BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

It is our mission to deliver quality healthcare to the residents of and visitors to BigBearValley through the most effective use of available resources.

VISION

To be the premier provider of emergency medical and healthcare services in our BigBearValley.

BOARD OF DIRECTORS BUSINESS MEETING AGENDA

Wednesday, December 11, 2019 @ 1:00 p.m. – Hospital Conference Room

41870 Garstin Drive, Big Bear Lake, CA 92315

(Closed Session will be held upon adjournment of Open Session as noted below. Open Session will reconvene @ approximately 3:00 p.m. –Hospital Conference Room 41870 Garstin Drive, Big Bear Lake, CA 92315)

Copies of staff reports or other written documentation relating to each item of business referred to on this agenda are on file in the Chief Executive Officer's Office and are available for public inspection or purchase at 10 cents per page with advance written notice. In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if you need special assistance to participate in a District meeting or other services offered by the District, please contact Administration (909) 878-8214. Notification at least 48 hours prior to the meeting or time when services are needed will assist the District staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service. **DOCUMENTS RELATED TO OPEN SESSION AGENDAS (SB 343)** -- Any public record, relating to an open session agenda item, that is distributed within 72 hours prior to the meeting is available for public inspection at the public counter located in the Administration Office, located at 41870 Garstin Drive, Big Bear Lake, CA 92315. For questions regarding any agenda item, contact Administration at (909) 878-8214.

OPEN SESSION

1. **CALL TO ORDER** — **Peter Boss, President**

2. **PUBLIC FORUM FOR CLOSED SESSION**
   This is the opportunity for members of the public to address the Board on Closed Session items.
   (Government Code Section 54954.3, there will be a three (3) minute limit per speaker. Any report or data required at this time must be requested in writing, signed and turned in to Administration. Please state your name and city of residence.)

3. **ADJOURN TO CLOSED SESSION***

CLOSED SESSION

1. **CHIEF OF STAFF REPORT/QUALITY IMPROVEMENT: *Pursuant to Health & Safety Code Section 32155**
   (1) Chief of Staff Report

2. **HOSPITAL QUALITY/RISK/COMPLIANCE REPORTS: *Pursuant to Health & Safety Code Section 32155**
   (1) Risk / Compliance Management Report
   (2) QI Management Report

3. **REAL PROPERTY NEGOTIATIONS: *Government Code Section 54956.8/TRADE SECRETS: *Pursuant to Health and Safety Code Section 32106 and Civil Code Section 34266.1**
   (1) Property Acquisition/Lease/Tentative Improvement (Anticipated Disclosure 12/11/19)

4. **TRADE SECRETS: Pursuant to Health and Safety Code Section 32106, and Civil Code Section 3426.1**
   (1) Steven Knapik, D.O. Chief of Staff Service Agreement (Anticipated Disclosure 12/11/19)

OPEN SESSION

1. **CALL TO ORDER** — **Peter Boss, President**

2. **ROLL CALL** — **Shelly Egerer, Executive Assistant**

3. FLAG SALUTE

4. ADOPTION OF AGENDA*

5. RESULTS OF CLOSED SESSION **Peter Boss, President**

6. PUBLIC FORUM FOR OPEN SESSION

This is the opportunity for persons to speak on items of interest to the public within subject matter jurisdiction of the District, but which are not on the agenda. Any person may, in addition to this public forum, address the Board regarding any item listed on the Board agenda at the time the item is being considered by the Board of Directors. *(Government Code Section 54954.3, there will be a three (3) minute limit per speaker. Any report or data required at this time must be requested in writing, signed and turned in to Administration. Please state your name and city of residence.)*

PUBLIC RESPONSE IS ENCOURAGED AFTER MOTION, SECOND AND PRIOR TO VOTE ON ANY ACTION ITEM

7. DIRECTORS' COMMENTS

8. INFORMATION REPORTS

A. Foundation Report **Holly Elmer, Foundation President**

B. Auxiliary Report **Gail Dick, Auxiliary President**

9. CONSENT AGENDA*

Notice to the Public:

Background information has been provided to the Board on all matters listed under the Consent Agenda, and the items are considered to be routine by the Board. All items under the Consent Agenda are normally approved by one (1) motion. If discussion is requested by any Board Member on any item; that item will be removed from the Consent Agenda if separate action other than that as stated is required.

A. November 13, 2019 Business Board Meeting Minutes: Shelly Egerer, Executive Assistant
B. November 2019 Planning & Facilities Report: Michael Mursick, Plant Director
C. November 2019 Human Resource Report: Erin Wilson, Human Resource Director
D. November 2019 Infection Prevention Report: Heather Loose, Infection Preventionist
E. Policies & Procedures (Summary Attached)
  (1) Risk Management
  (2) Infection Control
  (3) Anesthesia
  (4) Laboratory
F. Committee Meeting Minutes
  (1) June 05, 2019 Planning & Facilities Committee Meeting Minutes
  (2) October 01, 2019 Special Finance Committee Meeting Minutes

10. OLD BUSINESS*

- None

11. NEW BUSINESS*

A. Discussion and Potential Approval of the Following Agreement:
  (1) Steven Knapik, D.O. Chief of Staff Service Agreement

B. Discussion and Potential Approval of Fiscal Year 2019 Audited Financial Statement

C. Discussion and Potential Approval of Fiscal Year 2019 Cost Report

D. Discussion and Potential Approval of Resolution No. 19-459: SmartWatt To Conduct An Investment Grade Audit At No Cost To BVCHD

12. ACTION ITEMS*

A. Acceptance of QHR Report

Ron Vigus, QHR

(1) December 2019 QHR Report

B. Acceptance of CNO Report

Kerri Jex, Chief Nursing Officer

(1) November 2019 CNO Report

C. Acceptance of the CEO Report

John Friel, Chief Executive Officer

(1) November 2019 CEO Report

(2) Grant Development Status Report, presented by Michelle French

D. Acceptance of the Finance Report & CFO Report

Garth Hamblin, Chief Financial Officer

(1) October2019 Financials

(2) December CFO Report

E. Discussion and Potential Approval of Bear Valley Community Healthcare District Election of Officers:

(1) President

(2) 1st Vice President

(3) 2nd Vice President

(4) Secretary

(5) Treasurer

F. Discussion and Potential Approval of Bear Valley Community Healthcare District Committee Members:

(1) Planning & Facilities Committee Meeting

(2) Finance Committee Meeting (Treasurer and Committee Member)

(3) Human Resource Committee Meeting

13. ADJOURNMENT* *** Denotes Possible Action Items**

BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT
BUSINESS BOARD MEETING MINUTES
41870 Garstin Drive, Big Bear Lake, CA 92315
November 13, 2019

PRESENT:	Peter Boss, MD, President	Donna Nicely, Treasurer
	Gail McCarthy, 1st Vice President	John Friel, CEO
	Steven Baker, 2nd Vice President	Shelly Egerer, Exec. Administration
	Perri Melnick, Secretary	
ABSENT:	Mary Norman	
STAFF:	Garth Hamblin	Steven Knapik, DO
	Sheri Mursick	Kerri Jex
OTHER:	Woody White, QHR	Gail Dick, Auxiliary
COMMUNITY MEMBERS:	Mason Perry	Gary Hicks

Erin Wilson

Holly Elmer, Foundation

OPEN SESSION

1. **CALL TO ORDER:**
   President Boss called the meeting to order at 1:00 p.m.

CLOSED SESSION

1. **PUBLIC FORUM FOR CLOSED SESSION:**
   President Boss opened the Hearing Section for Public Comment on Closed Session items at 1:00 p.m. Hearing no request to make public comment. President Boss closed Public Forum for Closed Session at 1:01 p.m.

2. **ADJOURNED TO CLOSED SESSION:**
   President Boss called for a motion to adjourn to Closed Session at 1:01 p.m. Motion by Board Member Baker to adjourn to Closed Session. Second by Board Member McCarthy to adjourn to Closed Session. President Boss called for a vote. A vote in favor of the motion was 5/0.
   - Board Member Melnick- yes
   - Board Member Nicely- yes
   - President Boss - yes
   - Board Member McCarthy - yes
   - Board Member Baker - yes

RECONVENE TO OPEN SESSION

1. **CALL TO ORDER:**
   President Boss called the meeting to Open Session at 3:00 p.m.

2. **ROLL CALL:**
   Peter Boss, Perri Melnick, Donna Nicely, Gail McCarthy and Steven Baker were present. Also, present was John Friel, CEO and Shelly Egerer, Executive Assistant.

3. **FLAG SALUTE:**
   Board Member Baker led the flag salute and all present participated.

4. **ADOPTION OF AGENDA:**
   President Boss called for a motion to adopt the November 13, 2019 agenda as presented. Motion by Board Member Baker to adopt the November 13, 2019 agenda as presented. Second by Board Member McCarthy to adopt the November 13, 2019 agenda as presented. President Boss called for a vote. A vote in favor of the motion was 5/0.
   - Board Member Melnick- yes
   - Board Member Nicely- yes
   - President Boss – yes
   - Board Member McCarthy - yes
   - Board Member Baker - yes

5. **RESULTS OF CLOSED SESSION:**
   President Boss reported that the following action was taken in Closed Session:

   The following reports were approved:
   - Chief of Staff Report;

   - Request for Initial Appointment:
     - Audrey McCarron, MD
     - Roger Goldman, MD
     - Christopher Koch, MD
     - Julie Sun, MD
     - Amy McCann, MD
     - Meghan Blake, MD
     - Christopher Govea, MD
     - Nicholas Brown, MD
     - Tanya Scurry, MD
     - Marina Katz, MD

   - Request for Reappointment:
     - Isaias Paja, MD
     - Ramin Tayani, MD
     - Sheila Thomas, NP

   - Risk Report/Compliance Report

- QI Report
- Merit increase for CFO
- Employee bonus for all staff

President Boss called for a vote. A vote in favor of the motion was 5/0.

- Board Member Melnick- yes
- Board Member Nicely- yes
- President Boss - yes
- Board Member McCarthy - yes
- Board Member Baker - yes

6. **PUBLIC FORUM FOR OPEN SESSION:**
   President Boss opened the Hearing Section for Public Comment on Open Session items at 3:00 p.m. Hearing no request to make public comment. President Boss closed Public Forum for Closed Session at 3:00 p.m.

7. **DIRECTORS COMMENTS**
   - President Boss reported that he received a letter from QHR congratulating the district and staff on our accomplishments with the BETA awards we have recently received.
   - Board Member McCarthy thanked all for their continual prayers, cards and support from the loss of their son Matthew.

8. **INFORMATION REPORTS:**
   A. Foundation Report:
   - Ms. Elmer reported the following information:
     - Two big fund raisers were completed
       - Halloween in the Village was excellent gave out granola bars
     - Pasquasle Esposito concert was a great success
     - Tree of Lights event was also a great success
       - Tree will be lit until Jan 1, 2020

   B. Auxiliary Report:
   - Ms. Dick reported the following:
     - Mall in the Hall will begin December 2 through December 5

9. **CONSENT AGENDA:**
   A. October 09, 2019 Business Board Meeting Minutes: Shelly Egerer, Executive Assistant
   B. October 2019 Planning & Facilities Report: Michael Mursick, Plant Director
   C. October 2019 Human Resource Report: Erin Wilson, Human Resource Director
   D. October 2019 Infection Prevention Report: Heather Loose, Infection Preventionist

President Boss called for a motion to approve the Consent Agenda as presented. Motion by Board Member Nicely to approve the Consent Agenda as presented. Second by Board Member McCarthy to approve the Consent Agenda as presented. President Boss called for the vote. A vote in favor of the motion was 5/0.

- Board Member Melnick- yes
- Board Member Nicely- yes
- President Boss - yes
- Board Member McCarthy - yes
- Board Member Baker - yes

10. OLD BUSINESS:

- None

11. NEW BUSINESS*

A. Discussion and Potential Approval of the Following Service Agreements:

(1) Fundamental Concept Grant Writer Agreement
(2) Matthew Pautz, D.O. Clinic Service Agreement
(3) Matthew Pautz, D.O. On Call Service Agreement
(4) Bhani Chawla-Kondal, M.D. Surgery Director Service Agreement

President Boss called for a motion to approve the service agreements one through four as presented. Motion by Board Member Melnick to approve the service agreements one through four as presented. Second by Board Member Nicely to approve the service agreements one through four as presented. President Boss called for the vote. A vote in favor of the motion was 5/0.

