for 2020; it is anticipated that the plan will be rolled out in the next couple of months.
  - Ms. Fama attended a meeting at the Millbrae Senior Center at which Congresswoman Jackie Speier addressed the impact of the recently passed health reform on the Medicare population. Her handout from the meeting was included in the Board's packet.

- The County's Blue Ribbon Task Force Financing Committee that has been looking at how to fund the uninsured adult population recently reported that the Committee's work has been put on hold given the coverage elements in the new healthcare reform legislation.
- There continues to be a significant shortage of primary care physicians in the area. This was reiterated by Mr. Merwin in his MPHS strategic plan presentation and Mr. Hortop of MPHS, who spoke at the recent San Mateo Leadership Health Day. Health reform will increase funding for primary care but reduce payments to specialists.
- Ms. Fama will summarize all of the environmental assessment information being provided into PHCD Strategic Planning 2010-2015 resource binders that will be distributed prior to the full day planning sessions.

**Chair Ulyot** asked when the retreat was planned. Ms. Fama responded probably not before February. **Ms. Fama** asked the Board to comment on the research to date; are there any areas that Directors would like to know more about relative to the health needs and priorities in the District. No comments were offered.

**Ms. Fama** noted that Mr. Merwin is the scheduled presenter for the May Board meeting and may have an update on the MPHS strategic plan.

#### **Community Activities Report:**

- A recent article on "Cardiac Surgery in Octogenarians", published in the journal of the Society of Thoracic Surgeons was distributed; Ms. Fama called attention to the "invited commentary" written by Dr. Ulyot.
- The District's spring newsletter has generated calls requesting guest columnist, Michael Garb-CEO of Youth and Family Enrichment Services, to speak on suicide prevention; an invitation for District representation at YFES's accreditation activities, and an opportunity to have the newsletter displayed in all of the Hillsborough homes participating in an annual fund raising home tour of which YFES will be one of the two beneficiaries of the funds.
- The District is signed up to do the Millbrae Art Festival again, September 4 & 5.
- The District is also signed up to do a booth at the Burlingame street festival, August 7&8
- The May 12-14 ACHD Annual meeting is still open for registration; attendance provides an opportunity for Directors to get their mandatory Ethics Training required every two years.
- District is now using blast email technology to get meeting notices out to a broader audience.

#### **OLD BUSINESS:**

##### **Apple Tree Dental Care Model/Dr. Helgeson Visit:**

**Ms. Fama** reported that Dr. Helgeson is scheduled to come out from Minneapolis in July and will attend the Board's meeting. Dr. Gregory has been lining up support for the model, including the San Mateo County Dental Coalition and the University of the Pacific Dental School leadership. Dr. Gregory's letter to all members of the Coalition was distributed to the Directors for information.

**Chair Ulyot**, referring to Dr. Erhlich's comments about the County's dental care services, asked if Dr. Gregory and Dr. Silvestri from the county are talking. **Ms. Fama** responded yes, they are co-chairs of the County Dental Coalition and Dr. Silvestri has been an active part of the discussions.

##### **Directors & Officers Insurance:**

**Chair Ulyot** asked Ms. Fama to more fully respond to the questions raised by the Directors at the April meeting. She distributed a letter received this week from Steven Kayahara, the District's broker at Meridian Financial & Insurance Services, in which he responded to the questions. She highlighted the following:

- The "\$5M aggregate" refers to all claims and costs, including attorneys' fees, incurred during a covered year.

- There is no deductible if a covered *individual* is named; however, there is a \$50K deductible if *the District* is named and \$100K if the claim is an antitrust case.
- Are we over insured? Broker states the policy package is “standard” for foundations, research organizations, non-profits, etc., and recognizes that the District does not run a hospital or provide direct patient services.

**Ms. Fama** reported that, given the complexity of coverage and the number of questions, she has invited the broker and underwriter to attend the Board’s February 2011 meeting. This is two months prior to the expiration of the existing policy and allows time to do more research as needed.

**Chair Ulyot** expressed his continued concern that the District is over-insured and complimented **Director Galligan** for her thought-provoking email on this matter. **Director Cappel** asked what the premium was to which Ms. Fama responded \$19K.