- Board Member Melnick- yes
- Board Member Nicely- yes
- President Boss – yes
- Board Member McCarthy - yes
- Board Member Baker - yes

B. Discussion and Presentation of BVCHD Financial Report/Planning for Potential Seismic Upgrades: Presented by Gary Hicks

- Mr. Hicks provided the following information:
  - Expertise work with nonprofit hospitals as security taxes and finances
  - $10 million project
  - Revenue bonds or debt obligations
  - Taxpayer support in the community will help with the funding of the project
  - Financial audited statement has been provided
  - Reviewed operating statements added two components depreciation
    - $ 6 million is available for debt ratio
    - Would normally like to see a 2 time coverage
    - Projected 3 additional debt service amount
    - Based on debt cover ratio – shows about $45 to $50 million debt
    - Debt to capital ratio which is leverage ratio
    - Current debt to capital ratio is below 10%
    - Positive improvement trend
    - District performance for the last three years shows improvement
    - Operating statements for 2021 is the year that you will be able to issue debt
    - Ensure to continue to keep cash strong and use more cash toward the project, this is improvement
    - USDA loan is an outstanding lender

- Two to three years away from the which will allow additional time to continue to build cash and continue to acquire land around the hospital

President Boss thanked Mr. Hicks for the presentation.

C. Discussion and Potential Approval of BVCHD Community Health Needs Assessment:

- Mr. Friel reported the following information:
  - QHR assisted in completing the assessment
  - Assessment is to continue our strategic planning
  - Continue to address the issues in the report

President Boss called for a motion to approve the Community Health Needs Assessment Report as presented. Motion by Board Member Nicely to approve the Community Health Needs Assessment Report as presented. Second by Board Member Baker to approve the Community Health Needs Assessment Report as presented. President Boss called for the vote. A vote in favor of the motion was 5/0.

- Board Member Melnick- yes
- Board Member Nicely- yes
- President Boss - yes
- Board Member McCarthy - yes
- Board Member Baker - yes

D. Discussion and Potential Approval of Travel Expense Reimbursement for the Board of Directors to attend the Annual AHA Rural Health Care Leadership Conference: Expenses Not to Exceed $1,500.00:

- Mr. Friel this a great annual meeting with AHA and is asking for approval of expenses for Board Members to attend not to exceed $1,500.00.

President Boss called for a motion to approve travel reimbursement of up $1,500.00 for Board Members to attend the annual AHA Conference. Motion by Board Member Nicely to approve travel reimbursement of up $1,500.00 for Board Members to attend the annual AHA Conference. Second by Board Member Melnick to approve travel reimbursement of up $1,500.00 for Board Members to attend the annual AHA Conference. President Boss called for the vote. A vote in favor of the motion was 5/0.

- Board Member Melnick- yes
- Board Member Nicely- yes
- President Boss - yes
- Board Member McCarthy - yes
- Board Member Baker - yes

E. Discussion and Potential Approval of Travel Expense Reimbursement for QHR Representative for Training Not to Exceed $2,000.00:

- Mr. Hamblin reported he would like QHR to assist in training the new purchasing employee to help review and screen the GPO process and overall review of the purchasing department.

President Boss called for a motion to approve travel reimbursement of $2,000 for QHR staff to provide assistance in the purchasing department. Motion by Board Member Nicely to approve travel reimbursement of $2,000 for QHR staff to provide assistance in the purchasing department. Second by Board Member approve travel reimbursement of $2,000 for QHR staff to provide assistance in the purchasing department. President Boss called for the vote. A vote in favor of the motion was 5/0.

- Board Member Melnick- yes
- Board Member Nicely- yes
- President Boss - yes
- Board Member McCarthy - yes
- Board Member Baker - yes

12. ACTION ITEMS*

A. QHR Report:

(1) November 2019 QHR Report:

- Mr. White reported the following information:
  - QHR Annual Board Training is scheduled for the first week of March
  - Price transparency regulations will begin- January 1, the information must be available on the website.
  - Managed care review is being completed and reviewed with QHR

President Boss called for a motion to approve the QHR Report as presented. Motion by Board Member Baker to approve the QHR Report as presented. Second by Board Member Nicely to approve the QHR Report as presented. President Boss called for the vote. A vote in favor of the motion was 5/0.

- Board Member Melnick- yes
- Board Member Nicely- yes
- President Boss - yes
- Board Member McCarthy - yes
- Board Member Baker - yes

B. CNO Report:

(1) October 2019 CNO Report:

- Ms. Jex reported the following:
  - Offered candidate the position of the Registered Dietician
  - Infection prevention week was completed newsletter was completed
  - Recruited three new per diem RN's for upcoming winter season
  - Residents enjoyed the Tree of Light ceremony
  - SNF patients at 13 – one admission on December 1
  - Meeting took place to review the insurance that we can take; home care is very popular with the family members
  - Star rating is at 2 due to self-reporting on abuse – dietary department was also cited twice for the same error which also causes the star rating to decrease

President Boss called for a motion to approve the CNO Report as presented. Motion by Board Member McCarthy to approve the CNO Report as presented. Second by Board Member Melnick to approve the CNO Report as presented. President Boss called for the vote. A vote in favor of the motion was 5/0.

- Board Member Melnick- yes
- Board Member Nicely- yes
- President Boss - yes
- Board Member McCarthy - yes
- Board Member Baker - yes

C. Acceptance of the CEO Report:

(1) October 2019 CEO Report:

- Mr. Friel reported the following information:
  - Gas leak at the maintenance side hospital, had to cap line
    - 3rd party came on property and found the leak
    - No impact on patient care, notified State
    - Cost was $57,000 to complete the project
  - Thanksgiving potluck on Monday, November 18 at 12:00 pm in the main conference room.
  - BVCHD Annual Christmas party is scheduled for December 14 at the Convention Center
  - Assembly Bill 5 might affect us on a few contractors converting to employees.
  - Riverside Community Hospital is working with us to schedule a public relation event in January of 2020.

President Boss called for a motion to approve the CEO Report as presented. Motion by Board Member Melnick to approve the CEO Report as presented. Second by Board Member McCarthy to approve the CEO Report as presented. President Boss called for the vote. A vote in favor was unanimously approved 5/0.

- Board Member Melnick- yes
- Board Member Nicely- yes
- President Boss - yes
- Board Member McCarthy - yes
- Board Member Baker - yes

D. Acceptance of the Finance Report:

(1) September 2019 Financials:

- Mr. Hamblin reported the following information:
  - Days cash on hand 418
  - YTD surplus is very close to budget

(2) CFO Report:

- Mr. Hamblin reported the following:
  - Continue to monitor accounts receivable
  - Gross days under 65 days

President Boss called for a motion to approve the September 2019 Finance Report and the CFO Report as presented. Motion by Board Member Baker to approve the September 2019 Finance Report and the CFO Report as presented. Second by Board Member Nicely to approve the September 2019 Finance Report and the CFO Report as presented. President Boss called for the vote. A vote in favor was unanimously approved 5/0.

- Board Member Melnick- yes
- Board Member Nicely- yes
- President Boss - yes
- Board Member McCarthy - yes
- Board Member Baker - yes

13. ADJOURNMENT:

President Boss called for a motion to adjourn the meeting at 4:05 p.m. Motion by Board Member Nicely to adjourn the meeting. Second by Board Member Baker to adjourn the meeting. President Boss called for the vote. A vote in favor of the motion was unanimously approved 5/0.

- Board Member Melnick- yes
- Board Member Nicely- yes
- President Boss - yes
- Board Member McCarthy - yes
- Board Member Baker – yes

Bear Valley Community Healthcare District
Construction Projects 2019

Department / Project	Details	Vendor and all associated costs	Comments	Date Complete
Respiratory Therapy	Painted, installed curtains	Engineering	In Progress	
Pyxis Replacement	Pyxis equipment is in place and seismic anchors will be installed soon.	Facilities	Nearly complete, waiting for Pyxis to send last mount that was not recivied during original delivery.	
SNF TV Project	Facilities is installing the necessary cabiling	Facilities	In Progress	
Hospital- Medical Air Compressor	Compressors is failing and no longer meets code requirments	FS Medical	Completed	
OR- Remodel & Electrical Repairs	Replace flooring, repair walls & replace LIM's	N/A	In Progress, prepared paperwork with legal and waiting for a response	
CT	CT Auto Opener disable device installation	Ludeke Electric	In Progress	

Bear Valley Community Healthcare District
Potential Equipment Requirements

Department / Project	Details	Vendor and all associated costs	Comments	Date Complete
Facilities- New Work Truck	Purchase a new truck for the department. Our current truck has numerous issues and it is time for a replacement	Victorville Motors, Mark Christopher Chevrolet, Redlands Ford	New truck & plow purchased, plow being installed should be ready 11/27/19	

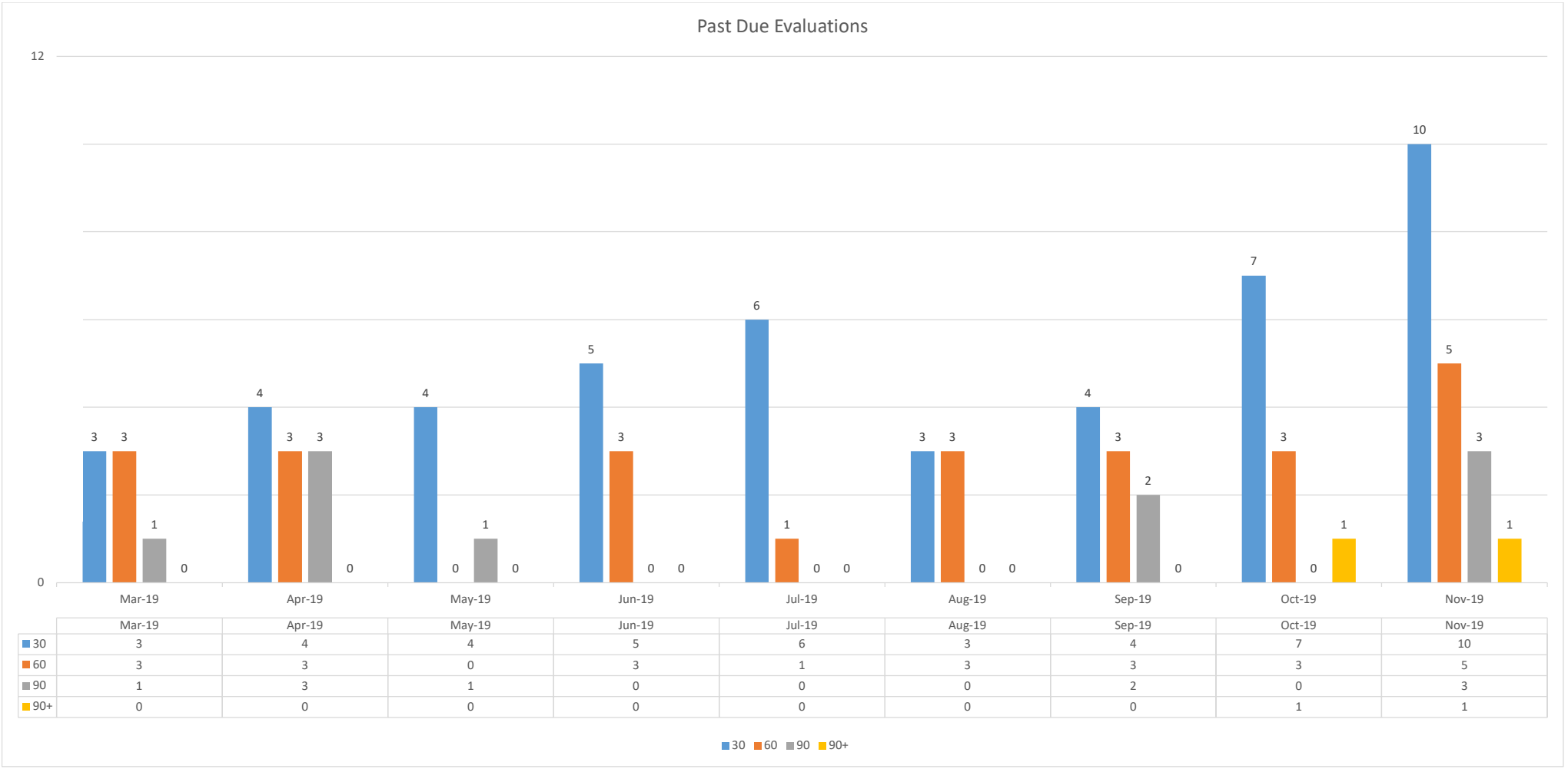
Bear Valley Community Healthcare District
Repairs Maintenance

Department / Project	Details	Vendor and all associated costs	Comments	Date Complete
Dietary	Replaced broken tiles and replaced all the lights bulbs	Engineering	Completed	
Backflow Inspections	Annual inspections	Martin Fire & Backflow	Completed	
ER/ MPR Remodel	Remodeled the entire space, including flooring, painting, and removing the old mechanical files	Engineering	Completed	
RHC/Plumbing	Repaired the clogged line	Engineering	Completed	

HR Committee/Board Report

November 2019

Staffing	**Active:** 213 – FT: 142 PT: 12 PD: 59 **New Hires:** 3 **Terms:** 2 (2 Voluntary 0 Involuntary) **Open Positions:** 11 **Recruiting for:** Dietician – in process
Employee Performance Evaluations	**DELINQUENT: See attachment** 30 days: 10 60 days: 5 90 days: 3 90+ days: 1 – Mom and Dad Project **See Attachment**
Work Comp	**NEW CLAIMS: 0** **OPEN:** 6 Indemnity (Wage Replacement, attempts to make the employee financially whole) - 4 Future Medical Care – 1 Medical Only – 1
Employee File Audit	**FILE AUDIT:** One file missing signed job description One license expired, employee taken off schedule
2020 Benefit Review	Review ambulance coverage
Employee Events	Christmas party – December 14th



	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19
30	3	4	4	5	6	3	4	7	10
60	3	3	0	3	1	3	3	3	5
90	1	3	1	0	0	0	2	0	3
90+	0	0	0	0	0	0	0	1	1

Infection Prevention Monthly Report

November 2019

TOPIC	UPDATE	ACTION/FOLLOW UP
1. Regulatory	▪ Continue to receive updates from APIC. ▪ AFL (All Facility Letters) from CDPH have been reviewed. ▪ Continue NHSN surveillance reporting. • 1 Superficial Surgical Site Infection – not reportable to NHSN (is not one of the types of surgery where SSI is mandatory to report). ▪ Completion of CMR reports to Public Health per Title 17 and CDPH regulations. • October – No reportable illnesses • November – No reportable illnesses	▪ Review ICP regulations. ▪ AFL to be reviewed at Infection Control Committee and Regulatory committee. ▪ Continue Monthly Reporting Plan submissions.
2. Construction	▪ ICRA for paint in Respiratory Therapy ▪ One outstanding ICRA Permit for installing new mounts and TVs in the SNF.	▪ Work with Maintenance and contractors to ensure compliance.
3. QI	▪ Continue to work towards increased compliance with Hand Hygiene o 83% for October	• Continue monitoring hand hygiene compliance.
4. Outbreaks/ Surveillance	▪ 1 MRSA wound case for November in ED patient ▪ 1 C-diff case in November in an ED patient	▪ Informational

5. Policy Updates	• None this past month	▪ Clinical Policy and Procedure Committee to review and update Infection Prevention policies.
6. Safety/Product	• Continue working with EVS to obtain competencies and improve compliance with OR Cleaning through checklists and surveillance.	▪ Continue to monitor compliance with infection control practices.
7. Antibiotic Stewardship	▪ Pharmacist continues to monitor antibiotic usage.	▪ Informational.
8. Education	▪ ICP continues to attend the APIC meetings in Ontario when possible.	▪ ICP to share information at appropriate committees.
9. Informational	Statistics on Immediate Use Steam Sterilization will now be included with the monthly surgery stats and reported to P&T Committee monthly. ▪ October - 0 IUSS used out of 10 cases ▪ November – 0 IUSS used out of 11 cases Culture Follow-Up ▪ IP oversees culture follow-up process carried out by clinical managers. ▪ Statistics are presented at P&T monthly. ▪ For September, the average was 3.45 days to resolution with 11 patients needing follow up, and 2 patients needing a change in their prescription. Official Flu Season • November 1st was the official start of the flu season. Those who have not received a flu vaccine must wear a disposable mask, at all times, in areas where patients	▪ Informational

	may be present, except while eating. • CMS survey in SNF completed with no findings regarding infection control.	
Heather Loose, BSN, RN	*Infection Preventionist*	*Date: December 3, 2019*

Department	Title	Summary
Risk Management	Abuse - Mandatory Reporting Requirements	Annual review. Formatted. Updated links to download forms, updated phone numbers.
Risk Management	Adverse Event Response and Investigation	Annual review. No changes.
Risk Management	Against Medical Advice	Annual review. Formatted.
Risk Management	Communication After a Harm Event	Annual review. No changes.
Risk Management	Consents	Annual review. Formatted.
Risk Management	EMTALA Guidelines	Annual review. No changes.
Risk Management	Loitering	Annual review. Formatted.
Risk Management	Medical Device-Related Incidents Reporting	Annual review. No changes.
Risk Management	Patient Complaint and Grievance	Annual review. Formatted.
Risk Management	Photography, Videotaping and/or Audiotaping	Annual review. Formatted.
Risk Management	Risk Management Plan	Annual review. Formatted.
Risk Management	Risk/Quality Committee	Annual review. Formatted.
Risk Management	Root Cause Analysis (RCA)	Annual review. No changes.
Risk Management	Serious Reportable Adverse Events	Annual review. No changes.
Risk Management	Service Animals	Annual review. Formatted.
Risk Management	Variance Report	Annual review. No changes.
Infection Control	Airborne Infectious Isolation Room (AIIR)/Negative Pressure Room	Annual review. Formatted.
Infection Control	Bloodborne Pathogen Exposure Control Program	Annual review. Formatted.
Infection Control	Communicable Disease Reportable Conditions	Annual review. Formatted.
Infection Control	Construction and Renovation Infection Control Risk Assessment and Permit (ICRA)	Annual review. Formatted.
Infection Control	Disposal of Items Contaminated with Blood and Body Fluids	Annual review. Formatted.
Infection Control	Environmental Sampling	Annual review. Formatted.
Infection Control	Exposure to Infectious Diseases (IC)	Annual review. Formatted.
Infection Control	Hand Hygiene	Annual review. Formatted.
Infection Control	HWC Masking During Flu Season	Annual review. Revised verbiage to reflect current process.
Infection Control	Infection Control Authority Statement	Annual review. Formatted.
Infection Control	Infection Prevention Program	Annual review. Formatted.
Infection Control	Influenza Outbreak Control Plan for the Skilled Nursing Unit	Annual review. Revised to reflect current process.
Infection Control	Outbreak Investigation Protocol	Annual review. Formatted.
Infection Control	Personal Protective Equipment (PPE)	Annual review. Formatted.
Infection Control	Procedure for Handling Bodies with a Known or Suspect Communicable Disease	Annual review. Formatted.
Infection Control	Procedure for Maintenance Working in Isolation Room	Annual review. Formatted.
Infection Control	Resident Immunization for Pneumococcal Disease	Annual review. Formatted.
Infection Control	Respiratory Etiquette	Annual review. Formatted.
Infection Control	Safe Injection Practices	Annual review. Formatted.
Infection Control	Scabies Prevention - SNF	Annual review. Formatted.
Infection Control	Sharps Safety	Annual review. Formatted.
Infection Control	Transmission-Based Precautions	Annual review. Formatted.
Infection Control	Transporting the Infected Patient	Annual review. Formatted.
Infection Control	Vaccination Administration	Annual review. Formatted.
Anesthesia	Anesthesia Responsibilities	Annual review. Formatted.
Anesthesia	ASA Classification System	Annual review. Formatted.

Anesthesia	Documentation Required for a Surgical Case	Annual review. Revised to reflect current process. Formatted.
Anesthesia	GlideScope	Annual review. Formatted.
Anesthesia	Governer Arnold Schwarzenegger Option To Exempt CRNAs From Physician Supervision	Annual review. No changes.
Anesthesia	Infection Control - Anesthesia	Annual review. Revised to reflect current process. Formatted.
Anesthesia	Management of Patient with Malignant Hyperthermia (MH)	Annual review. Formatted.
Laboratory	Transfusions Reactions	Annual review. Revised to reflect current process. Formatted. Attached forms: BVCHD BB Investigation Form, LifeStream Serious Adverse Events Rep Form, LifeStream Report of Suspected Trans.-Acqd. Infection.
Laboratory	Quality Assurance	Annual review. Formatted and revised to reflect current process.
Laboratory	Reference Laboratory	Annual review. Formatted and revised to reflect current process.
Laboratory	STAT Testing at BVCHD	Annual review. Formatted and revised to reflect current process.
Laboratory	Temperature Monitoring	Annual review. Formatted and revised to reflect current process.

BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT
PLANNING & FACILITIES COMMITTEE
MEETING MINUTES
JUNE 05, 2019

MEMBERS PRESENT:	Rob Robbins, Secretary Peter Boss, President John Friel, CEO	Shelly Egerer, Exec. Assistant Michael Mursick, Plant Manager
STAFF:	Garth Hamblin	Kerri Jex
ABSENT:	None	
COMMUNITY MEMBERS:	None	

OPEN SESSION

1. **CALL TO ORDER**
   Board Member Robbins called the meeting to order at 12:00 p.m.

2. **ROLL CALL**
   Rob Robbins and Peter Boss, MD were present. Also present were John Friel, CEO, Michael Mursick, Plant Manager and Shelly Egerer, Executive Assistant.

3. **ADOPTION OF AGENDA***
   Board Member Robbins motioned to adopt the June 05, 2019 Planning & Facilities Committee Meeting Agenda as presented. Second by President Boss to adopt the June 05, 2019 Planning & Facilities Committee Meeting Agenda as presented. Board Member Robbins called for the vote. A vote in favor of the motion was unanimously approved.
   - Board Member Robbins- yes
   - President Boss - yes

CLOSED SESSION

1. **PUBLIC FORUM FOR CLOSED SESSION**
   Board Member Robbins opened the Hearing Section for Public Comment on Closed Session items at 12:00 p.m. Hearing no request to address the Planning & Facilities Committee, Board Member Robbins closed the Hearing Section at 12:01 p.m.

2. **ADJOURN TO CLOSED SESSION***
   Board Member Robbins motioned to adjourn to Closed Session at 12:01 p.m. Second by President Boss to adjourn to Closed Session. Board Member Robbins called for the vote. A vote in favor of the motion was unanimously approved.
   - Board Member Robbins- yes
   - President Boss- yes

OPEN SESSION

1. **CALL TO ORDER:**
   Board Member Robbins called the meeting to order at 12:55 p.m.

2. **RESULTS OF CLOSED SESSION:**
   Board Member Robbins stated there was no reportable action taken in Closed Session.

3. **PUBLIC FORUM FOR OPEN SESSION:**
   Board Member Robbins opened the Hearing Section for Public Comment on Open Session items at 12:55 p.m. Hearing no request to address the Planning & Facilities Committee, Board Member Robbins closed the Hearing Section at 12:55 p.m.

4. **DIRECTOR'S COMMENTS:**
   - None

5. **APPROVAL OF MINUTES:**
   A. April 03, 2019

   Board Member Robbins motioned to approve the April 03, 2019 Planning & Facilities Committee Meeting Minutes as presented. Second by President Boss to approve the April 03, 2019 Planning & Facilities Committee Meeting Minutes as presented. Board Member Robbins called for a vote. A vote in favor of the motion was unanimously approved.
   - Board Member Robbins- yes
   - President Boss - yes

6. **OLD BUSINESS***
   - None

7. **NEW BUSINESS***
   A. Discussion and Potential Recommendation to the Board of Directors the Agiliti Service Agreement:
   - Board Member Robbins stated the agreement was discussed in Closed Session and asked that questions/follow up be provided to the full Board.

   Board Member Robbins motioned to recommend to the Board of Directors the Agiliti Agreement with clarification on questions/follow up as requested by the committee members. Second by President Boss to recommend to the Board of Directors the Agiliti Agreement with clarification on questions/follow up as requested by the committee members. Board Member Robbins called for a vote. A vote in favor of the motion was unanimously approved.
   - Board Member Robbins- yes
   - President Boss - yes

B. Discussion and Update on the Following Items:

(1) Community Health Needs Assessment:

- Mr. Friel reported that nonprofit hospitals are required to complete the Community Health Needs Assessment every three years. QHR is working with the District to complete the assessment.
  - Administration spent approximately 2 ½ hours reviewing the draft assessment. The assessment will be completed and brought to the full Board in August.
  - OSHPD data is also reviewed to complete the process in the assessment.
  - 26 community members were asked to participate in the survey.