### **NEW BUSINESS:**

#### **Proposal to Engage Vavrinek, Trine, Day & Company, LLP (VTD) for the 2010 Audit**

**Ms. Fama** distributed a copy of the audit engagement letter received after the Board packet was distributed. She is recommending VTD because they are good to work with, deliver a quality product, and are familiar with the District, having done the audit for more than 10 years. Referring to the letter, she highlighted the following:

- VTD makes clear that they will only comment on “Management’s Discussion and Analysis” and “Budget to Actual Comparison Schedule” of the audit document if they “encounter a problem” with the accounting accuracy. These sections are written by Ms. Fama on behalf of the District and are reviewed by the Treasurer before submitting. VTD does not render an opinion on the quality of this section.
- Internal Control procedures are thoroughly reviewed.
- VTD “expects to meet” in May to launch the audit; this meeting has been set for May 5 and Director Cappel and Ms. Sinay, the District’s accountant, will be in attendance.
- The fee has been held to the same as the 2009 audit - \$17K.
- An external peer review letter for VTD is appended and is a new requirement by US general accounting standards.
- The Treasurer and Accountant have reviewed the letter and support this proposal.

***DIRECTOR CAPPEL MOVED AND DIRECTOR NEWMAN SECONDED THE RECOMMENDATION TO ACCEPT THE AUDIT ENGAGEMENT LETTER FROM VTD AS PRESENTED. THE MOTION PASSED UNANIMOUSLY.***

### **Budget Assumptions for FY 2011**

**Ms. Fama** reviewed the Board’s finance policy that provides operating budget guidelines. **Chair Ulyot** emphasized that the policy defines a maximum cap which would be approximately \$5.2M for the upcoming year and noted that the last three years’ approved budgets were well below that maximum. **Director Newman** suggested that perhaps the policy should be revised to include only the liquid assets in setting the operating budget cap. **Colin Coffey** commented that the decision to include all assets in this calculation was a conscious decision made after significant study, assisted by Keith Hearle from Verite Consulting, during the Board’s strategic planning process. The policy was developed to ensure the necessary fund development to meet future capital obligations in the Master Agreement. The Board added real estate assets as a thoughtful and specific strategy to ensure adequate operating and strategic investment funds. **Chair Ulyot** thanked Ms. Coffey for those helpful comments and suggested the Board may want to revisit this during the strategic planning discussions.

**Ms. Fama** presented a brief budget history, noting the District's expenses this fiscal year are on target with budget. She then presented assumptions for FY 2011, specifically:

- Keep property tax revenues flat (\$4M)
- Increase rent revenues slightly based on lease language
- Keep interest rates at current year actuals [LAIF @ 0.6% and SMC Fund @ 0.9%]
- Keep Community Grants budget at \$2M.
  - **Director Galligan** commented that this was discussed at the last Community Health Investment Committee and the members unanimously supported keeping the money available for community grants at a consistent level. They spoke to the importance of this to the program's integrity and the community's perception. It is proposed that any new programs like a dental care clinic would be presented to the Board separately. She also noted the proposal to keep all community funds under one line item to allow possible unused nursing loan funds to be shifted to the Committee to be used for grants.
- Increase legal fees for potential real estate and on-going law suit activities
- Increase Salary/Wages/Benefits amounts to reflect full year of pension expense and increased CalPERS health costs
- Increase consulting costs for strategic plan and property development

**Chair Ulyot** noted that, when the grant monies are removed, the operating costs this year are about 10% of the total revenues. Director Cappel offered that the presentation was helpful and provided a good starting point for the new budget.

**OTHER:**

**Chair Ulyot** reported that Basil R. Meyerowitz, MD, a colleague and long time surgeon on the MPHS staff, died today. He asked that the minutes reflect this acknowledgment.

**CORRESPONDENCE/MEDIA:** No items were pulled for comment.

**ADJOURNMENT:**

The meeting was adjourned by **Chair Ulyot at 19:19 hours.**

**By:**

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**Jan Matejcik, Administrative Assistant**

**Approved:**

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**Helen C. Galligan, Secretary**

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**Daniel J. Ulyot, M.D., Chair**