(2) Self Insurance Project:

- Mr. Hamblin reported the following information:
  - QHR is reaching out for feedback with self-insurance.

C. Discussion and Potential Approval of Changing the Frequency of the Planning & Facilities Committee Meeting Schedule:

- Mr. Friel reported that we are not meeting on a monthly basis and asked if the committee members would like to move the meetings quarterly until we begin the retrofit and that we can also schedule Special Planning Meetings as needed.
- The committee members discussed moving the meetings to quarterly and will change the meetings back to monthly when needed.
- Mr. Friel stated that the next meeting would be scheduled in September.

Board Member Robbins motioned to move the Planning & Facilities Committee Meeting to quarterly basis. Second by President Boss to move the Planning & Facilities Committee Meeting to quarterly basis. Board Member Robbins called for a vote. A vote in favor of the motion was unanimously approved.

- Board Member Robbins- yes
- President Boss - yes

8. PLANNING & FACILITIES*

A. Construction Project (s)

- Skilled Nursing Facility Tub Room Remodel
  - Mr. Mursick, reported they have received 3 proposal's
  - Green board needs to be replaced.
  - Carpeteria was the best bid.

- **Operating Room Renovations:**
  - Mr. Mursick reported the project will go out for public bid.
    - Project will cost approximately $100,000.
    - Meeting with staff to ensure all bases are covered and communicate about the project.

  - Mr. Mursick also reported that the Dietary Department drains are having problems, will need to add new pipes and drains.

Board Member Robbins motioned to approve the Planning & Facilities Report as presented. Second by President Boss to approve the Planning & Facilities Report as presented. Board Member Robbins called for a vote. A vote in favor of the motion was unanimously approved.

- Board Member Robbins- yes
- President Boss - yes

9. ADJOURNMENT*

President Boss motioned to adjourn the meeting at 1:17 p.m. Second by Board Member Robbins to adjourn the meeting. Board Member Robbins called for a vote. A vote in favor of the motion was unanimously approved.

- Board Member Robbins- yes
- President Boss - yes

BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT
BOARD OF DIRECTORS
SPECIAL FINANCE COMMITTEE MEETING MINUTES
41870 Garstin Drive, Big Bear Lake, CA 92315
October 01, 2019

MEMBERS PRESENT:	Donna Nicely, Treasurer Peter Boss, M.D., President John Friel, CEO	Garth Hamblin, CFO Shelly Egerer, Exec. Asst.
STAFF:	Kerri Jex	Mary Norman
COMMUNITY MEMBERS:		
ABSENT:	None	

OPEN SESSION

1. **CALL TO ORDER:**
   Board Member Nicely called the meeting to order at 1:00 p.m.

2. **ROLL CALL:**
   Donna Nicely and Peter Boss, M.D. were present. Also present were John Friel, CEO, Garth Hamblin, CFO and Shelly Egerer, Executive Assistant.

3. **ADOPTION OF AGENDA:**
   Board Member Nicely motioned to adopt the October 01, 2019 Finance Committee Meeting Agenda as presented. Second by President Boss to adopt the October 01, 2019 Finance Committee Meeting Agenda as presented. Board Member Nicely called for a vote. A vote in favor of the motion was unanimously approved.
   - Board Member Nicely- yes
   - President Boss- yes

CLOSED SESSION

1. **PUBLIC FORUM FOR CLOSED SESSION:**
   Board Member Nicely opened the Hearing Section for Public Comment on Closed Session items at 1:00 p.m. Hearing no request to address the Finance Committee, Board Member Nicely closed the Hearing Section at 1:00 p.m.

2. **ADJOURN TO CLOSED SESSION:**
   Board Member Nicely motioned to adjourn to Closed Session at 1:01 p.m. Second by President Boss to adjourn to Closed Session at 1:01 p.m. Board Member Nicely called for a vote. A vote in favor of the motion was unanimously approved.
   - Board Member Nicely- yes
   - President Boss- yes

OPEN SESSION

1. **CALL TO ORDER:**
   Board Member Nicely called the meeting to order at 1:30 p.m.

2. **RESULTS OF CLOSED SESSION:**
   Board Member Nicely stated there was no reportable action from Closed Session.

3. **PUBLIC FORUM FOR OPEN SESSION:**
   Board Member Nicely opened the Hearing Section for Public Comment on Open Session items at 1:30 p.m. Hearing no request to address the Finance Committee, Board Member Nicely closed the Hearing Section at 1:30 p.m.

4. **DIRECTOR'S COMMENTS:**
   - None

5. **APPROVAL OF MINUTES:**
   A. September 04, 2019

   Board Member Nicely motioned to approve September 04, 2019 minutes as presented. Second by President Boss to approve the September 04, 2019 minutes as presented. Board Member Nicely called for a vote. A vote in favor of the motion was unanimously approved.
   - Board Member Nicely- yes
   - President Boss- yes

6. **OLD BUSINESS:**
   - None

7. **NEW BUSINESS***
   - None

8. **PRESENTATION AND REVIEW OF FINACIAL STATEMENTS***
   A. August 2019 Finances:
   - Mr. Hamblin reported the following information:
     - Cash on hand $3,178,068
     - Total patient revenue was under budget by 2.3%
     - Surplus of the first 2 months of the year is over $700,000
     - Swing days are close to budget
     - SNF days are increasing
       - SNF residents are at 16
     - ER visits are under budget
     - Surplus $538,000
     - Operating expenses are 1% lower than budget
     - Dental visits have increased
     - Continue to discuss FTE with managers
       - Will provide an update to the committee next month

B. CFO Report:

- Mr. Hamblin reported the following information:
  - Capital Expenditures:
    - Most items that have been added are items that were discussed last month
    - SNF tile completed
    - Nutonics server replacement
    - Chiropractic bed is on site
    - Laboratory items are in process

- Discussion took place in regards to the Capital Budget Expenditure list and that mangers are following up on the items listed to ensure they are purchased and if not then confirm that the requested item can be removed from the list if they no longer need the items listed.
- Board Member Nicely once again stated that the items on the list need to be completed and would like staff to complete their projects.

  - Grant Writer Status Report:
    - Applications have been filed and several have been submitted and in pending status
    - Thirty-day extension has been executed effective 10/1/19
    - HRSA Grant response time to applications is lengthy
    - MAT is a $50,000 grant we received
    - Private foundations are being sent letters
    - Identifying grants that are available

- Discussion took place regarding the need for a grant writer and the status of an agreement. The current agreement expired on 9/30/19. Board Member Nicely stated that the cost of the position and the grants we have received are not supporting the need of a grant writer and that the staff is completing the applications and providing them to Fundamental Concept who then submits the completed application and did no work. Board Member Nicely stated that she will not support the renewal of an agreement and asked that Administration consider training a current employee to take this job duty over. Board Member Boss stated that a month to month agreement might meet the needs of the Hospital. The Finance Committee asked that this item be on the October Board Meeting Agenda for discussion.

  - BVCHD Employee Health Insurance / Clinic:
    - 31 have selected PPO plans out of a 130 employees
    - 8 employees who do not take benefits through the District

  - Managed Care Review:
    - Working with QHR to obtain information on our current agreements
    - Will be in contact with Andy Werking
    - Each service line will be reviewed
    - This will take a few months to review

  - TruBridge AR:
    - AR days gross decreased 59.6
    - Net days 43.5
    - Average of 54 days and a benchmark of 45

- Payor mix drives the target for each Hospital
- Benchmark of 60 gross days was target
- Pulled data from QHR
- Comp size gross days of 138.4 to 38.2

- Board Member Nicely stated that she would like to have the department policies and procedures from Patient Financial Services, IT Department, Accounting Department and HIM Department. These policies need to be updated and sent to the appropriate committees and the Board of Directors for potential approval.

Board Member Nicely motioned to approve the August 2019 Finance Report and CFO Report as presented. Second by Board Member Boss to approve the August 2019 Finance Report and CFO Report as presented. Board Member Nicely called for a vote. **A vote in favor of the motion was unanimously approved.**

- Board Member Nicely- yes
- President Boss- yes

9. ADJOURNMENT*

Board Member Nicely motioned to adjourn the meeting at 2:03 p.m. Second by President Boss to adjourn the meeting. Board Member Nicely called for a vote. **A vote in favor of the motion was unanimously approved.**

- Board Member Nicely- yes
- President Boss- yes

CHIEF OF STAFF AGREEMENT
BETWEEN
BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT
AND
STEVEN KNAPIK, D.O.

THIS AGREEMENT for CHIEF OF STAFF SERVICES ("Agreement") is made and entered into as of the 1st day of January 2020 by and between Bear Valley Community Healthcare District (a public entity), ("District") and Steven Knapik, D.O. ("Physician").

RECITALS

WHEREAS, the District is the owner and operator of an acute care hospital with a distinct part skilled nursing facility, located in Big Bear Lake, California ("Hospital").

WHEREAS, Physician is licensed by the Osteopathic Board of California to practice medicine and is a Member in good standing on the Hospital's Active Medical Staff.

WHEREAS, pursuant to Physician's election by Hospital's Medical Staff to the position of Chief of Staff, the District wishes to enter into an agreement with Physician to detail Physician's duties and responsibilities as Hospital's Chief of Staff and Physician desires to so enter into this agreement.

AGREEMENTS

SECTION I. RESPONSIBILITIES OF PHYSICIAN.

A. Physician shall be and remain: (note: Medical Staff Bylaws Section 8.3)

1. Duly licensed and qualified to practice medicine in the State of California, County of San Bernardino;
2. A member in good standing on the Hospital's Active Medical Staff, with all privileges necessary to undertake the services contemplated by this agreement;
3. Shall serve a three (3) year term or until a successor is chosen, unless the Chief of Staff shall sooner resign or be removed from office or lose medical staff membership or clinical privileges.

The parties acknowledge that Physician may be absent from time to time for good reason, such as attendance at medical practice continuing education. During these periods of absence, the Vice Chief of Staff shall assume all duties and authority of the Chief of Staff in the absence of Physician.

B. The Chief of Staff shall serve as the Chief Officer of the Medical Staff. The duties of the chief of staff include, but not limited to: **(note: Medical Staff Bylaws Section 8.2-1)**

1. Enforcing the Medical Staff Bylaws and Rules and Regulations, implementing sanctions where indicated, and promoting compliance with procedural safeguards where corrective action has been requested or initiated;
2. Calling, presiding at, and being responsible for the agenda of all meetings of the Medical Staff;

3. Serving as chair of the medical executive committee and calling, presiding at, and being responsible for the agenda of all meetings thereof;
4. Serving as ex-officio member of all other staff committees without vote, unless chief of staff membership on a particular committee is required by the Medical Staff Bylaws;
5. Interacting with the Chief Executive Officer and Board of Directors in all matters of mutual concern within the hospital;
6. Appointing, in consultation with the Medical Executive Committee, committee members for all Standing Committees other than the Medical Executive Committee and all special medical staff, liaison, or multi-disciplinary committees, except where otherwise provided by the Medical Staff Bylaws and, except where otherwise indicated, designating the chair of these committees;
7. Representing the views and policies of the Medical Staff to the Board of Directors and to the Chief Executive Officer;
8. Being a spokesperson for the Medical Staff to the Board of Directors;
9. Performing such other functions as may be assigned to the Chief of Staff by the Medical Staff Bylaws, or by the Medical Executive Committee; and
10. Serving on liaison committees with the Board of Directors and Administration, as well as outside licensing or accreditation agencies.

C. The Chief of Staff shall have the authority: (note: Medical Staff Bylaws, Section 8.2-1-A)

1. To summarily suspend medical staff members, pursuant to Medical Staff Bylaws section 6.7;
2. To initiate appropriate corrective disciplinary action;
3. To require consultations whenever, in his discretion, he deems it necessary;
4. To contact hospital or medical staff legal counsel, through district/hospital administration, for assistance or guidance; and
5. To take whatever action is reasonably necessary to the effective performance of his duties.

D. The Chief of Staff shall attend a minimum of 75% of Medical Staff meetings per year. The Chief of Staff shall also be entitled to attend and participate in discussion at board meetings, subject to the requirements of the Government Code and other applicable law concerning closed session meetings **(note: BVCHD Bylaws Article IV, Section 8).** Board meeting attendance will be required at 75%.

E. Insurance.

1. Hospital. District shall purchase insurance against liability arising from Physician's performance of Director services within the course and scope of the directorship duties as stated in this Agreement.

2. Professional Liability. Physician shall, at his expense, obtain Claims Made Professional Liability Insurance covering all professional services rendered in Hospital by Physician. The minimum liability protection shall be one million dollars ($1,000,000) per individual claim and three million dollars ($3,000,000) in aggregate claims and shall provide the same amount of tail insurance coverage

upon termination of this Agreement. The Physician shall notify District, in writing, of any change of coverage at least thirty (30) days prior to the occurrence of any policy changes. Physician will provide District with evidence of coverage as stated above, showing professional liability coverage. All professional liability coverage must meet the requirements of the Medical Staff and Medical Staff Bylaws.

F. **Access to Books and Records.** Upon written request of the Secretary of Health and Human Services for the Comptroller General or any of their duly authorized representatives, the Contractor shall make available to the Secretary those contracts, books, documents, and records necessary to verify the nature and extent of the cost providing his services. If Contractor carried out any of the duties of the Agreement through a subcontract with a value of $10,000 or more over a twelve (12) month period with a related individual or organization, Contractor agrees to include this requirement in any such subcontract. This section is included pursuant to and is covered by the requirements of Public Law 96-499, (S 952)(v)(1) of the Social Security Act and regulations promulgated thereunder.

G. **Reports and Records.** Physician shall, in accordance with District and Medical Staff policies, cause to be promptly prepared and filed with appropriate physicians, and the Hospital's medical records department, reports of all examinations, procedures, and other professional services performed by physician and shall maintain an accurate and complete file within the Department, or other location approved by the District, of all such reports and supporting documents. The ownership and right of control of all reports, records, and supporting documents prepared in connection with the Department belong to the District; provided that Physician shall have access to such reports, records, and supporting documents as authorized by District policies and the law of the State of California.

H. **Use of Premises.** Physician shall neither use nor permit anyone employed, retained, or otherwise associated with Physician to use any part of the Department or Hospital for any purpose other than the performance of services under this Agreement.

SECTION II. RESPONSIBILITIES OF THE DISTRICT

A. **Operational Requirements.** The District shall provide the facilities, equipment, utilities, janitorial, laundry, and other support supplies and services that are reasonably necessary for Physician to serve under this Agreement.

B. **Personnel.** The District shall provide the nursing, technical, administrative, clerical and other support personnel that are reasonably necessary for Physician to serve under this Agreement.

SECTION III. REPRESENTATIONS AND WARRANTIES

Physician represents and warrants to District, upon execution and throughout the term of this Agreement as follows:

A. Physician is not bound by any agreement or arrangement which would preclude Physician from entering into, or from fully performing the services required under this Agreement;

B. Physician's license to practice medicine in the State of California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction;

C. Physician's medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way;

D. Physician shall perform the services required hereunder in accordance with: (1) all applicable federal, state, and local laws, rules and regulations; (2) all applicable standards of care of the Joint Commission on Accreditation of Healthcare Organizations, California State Title 22, the Department of Health and Human Services or other relevant accrediting organizations; and (3) all applicable Bylaws, Rules and Regulations of Hospital and it's Medical Staff;

E. Physician has not in the past conducted and is not presently conducting, Physician's medical practice in such a manner as to cause Physician to be suspended, excluded, barred or sanctioned under the Medicare or MediCal Programs or any government licensing agency, and has never been convicted of an offense related to health care, or listed by a federal agency as debarred, excluded or otherwise ineligible for federal program participation; and

F. Physician has, and shall maintain throughout the term of this Agreement, an unrestricted license to practice medicine in the State of California and staff membership privileges at Hospital.

SECTION IV. COMPENSATION.

A. Amount of Fees. Physician fees shall be compatible to, and shall be in accordance with reasonable and customary fees for similar services.

B. Payment to Physician. At the end of each month physician shall submit to the District a completed and signed Director Monthly Administrative Services Log (Exhibit A). Upon receipt of completed and signed log, District shall pay Physician monthly the sum of $1,000.00 (one thousand hundred dollars) for services under this agreement. The District shall remit payments to Physician at intervals of time as established by the District accounting department.

SECTION V. COMPLIANCE.

A. Hospital is committed to compliance with all billing and claims submission, fraud and abuse and regulations. Chief of Staff will comply with hospital's Compliance Plan and all laws and regulations.

SECTION VI. INDEPENDENT CONTRACTOR.

In performing the services herein specified, Physician is acting as an independent contractor, and shall not be considered an employee of the District. In no event shall this Agreement be construed as establishing a partnership or joint venture or similar relationship between the parties hereto,

and nothing herein contained shall be construed to authorize either party to act as agent for the other. Physician shall be liable for Physician's own debts, obligations, acts and omissions, including the payment of all withholding, social security and other taxes and benefits. As an independent contractor, Physician is responsible for filing such tax returns and paying such self-employment taxes as may be required by law or regulations.

SECTION VII. TERM.

A. **This Agreement is effective for two (2) years**, from January 1, 2020 through December 31, 2021, unless Physician terminates this Agreement with at least sixty (60) days written notice to the other party. This Agreement is also subject to early termination as provided in this Agreement, including Section VIII below.

SECTION VIII. EARLY TERMINATION.

A. **District may terminate** this Agreement immediately upon written notice to Physician in the event that:

1. Physician's license to practice medicine is suspended, revoked, terminated, or otherwise restricted;
2. Physician's medical staff privileges at the Hospital are in any way suspended, revoked, or otherwise restricted;
3. Physician's failure to comply with the standards of the Bear Valley Community Healthcare District Compliance Program;
4. Physician is removed from office by the Medical Staff per the Medical Staff Bylaws **(note: Medical Staff Bylaws, Section 8.1-6)**;
5. Physician is unable to provide services under the terms of this Agreement due to a physical or mental disability, including substance abuse;
6. Physician is convicted of any criminal offense, regardless of whether such action arose out of Physician's provision of professional services;
7. Physician commits any act of fraud as determined by reasonable discretion of the Board whether related to the Physician's provision of professional services or otherwise.

B. **Either party** may terminate this Agreement for material default provided that the non-defaulting party shall give written notice of the claimed default, and the other party shall have thirty (30) days to correct such performance, failing which, this Agreement may thereafter be immediately terminated by the non-defaulting party.

C. **Effect of Termination**. In the event that this Agreement is terminated for any reason, Physician shall be entitled to receive only the amount of compensation earned prior to the date of termination.

D. **Termination Within First Twelve (12) Months**. If this Agreement is terminated, with or without cause, during the first twelve (12) months of the term, the parties shall not enter any new agreement or arrangement during the remainder of such twelve (12) month period.

SECTION IX. CONFIDENTIALITY.

Physician shall not disclose to any third party, except where permitted or required by law or where such disclosure is expressly approved by the patient in writing, any patient or medical record information regarding Hospital patients (including Family Health Center patients), and Physician shall comply with all federal and state laws and regulations,, and all rules, regulations, and policies of Hospital and its Medical Staff, regarding the confidentiality of such information from Hospital or Family Health Center patients receiving treatment of any kind, including treatment for alcohol and drug abuse. Physician is full bound by the provisions of the federal regulations governing Confidentiality of Alcohol and drug Abuse Patient Records as codified at 42 C.F.R. Chapter1, Part 2, enacted pursuant to 42 U.S.C. 290ee, and agrees to be separately bound by a Business Associate Agreement drafted pursuant to HIPAA as set forth in Public Law 104-191, as codified at 42 U.S.C. 1301 et seq.

SECTION X. ASSIGNMENT.

Physician shall not assign, sell, or otherwise transfer his Agreement or any interest in it without consent of District.

SECTION XI. NOTICES.

The notice required by this Agreement shall be effective if mailed, postage prepaid, as follows:

Hospital: John Friel, CEO
Bear Valley Community Healthcare District
P. O. Box 1649
Big Bear Lake, CA 92315

Physician: Steven Knapik, D.O.
P.O. Box 7007
Big Bear Lake, CA 92315

SECTION XII. PRE EXISTING AGREEMENT.

This Contract replaces and supersedes any and all prior arrangements or understandings by and between Hospital and Physician with regard to the subject matter hereof.

SECTION XIII. HOSPITAL NOT PRACTICING MEDICINE.

This Agreement shall in no way be construed to mean or suggest that Hospital is engaged in the practice of medicine.

SECTION XIV. ENTIRE AGREEMENT.

This Agreement constitutes the entire Agreement, both written and oral, between the parties, and all prior or contemporaneous agreements respecting the subject matter hereof, whether written or oral, express or implied, are suppressed. This Agreement may be modified only by written agreement signed by both of the parties.

SECTION XV. SEVERABILITY.

The non-enforceability, invalidity, or illegality of any provision to this Agreement shall not render the other provisions unenforceable, invalid or illegal.

SECTION XVI. GOVERNING LAW.

This Agreement shall be governed under the laws of the State of California. In the event of any dispute arising between the parties arising out of or related to this Agreement, the parties agree that such dispute shall be settled by binding arbitration, pursuant to the rules of the American Arbitration Association, San Bernardino County.

SECTION XVII. REFERRALS.

The parties acknowledge that none of the benefits granted Physician is conditioned on any requirement that Physician make referrals to, be in a position to make or influence referrals to, or otherwise generate business for Hospital. The parties further acknowledge that Physician is not restricted from establishing staff privileges at, referring any service to, or otherwise generating any business for any other facility of Physician's choosing.

SECTION XVIII. ANTI-HARASSMENT/DISCRIMINATION/RETALIATION

The parties are prohibited from engaging in any discriminatory, harassing, or retaliatory conduct, and Physican agrees to fully comply with all applicable local, state and federal anti-discrimination and employment-related regulations and laws.

SECTION XIX. HIPAA BUSINESS ASSOCIATE AGREEMENT.

The parties have concurrently with the execution of this Agreement, executed Exhibit B entitled HIPAA Business Associates Agreement, which Exhibit is attached hereto and incorporated herein by reference.

In Witness Whereof, the parties have executed this Agreement, if in multiple counterparts each shall be deemed an original, effective on the date first date written above.

Dated: _____ **By:** _____

Peter Boss, Board Chair
Bear Valley Community Healthcare District
P. O. Box 1649
Big Bear Lake, CA 92315

Dated: _____ **By:** _____

Steven Knapik, D.O.
P.O. Box 7007
Big Bear Lake, CA 92315

EXHIBIT A

PHYSICIAN DEPARTMENT DIRECTOR MONTHLY ADMINISTRATION SERVICES LOG

CHIEF OF MEDICAL STAFF

Month of: _____, 20__

Meeting Attendance:

- Medical Executive Committee Attendance _____ Yes _____ No
- Board Meetings Attendance: Business _____ Yes _____ No
  Finance _____ Yes _____ No
  Planning _____ Yes _____ No

Department Supervision/Administration:

	Hours	Comments
➢ Department Clinical Direction/Personnel Supervision	_____	
➢ Department Quality Improvement Activity	_____	
➢ Department Utilization Review	_____	
➢ Presentation/Participation Continuing Education Activity	_____	
➢ Other (Department policy/procedure development, equipment needs evaluation, risk management)	_____	
TOTAL Department Supervision/Administration Hours	_____	

_____ _____
Signature Date

_____ _____
CEO Date

BEAR VALLEY
COMMUNITY HEALTHCARE DISTRICT

Recommendation for Action

Date: 04 December 2019

To: Board of Directors

From: Garth M Hamblin, CFO

Re: Audited Financial Statements – Fiscal Year Ended June 30, 2019

Recommended Action

Accept and approve the Bear Valley Community Healthcare District Audited Financial Statements for the Fiscal Year ended June 30, 2019 (July 1, 2018, through June 30, 2019.)

Background

Attached are DRAFT Audited Financial Statements for FY 2019. The DRAFT watermark is on the audit report until approved by the board when final statements will be issued.

The Finance Committee is scheduled to review the AFS at their meeting on December 9, 2019.

Our auditor, Jerrell Tucker, is scheduled to attend the December 11, 2019, Board meeting to present Statements to the full board.

Report of Independent Auditors
And Financial Statements

BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

June 30, 2019 & 2018

JWT & Associates, LLP
Advisory Assurance Tax

BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

Audited Financial Statements

Table of Contents

JWT & Associates, LLP

Advisory Assurance Tax

1111 East Herndon, Suite 211, Fresno, California 93720
Voice: (559) 431-7708 Fax: (559) 431-7685

Report of Independent Auditors

The Board of Directors
Bear Valley Community Healthcare District
Big Bear Lake, California

Report on the Financial Statements

We have audited the accompanying financial statements of Bear Valley Community Healthcare District (the District) as of June 30, 2019 and 2018, which comprise the statements of net position as of June 30, 2019 and 2018, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and in accordance with the State Controller's Minimum Audit Requirements for Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District at June 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14 be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context We have applied certain limited procedures in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

JWT & Associates, LLP

Fresno, California
December 11, 2019

BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

Management's Discussion and Analysis

June 30, 2019

The administration of the Bear Valley Community Healthcare District (the District) prepared the following Management Discussion and Analysis of the financial performance of the District for the fiscal year ended June 30, 2019 (FYE 2019) to accompany the financial statements prepared in accordance with the Governmental Accounting Standards Board Statement Numbers 34, 37 and 38. This discussion and the associated schedules are intended to provide an analysis, explanation, and historical basis of comparison for the reporting of financial results of the District for FYE 2019. The audited financial statements included herewith have been prepared and submitted with an unmodified opinion from the District's independent auditor.

Overview of the Bear Valley Community Healthcare District and its Financial Statements

This annual financial report consists of the audited financial statements included herewith and the associated notes to those statements that describe the District's combined financial position and results of operations for the FYE 2019. The audited financial statements of the District include the statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows.

- The statement of net position includes all of the District's assets and liabilities, using the accrual basis of accounting, as well as any indication as to which assets are intended for use to fund future capital asset expenditures or otherwise designated as to use by board of director policy.
- The Statement of Revenues, Expenses, and Changes in Net Position present the results of operating and non-operating activities during the fiscal year and the associated incomes.
- The Statement of Cash Flows reports the net cash provided by operating activities, as well as other sources and uses of cash from investing, non-capital financing activities, and capital and related financing activities.

Financial Highlights

				Change	
	2019	2018	2017	2019	2018
Current assets	$ 5,963,589	$ 6,916,234	$ 7,427,624	$ (952,645)	$ (511,391)
Current liabilities	5,057,811	5,477,074	2,506,984	(419,263)	2,970,090
Investments	25,298,992	17,668,421	10,894,184	7,630,571	6,774,237
Capital assets, net of depreciation	8,644,372	8,515,004	7,634,783	129,368	880,221
Long term debt	2,860,000	2,895,000	2,930,000	(35,000)	(35,000)
Total net position	32,182,080	24,871,960	20,663,982	7,310,120	4,207,978
Excess of revenues over expenses	$ 7,310,120	$ 4,207,978	$ 4,412,856	$ 3,102,142	$ (204,878)

CURRENT ASSETS

Current assets are cash or other assets that could reasonably be expected to be converted into cash in one year. Current assets decreased by $952,645 from last year. Net Patient Receivables decreased by $1,298,648. Cash increased by $153,116. The table below also shows a significant increase in Investments.

Current Assets

				Change	
	2019	**2018**	**2017**	**2019**	**2018**
Current assets	**$ 5,963,589**	**$ 6,916,234**	**$ 7,427,624**	**$ (952,645)**	**$ (511,391)**
Cash	2,406,940	2,253,824	2,858,405	153,116	(604,581)
Net patient receivables	2,885,934	4,184,582	3,924,581	(1,298,648)	260,001
Other Assets	127,266	148,672	239,655	(21,406)	(90,983)
Assets whose use is limited	-	-	-	-	-
Inventory	136,982	129,318	212,805	7,664	(83,488)
Prepaid expenses	406,467	199,838	192,178	206,629	7,660
Investments	$ 25,298,992	$ 17,668,421	$ 11,038,559	$ 7,630,571	$ 6,629,862

Cash and Investments

The District maintains sufficient cash balances to pay its short-term liabilities. Excess funds are invested with the Local Agency Investment Fund (LAIF) or in interest bearing fully guaranteed certificates of deposit distributed among various financial institutions to ensure FDIC protection of principal amounts invested. LAIF is a voluntary fund created by statute in 1977 as an investment alternative for California's local governments and special districts.

During the year, our investments grew by $7,630,571 bringing the total to $25,298,992

For the year ending June 30, 2019, the District's cash and investments increased by $7,783,687. Total days cash on hand increased by from 311 to 421. See audited financial statements for additional information.

Cash and Investments

				Change	
	2019	**2018**	**2017**	**2019**	**2018**
Cash and cash equivalents	$ 2,406,940	$ 2,253,824	$ 2,858,405	$ 153,116	$ (604,581)
Assets whose use is limited	$ 144,375	$ 144,375	$ 144,375	-	-
Investments	25,298,992	17,668,421	10,894,184	7,630,571	6,774,237
Total cash and investments	$ 27,850,307	$ 20,066,620	$ 13,896,964	$ 7,783,687	$ 6,169,656
Days cash on hand	421	311	231	110	80

Net Patient Accounts Receivables

Net patient accounts receivables at June 30, 2019, as compared to June 30, 2018, were lower by $1,298,648. Management and staff continue to work with our Accounts Receivable Management company (outsourced Patient Financial Services / Billing functions) to reduce Accounts Receivable and Accounts Receivable Days.

				Change	
	2019	2018	2017	2019	2018
Net patient receivables	2,885,934	4,184,582	3,924,581	(1,298,648)	260,001

Inventory

				Change	
	2019	2018	2017	2019	2018
Inventory	$ 136,982	$ 129,318	$ 212,805	$ 7,664	$ (83,487)

The inventory at June 30, 2019 was slightly higher than the inventory at June 30, 2018.

CAPITAL ASSETS

Capital assets are long term assets such as buildings, improvements and equipment with a purchase cost of $5,000 or more and a useful life greater than one year. Items costing less than $5,000 are expensed as minor equipment. Capital assets, net of accumulated depreciation, increased $129,368 as of June 30, 2019, over the prior year balance.

Capital additions totaled $1,096,090 during FYE 2019. We have continued to closely monitor capital expenditures. Notable expenditures in FY 2019 included – replacement of outdated patient monitoring system; Emergency Department remodel (bathroom, flooring, cabinets, and countertops); replacement / update of servers for Health Information System; and purchase of land adjacent to our Rural Health Clinic.

Capital Assets

				Change	
	2019	2018	2017	2019	2018
Property and equipment	$ 23,219,802	$ 22,123,712	$ 20,351,193	$ 1,096,090	$ 1,772,519
Less: accumulated depreciation	(14,575,430)	(13,608,708)	(12,716,410)	(966,722)	(892,298)
	$ 8,644,372	$ 8,515,004	$ 7,634,783	$ 129,368	$ 880,221

CURRENT LIABILITIES

Current liabilities are short-term debts due in less than one year. At June 30, 2019, current liabilities decreased by $419,263. We had a significant decrease in the line item "Third- party payor settlements".

Current Liabilities

				Change	
	2019	**2018**	**2017**	**2019**	**2018**
Current Liabilities	**$ 5,057,811**	**$ 5,477,074**	**$ 2,506,984**	**$ (419,263)**	**$ 2,970,090**
Current portion of long term debt	35,000	35,000	35,000	-	-
Accounts payable	929,814	913,724	1,137,648	16,090	(223,924)
Unearned Income	-	-	-	-	-
Accrued compensation	781,905	758,370	684,799	23,535	73,571
Third-party payor settlements	3,311,092	3,769,980	649,537	(458,888)	3,120,443

Accounts Payable

Accounts payable increased by $16,090, only 1.8% from the FYE June 30, 2018 amount. Days in Accounts Payable increased only slightly (from 33.1 to 33.5) during the fiscal year.

Third-party settlements

The estimated third-party settlements are lower by $458,888 at June 30, 2019, as compared to the prior year-end. During the year we recorded settlements from prior year Cost Reports.

Both the Medicare and Medi-Cal program administrative procedures preclude final determination of amounts due to/from the District until the cost reports are audited and settled. Administration is of the opinion that no significant adverse adjustment to the recorded settlement amounts will be required upon final settlement.

PATIENT REVENUE AND DEDUCTIONS FROM REVENUE

Under antitrust statues, hospitals are required to charge all patients the same price for a given level of service. Accordingly, the District charges all patients uniformly based on its established charge description master (CDM) pricing structure for the services rendered. In addition, all California hospitals are required to annually file an electronic version of their CDM, also known as the "charge master", with the Office of Statewide Health Planning (OSHPD). The District complies with the OSHPD filing requirement; therefore, an electronic version of the CDM is available from the OSHPD website. As of January 2019, we complied with the requirement to post Charge Master on our Website.

BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

Management's Discussion and Analysis

June 30, 2019

Gross patient revenue for FYE 2019 increased over the previous fiscal year by $673,310 or 1.3%. Outpatient Revenue (which includes Emergency Department and Clinics) we saw a 2.4% increase. We experienced decreased revenue in both Inpatient and Skilled Nursing Facility.

Gross Patient Charges

				Change			
	2019	**2018**	**2017**	**2019**		**2018**	
Gross Patient Charges							
Inpatient	$ 1,818,132	$ 1,860,155	$ 2,636,880	$ (42,023)	-2.3%	$ (776,725)	-29.5%
Outpatient	49,011,430	47,845,388	43,815,116	1,166,042	2.4%	4,030,272	9.2%
Skilled Nursing Facility	2,581,707	3,032,416	2,987,451	(450,709)	-14.9%	44,965	1.5%
Total gross revenue	$ 53,411,269	$ 52,737,959	$ 49,439,447	$ 673,310	1.3%	$ 3,298,512	6.7%
Acute Inpatient Census Statistics							
Staffed beds 5							
Patient days	345	356	422	(11)	-3.1%	(66)	-15.6%
Days in the year	365	365	365	-	0.0%	-	0.0%
Average Daily Census	0.9	1.0	1.2	(0.0)	-3.1%	(0.2)	-15.6%
Discharges	124	139	134	(15)	-10.8%	5	3.7%
Average Length of Stay	2.8	2.6	3.1	0.2	7.7%	(0.5)	-16.1%
Swing Inpatient Census Statistics							
Staffed beds 5							
Patient days	185	210	433	(25)	-11.9%	(223)	-51.5%
Days in the year	365	365	365	-	0.0%	-	0.0%
Average Daily Census	0.5	0.6	1.2	(0.1)	-11.9%	(0.6)	-51.5%
Discharges	14	13	26	1	7.7%	(13)	-50.0%
Average Length of Stay	13.2	16.2	16.7	(3.0)	-18.5%	(0.5)	-3.0%
Skilled Nursing Facility Census Statistics							
Staffed beds 21							
Patient days	5,776	6,802	6,666	(1,026)	-15.1%	136	2.0%
Average Daily Census	15.8	18.6	18.3	(2.8)	-15.1%	0.4	2.0%
Discharges	13	12	13	1	8.3%	(1)	-7.7%
Emergency Department Visits	11,849	11,485	11,315	364	3.2%	170	1.5%
Clinic Visits	25,360	23,820	21,093	1,540	6.5%	2,727	12.9%

Deductions from Revenue

A contractual adjustment is the difference between gross charges and a contractually agreed-upon payment rate with third-party payors. Typically, third-party payors are 1) government programs such as Medicare and Medi-Cal; 2) Independent Practice Associations (IPA) such as Heritage Victor Valley Medical Group, which are often referred to as "gatekeeper physicians", and 3) other third-party payors or Preferred Provider Organizations (PPO) networks, which generally include insurance carriers such as Blue Cross, Blue Shield, Health Net, Aetna, etc.

Contractual adjustments are accrual-based on estimates derived from historical reimbursement experience using remittance advices by payor and by type of account (inpatient, outpatient, or clinic), adjusted for known exposures, such as payment denials, and are used to reduce the gross charges to the expected realizable value.

Contractual adjustments as a percentage of gross patient charges, excluding prior year third-party settlement adjustments, were 48.2% for FYE 2019 compared to 52.2% for FYE 2018.

FY 2014 was our first year as a Critical Access Hospital (CAH). We continue to review CAH status and impacts each year.

Additionally, deductions from revenue include other uncompensated care categories such as Charity Care, Administrative Adjustments, Patient Discounts (principally discounts offered to uninsured or private pay patients who do not qualify for financial assistance) and Employee Discounts. Effective January 1, 2007, the California State Assembly passed AB 774, which requires all hospitals in California to follow a specific state-mandated means testing process to determine if a patient qualifies for financial assistance. The charity care can range from a full write-off to a partial write-off of the patient's outstanding balance. Furthermore, OSHPD requires every hospital to file an electronic copy of its financial assistance policy. As of June 30, 2019, the District is in compliance with the financial assistance policy reporting requirement.

Total deductions from revenue, including the provision for bad debts, as a percent of gross patient revenue, was 46.0% for FYE 2019 versus 50.9% for FYE 2018.

	2019	2018	Change 2019
Deductions from Revenue			
Contractual adjustments	$ 25,734,533	$ 27,506,494	$ (1,771,961)
Prior year contractual allowances	(4,982,891)	(3,254,582)	$ (1,728,309)
Charity Care	179,223	100,789	$ 78,434
Administrative	188,157	323,093	$ (134,936)
Patient discount	154,752	132,221	$ 22,531
Employee discount	69,438	68,758	$ 680
Bad Debts	3,247,995	1,958,381	$ 1,289,614
	$ 24,591,206	$ 26,835,154	
Deductions from Revenue as a percent of gross revenue			
Contractual adjustments	48.2%	52.2%	-4.0%
Prior year contractual allowances	-9.3%	-6.2%	-3.2%
Charity Care	0.3%	0.2%	0.1%
Administrative	0.4%	0.6%	-0.3%
Patient discount	0.3%	0.3%	0.0%
Employee discount	0.1%	0.1%	0.0%
Bad Debts	6.1%	3.7%	2.4%
Total	46.0%	50.9%	-4.8%

Provision for Bad Debts / Allowance for Doubtful Accounts

The provision for bad debts or Allowance for Doubtful Accounts increased for FYE 2019, as compared to the previous fiscal year. As a percent of gross revenue, bad debts were 6.1% for the current fiscal in comparison to 3.7% for the prior year.

Allowance for Doubtful Accounts

	2019	2018	2017	Change 2019	Change 2018
Bad debt expense	$ 3,247,995	$ 1,958,381	$ 1,929,651	$ 1,289,614	$ 28,730
Bad debt expense as a percent of gross revenue	6.1%	3.7%	3.9%	2.4%	-0.2%

Net Patient Service Revenue

Net patient service revenue is the difference between gross patient charges and revenue deductions. For FYE June 30, 2019, net patient services revenues increased $2,917,258 or 11.3 higher than the previous fiscal year. Net patient revenue increased due to increases in volume in Outpatient (Emergency Room and Clinics revenues) along with the reductions that we experienced in Deductions from Revenue.

Net Patient Revenue

				Change	
	2019	**2018**	**2017**	**2019**	**2018**
Net patient service revenue	$ 28,820,063	$ 25,902,805	$ 23,963,785	$ 2,917,258	$ 1,939,020
				11.3%	8.1%

OPERATING EXPENSES

Total operating expenses in FYE 2019 were $25,123,685 as compared to $24,428,874 for FYE 2018 – an increase of 2.8%. Salaries, Wages, and Benefits (which comprised just over 55% of Total Operating Expenses) increased by 2.8%. We saw only a slight increase in Professional Fees, and a decrease in Purchased Services.

	2019		2018		2017		Change 2019	Change 2018
Salaries and wages	$ 10,501,241	41.8%	$ 9,777,302	40.0%	$ 9,168,859	40.5%	$ 723,939	$ 608,443
Employee benefits	3,518,511	14.0%	3,683,114	15.1%	3,568,108	15.8%	(164,603)	115,006
Total salaries and benefits	14,019,752	55.8%	13,460,416	55.1%	12,736,967	56.3%	559,336	723,449
Professional fees	2,090,419	8.3%	2,014,551	8.2%	1,832,258	8.1%	75,868	182,293
Purchased services	4,227,216	16.8%	4,286,052	17.5%	3,531,964	15.6%	(58,836)	754,088
Supplies	1,591,264	6.3%	1,649,154	6.8%	1,469,773	6.5%	(57,890)	179,381
Repairs and maintenance	354,161	1.3%	342,890	1.3%	314,833	1.3%	11,271	28,057
Utilities	526,387	2.1%	501,421	2.1%	533,430	2.4%	24,966	(32,009)
Rentals and leases	136,382	0.5%	270,708	1.1%	277,463	1.2%	(134,326)	(6,755)
Depreciation and amortization	966,722	3.8%	892,298	3.7%	619,591	2.7%	74,424	272,707
Insurance	341,365	1.4%	311,702	1.3%	300,352	1.3%	29,663	11,350
Other operating expenses	870,016	3.5%	699,682	2.9%	1,008,756	4.5%	170,334	(309,074)
Total Operating Expenses	$ 25,123,685	100%	$ 24,428,874	100%	$ 22,625,387	100%	$ 694,811	$ 1,803,487
							2.8%	8.0%

Supply Costs

Supply costs as a percentage of gross revenue decreased from 3.4% in FYE 2018 to 3.2% in FYE 2019. Management continues to work with our group purchasing organization (GPO), HealthTrust Purchasing Group (HPG) to identify opportunities for supply cost reductions.

	2019	2018	2017	Change 2019	Change 2018
Supply costs	$ 1,686,895	$ 1,769,781	$ 1,469,773	$ (82,886)	$ 300,008
Supply costs as a percent of gross revenue	3.2%	3.4%	3.0%	-0.2%	0.4%

FISCAL YEAR 2020 BUDGET AND ECONOMIC FACTORS

The District's Board of Directors approved the Budget for FYE ending June 30, 2020 (FY 2020) at a general board meeting. The financial plan for FYE 2020, compared to projected results during the budget process, included a 1.9% increase in Gross Revenue (but no increase in charges) and a 3.8% increase in Net Revenue. Operating Expense is budgeted to increase by 3.3%. The net result is a budgeted Surplus of $3,661,653.

Capital expenditure plans for FY 2020 include replacement and upgrade of some surgery equipment, Laboratory point of care testing equipment, replacement of some Respiratory Therapy equipment, new snow removal truck, and replacement of aging desktop computers.
Current and future favorable operations are helped by the continuation of a parcel tax assessed on property located in the Big Bear Valley area and an allocation of county tax revenue. During FYE 2019, the District received $2,459,050 in such tax revenue. The projected tax revenue for FYE 2020 is $2,423,000.

BUSINESS STRATEGIES

In May 2014, the District converted to Critical Access Hospital (CAH) status. Our Analysis after filing FYE 2018 Cost Report showed a favorable impact of $1,094,283 for the year from CAH status as compared to payments we would have received as a PPS (Prospective Payment System) Hospital. FY 2017 favorable impact was $1,199,103.

Revenue cycle management and cost containment strategies

Administration is continuing its efforts to improve the revenue cycle process by monitoring provider contract administration, accounts receivable through our Accounts Receivable Management agreement, and working with Management Company consultants.

Also, administration will continue to work to monitor and lower operating expenses as possible to improve the net operating margin.

Status of Regulatory Requirements

- The District is in compliance with applicable state and federal regulations.
- The facility was reclassified as SPC-2 under HAZUS to comply with Senate Bill (SB) 1953.

Administration is working to meet the SB 1953 deadline under NPC-3 performance levels that requires healthcare institutions to be in compliance by the year 2030. Accordingly, the objective is to identify the full extent of equipment and non-structural items that must meet NPC-3 anchorage requirement. Once a plan is established develop a timetable to ensure compliance with NPC-3 performance level as quickly as possible. We continue to focus on operations to improve cash flow to have funds to pay toward such a costly undertaking.

• On January 1, 2007, Assembly Bill (AB) 774 Charity Care and Discount Payment law was effective. The District implemented and updated its charity and discount payment policy to conform to the requirements of AB 774. Additionally, in 2008 all acute care hospitals were required to file electronically their Charity Care and Discount Payment Policy with OSHPD. The District is in compliance with OSHPD policy.
• Administration reviewed the charge description master (CDM), updated it as necessary, and as required filed the electronic CDM with OSHPD.
• The State of California had proposed a reduction in the Distinct-Part Skilled Nursing Facility (DP/SNF) reimbursement rate to 90% of the 2008-2009 level in AB 97, with a caveat to apply this reduction retroactively with a "clawback" demand for repayment. The Department of Health Care Services (DHCS) did announce in August 2013 that rural DP/SNFs would be exempted from this rate reduction. The clawback provision was eliminated during FYE 2016.

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

Beginning in 2002, the District began an effort to comply with the Health Insurance Portability and Accountability Act (HIPAA) enacted by the federal government. Required steps to comply with provisions of the Act have been put into place within the periods specified therein. Upgrades to our patient information system have already been installed to meet the security requirements. The information system infrastructure will continue to be reviewed throughout the stages of HIPAA enforcement to ensure continued compliance. The employees of the District continue to be educated in the privacy requirements of the Act. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations. Moreover, the state of California passed a law requiring additional state requirements regarding patient confidentiality. The District complies with the HIPAA and the new California law.

ELECTRONIC HEALTH RECORD (EHR)

In 2009, the American Recovery and Reinvestment Act (ARRA) was signed into law. The Health Information Technology Economic and Clinical Health (HITECH) Act is part of the ARRA. The HITECH Act created the Medicare and Medicaid (Medi-Cal in California) EHR incentive programs, which will provide incentive payments to eligible professionals and hospitals that adopt and demonstrate Meaningful Use (MU) of certified EHR technology. These incentives are considered to be of high strategic importance by virtually all healthcare organizations in the United States to further the federal government's goal of achieving health care reform and improvement of clinical outcomes for the population. The District implemented its electronic medical records system effective April 1, 2013 and attested that it has achieved MU as of October 2013. We continue to meet the requirements of MU.

ACCOUNTABLE CARE ACT (ACA)

The future of the ACA still seems to be uncertain. National election results and claims to revise or even repeal come on the heels of uncertainty of what will happen with the Healthcare Exchanges in light of likely high increase in premium cost and some carriers no longer being willing to offer coverage in certain locations. Congressional efforts to repeal or repair or replace the ACA have not been successful. Major healthcare reform could have a huge impact on California and Bear Valley Community Healthcare District.

Bear Valley Community Healthcare District

Statements of Net Position

June 30, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	$ 27,705,931	$ 19,066,727
Investments	-	855,518
Patient accounts receivable, net of allownaces	2,885,934	4,184,582
Other receivables and physician advances	177,302	149,632
Assets whose use is limited	144,375	144,375
Supplies	136,982	129,318
Prepaid expenses and deposits	404,994	198,879
Total current assets	31,455,518	24,729,031
Capital assets, net of accumulated depreciation	8,644,372	8,515,004
Total assets	$ 40,099,890	$ 33,244,035
Liabilities and Net Position		
Current liabilities		
Current portion of long-term debt	$ 40,000	$ 35,000
Accounts payable and accrued expenses	929,813	913,725
Accrued payroll and related liabilities	781,905	758,370
Third-party payor settlements	3,311,092	3,769,980
Total current liabilities	5,062,810	5,477,075
Long-term debt, less current portion	2,855,000	2,895,000
Total liabilities	7,917,810	8,372,075
Net position		
Invested in capital assets, net of related debt	5,749,372	5,585,004
Unrestricted	26,432,708	19,286,956
Total net position	32,182,080	24,871,960
Total liabilities and net position	$ 40,099,890	$ 33,244,035

See accompanying notes to the financial statements

Bear Valley Community Healthcare District

Statements of Revenues, Expenses and Changes in Net position

For The Years Ended June 30, 2019 and 2018

	2019	2018
Operating revenues		
Net patient service revenue	$ 28,820,063	$ 25,902,806
Other operating revenue	2,113,456	2,332,109
Total operating revenues	30,933,519	28,234,915
Operating expenses		
Salaries & wages	11,556,253	10,737,894
Employee benefits	2,463,498	2,722,522
Professional Fees	2,267,800	2,155,360
Purchased services	4,102,377	4,170,602
Supplies	1,686,895	1,736,781
Repairs & maintenance	354,161	342,890
Utilities	579,035	545,065
Rentals and leases	136,381	270,708
Depreciation & amortization	966,722	892,298
Insurance	341,365	311,702
Other operating expenses	669,198	543,053
Total operating expenses	25,123,685	24,428,875
Operating income (loss)	5,809,834	3,806,040
Nonoperating revenues (expenses)		
District tax revenues	2,459,050	2,343,776
Capital grants and donations	90,104	75,046
Investment income	528,347	287,303
Interest expense	(91,231)	(93,113)
Total nonoperating revenues (expenses)	2,986,270	2,613,012
Excess of revenues (expenses)	8,796,104	6,419,052
Inter-governmental transfers	(1,485,984)	(2,211,075)
Increase in net position	7,310,120	4,207,977
Net position, beginning of the year	24,871,960	20,663,983
Net position, end of year	$ 32,182,080	$ 24,871,960

See accompanying notes to the financial statements

Bear Valley Community Healthcare District

Statements of Cash Flows

For The Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Cash received from patients and third-party payers	$ 29,659,823	$ 28,763,248
Other receipts	2,085,786	2,422,132
Cash payments to suppliers and contractors	(10,334,903)	(10,223,297)
Cash payments to employees and benefit programs	(13,996,216)	(13,386,845)
Net cash provided by operating activities	7,414,490	7,575,238
Cash flows from non-capital and related financing activities		
District tax revenue	2,459,050	2,343,776
Net cash provided by non-capital and related financing activities	2,459,050	2,343,776
Cash flows from capital and related financing		
Purchase of property, plant & equipment	(1,096,090)	(1,772,519)
Capital grants and contributions	90,104	75,046
Payments of long-term debt	(35,000)	(35,000)
Interest paid on capital debt	(91,231)	(93,113)
Net cash used in capital and related financing activities	(1,132,217)	(1,825,586)
Cash flows from investing activities		
Net sale (purchase) of investments	855,518	(105,518)
Inter-governmental transfers	(1,485,984)	(2,211,075)
Investment income	528,347	287,303
Net cash used in investing activities	(102,119)	(2,029,290)
Increase in cash and cash equivalents	8,639,204	6,064,138
Cash and cash equivalents at beginning of year	19,066,727	13,002,589
Cash and cash equivalents at end of year	$ 27,705,931	$ 19,066,727

See accompanying notes to the financial statements

Bear Valley Community Healthcare District

Statements of Cash Flows (continued)

For The Years Ended June 30, 2019 and 2018

	2019	2018
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income	$ 5,809,834	$ 3,806,040
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	966,722	892,298
Changes in operating assets and liabilities		
Patient accounts receivable	1,298,648	(260,001)
Other receivables	(27,670)	90,023
Supplies	(7,664)	83,487
Prepaid expenses	(206,115)	(6,701)
Accounts payable and accrued expenses	16,088	(223,922)
Accrued payroll and related expenses	23,535	73,571
Third-party payor settlements	(458,888)	3,120,443
Net cash provided by operating activities	$ 7,414,490	$ 7,575,238

See accompanying notes to the financial statements

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES

Reporting Entity: Bear Valley Community Health Care District (the District) is a public entity organized under Local Hospital District Law as set forth in the Health and Safety Code of the State of California. The District operates a hospital, Bear Valley Community Hospital (the Hospital), for the community of Big Bear Lake and the surrounding area. The Hospital is a 30-bed facility that provides general acute and skilled nursing care. As a political subdivision of the State of California, the District is generally not subject to federal or state income taxes.

Basis of Preparation: The accounting policies and financial statements of the District generally conform with the recommendations of the audit and accounting guide, *Health Care Organizations*, published by the American Institute of Certified Public Accountants. The financial statements are presented in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operational revenues and expenses.

The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on GASB Statement Number 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the District has elected to apply the provisions of all relevant pronouncements as the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Financial Statement Presentation: The District applies the provisions of GASB 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (Statement 34), as amended by GASB 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and Statement 38, *Certain Financial Statement Note Disclosures*. Statement 34 established financial reporting standards for all state and local governments and related entities. Statement 34 primarily relates to presentation and disclosure requirements. The impact of this change was related to the format of the financial statements; the inclusion of management's discussion and analysis; and the preparation of the statement of cash flows on the direct method. The application of these accounting standards had no impact on the total net position.

Management's Discussion and Analysis: Statement 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the District's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of organizations in the private sector.

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES (continued)

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents and Investments: The District considers cash and cash equivalents to include certain investments in highly liquid debt instruments, when present, with an original maturity of a short-term nature or subject to withdrawal upon request. Exceptions are for those investments which are intended to be continuously invested. Investments in debt securities are reported at market value. Interest, dividends and both unrealized and realized gains and losses on investments are included as investment income in non-operating revenues when earned.

Patient Accounts Receivable: Patient accounts receivable consist of amounts owed by various governmental agencies, insurance companies and private patients. The District manages its receivables by regularly reviewing the accounts, inquiring with respective payors as to collectability and providing for allowances on their accounting records for estimated contractual adjustments and uncollectible accounts. Significant concentrations of patient accounts receivable are discussed further in the footnotes.

Supplies: Inventories are consistently reported from year to year at cost determined by average costs and replacement values which are not in excess of market. The District does not maintain levels of inventory values such as those under a first-in, first out or last-in, first out method.

Assets Limited as to Use: Assets limited as to use include amounts designated by the Board of Directors for replacement or purchases of capital assets and other specific purposes. Assets limited as to use consist of money market accounts on hand with banking institutions.

Capital Assets: Capital assets consist of property and equipment and are reported on the basis of cost, or in the case of donated items, on the basis of fair market value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures which increase values, change capacities, or extend useful lives are capitalized. Depreciation of property and equipment and amortization of property under capital leases are computed by the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the assets, which range from 10 to 30 years for buildings and improvements, and 3 to 10 years for equipment. The District periodically reviews its capital assets for value impairment. As of June 30, 2019, and 2018, the District has determined that no capital assets are impaired.

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES (continued)

Compensated Absences: The employees of the District earn paid time off ("PTO") benefits at varying rates. The rate is determined based on their years of service. This PTO benefit can accumulate up to specified maximum levels. Employees may use their accumulated PTO for vacation, holidays and sick leave. Accumulated PTO benefits are paid to an employee upon either termination or retirement. Accrued PTO liabilities as of June 30, 2019, and 2018 are $575,350 and $516,171, respectively.

Risk Management: The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters.

Net Position: Net position (formally net assets) is presented in three categories. The first category is net position "invested in capital assets, net of related debt". This category of net position consists of capital assets (both restricted and unrestricted), net of accumulated depreciation and reduced by the outstanding principal balances of any debt borrowings that were attributable to the acquisition, construction, or improvement of those capital assets.

The second category is "restricted" net position. This category consists of externally designated constraints placed on assets by creditors (such as through debt covenants), grantors, contributors, law or regulations of other governments or government agencies, or law or constitutional provisions or enabling legislation.

The third category is "unrestricted" net position. This category consists of net assets that do not meet the definition or criteria of the previous two categories.

Net Patient Service Revenues: Net patient service revenues are reported in the period at the estimated net realized amounts from patients, third-party payors and others including estimated retroactive adjustments under reimbursement agreements with third-party programs. Normal estimation differences between final reimbursement and amounts accrued in previous years are reported as adjustments of current year's net patient service revenues.

Charity Care: The District accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the District. Essentially, these policies define charity services as those services for which no payment is anticipated. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenues. Services provided are recorded as gross patient service revenues and then written off entirely as an adjustment to net patient service revenues.

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES (continued)

District Tax Revenues: The District receives financial support from property taxes. These funds are used to support operations. They are classified as non-operating revenue as the revenue is not directly linked to patient care. Property taxes are levied by the County on the Hospital's behalf during the year, and are intended to help finance the District's activities during the same year. Amounts are levied on the basis of the most current property values on record with the County. The County has established certain dates to levy, lien, mail bills, and receive payments from property owners during the year. Property taxes are considered delinquent on the day following each payment due date.

Grants and Contributions: From time to time, the District receives grants from various governmental agencies and private organizations. The District also receives contributions from related foundation and auxiliary organizations, as well as from individuals and other private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or capital acquisitions. These amounts, when recognized upon meeting all requirements, are reported as components of the statement of revenues, expenses and changes in net assets.

Operating Revenues and Expenses: The District's statement of revenues, expenses and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, which is the District's principal activity. Operating expenses are all expenses incurred to provide health care services, other than financing costs. Non-operating revenues and expenses are those transactions not considered directly linked to providing health care services.

***Subsequent events*:** Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Reclassifications: Certain financial statement amounts as presented in the prior year financial statements have been reclassified in these, the current year financial statements, in order to conform to the current year financial statement presentation.

NOTE 2 – CASH AND CASH EQUIVALENTS

As of June 30, 2019 and 2018, the District had deposits invested in various financial institutions in the form of cash and cash equivalents amounting to $27,847,507 and $19,821,970. All of these funds were held in deposits, which are collateralized in accordance with the California Government Code (CGC), except for $250,000 per account that is federally insured.

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Under the provisions of the CGC, California banks and savings and loan associations are required to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure Hospital deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. The pledged securities are held by the pledging financial institution's trust department in the name of the District.

Investments consist of U.S. Government securities and state and local agency funds invested in U. S. Government securities and are stated at quoted market values. Changes in market value between years are reflected as a component of investment income in the accompanying statement of revenues, expenses and changes in net assets.

NOTE 3 - NET PATIENT SERVICE REVENUES AND REIMBURSEMENT PROGRAMS

The District renders services to patients under contractual arrangements with the Medicare and Medi-Cal programs, health maintenance organizations (HMOs), preferred provider organizations (PPOs) and other insurance programs. Patient service revenues from these programs approximate 96% of gross patient service revenues.

The Medicare Program reimburses the District on a cost basis payment system for inpatient and outpatient hospital services. The cost-based reimbursement is determined based on filed Medicare cost reports. Skilled nursing services are reimbursed on a predetermined amount based on the Medicare rates for the services.

The District contracts to provide services to Medi-Cal, HMO and PPO inpatients on negotiated rates. Certain outpatient reimbursement is subject to a schedule of maximum allowable charges for Medi-Cal and to a percentage discount for HMOs and PPOs. The skilled nursing facility (SNF) is reimbursed by the Medi-Cal program on a prospective per diem basis subject to audit by the state. The results of the state audits are incorporated prospectively and are subject to appeal by the provider.

Both the Medicare and Medi-Cal program's administrative procedures preclude final determination of amounts due to the District for services to program patients until after patients' medical records are reviewed and cost reports are audited or otherwise reviewed by and settled with the respective administrative agencies. The Medicare and Medi-Cal cost reports are subject to audit and possible adjustment. Management is of the opinion that no significant adverse adjustment to the recorded settlement amounts will be required upon final settlement.

NOTE 3 - NET PATIENT SERVICE REVENUES AND REIMBURSEMENT PROGRAMS (continued)

Medicare and Medi-Cal revenue accounts for approximately 56% and 57% of the District's net patient revenues for the years ended June 30, 2019 and 2018, respectively. Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

NOTE 4 - INVESTMENTS

The District's investment balances, and average maturities were as follows at June 30, 2019 and 2018:

2019		Investment Maturities in Years		
	Fair Value	Less than 1	1 to 5	Over 5
Government investment funds	$ 25,298,992	$ 25,298,992	$ -	$ -
Total investments	$ 25,298,992	$ 25,298,992	$ -	$ -

2018		Investment Maturities in Years		
	Fair Value	Less than 1	1 to 5	Over 5
Government investment funds	$ 16,812,903	$ 16,812,903	$ -	$ -
Money market accounts	613,518	613,518	-	-
Certificates of deposit	242,000	-	242,000	-
Total investments	$ 17,668,421	$ 17,426,421	$ 242,000	$ -

The District's investments are reported at fair value as previously discussed. The District's investment policy allows for various forms of investments generally set to mature within a few months to others over 15 years. The policy identifies certain provisions which address interest rate risk, credit risk and concentration of credit risk. Currently all investments have a maturity of less than one year.

Interest income, dividends, and both realized and unrealized gains and losses on investments are recorded as investment income. These amounts were $528,347 and $287,303 for the years ended June 30, 2019 and 2018, respectively. Total investment income includes both income from operating cash and cash equivalents and cash and cash equivalents related to assets limited as to use. Debt securities, when present, are recorded at market price or the fair market value as of the date of each balance sheet.

NOTE 4 – INVESTMENTS (continued)

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District's exposure to interest rate risk is minimal as 100% of their investments have a maturity of less than one year. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the preceding schedules that shows the distribution of the District's investments by maturity.

Credit Risk: Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, such as Moody's Investor Service, Inc. The District's investments in such obligations are in government investment funds. The District believes that there is minimal credit risk with these obligations at this time.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer), the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investments are generally held by banks or government agencies. The District believes that there is minimal custodial credit risk with their investments at this time. District management monitors the entities which hold the various investments to ensure they remain in good standing.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investments are held as follows: governmental agencies 100%. The District believes that there is minimal custodial credit risk with their investments at this time. District management monitors the entities which hold the various investments to ensure they remain in good standing.

NOTE 5 - ASSETS LIMITED AS TO USE

Assets limited as to use as of June 30, 2019 were comprised of cash held in a Debt Service Reserve Fund as required by the terms of a sale and leaseback agreement entered into by the District in January 2019. Under the agreement the District is required to make annual payments into the Debt Service Reserve Fund equal to $1/10^{th}$ of the current annual lease payment. The District established this fund accordingly and at June 30, 2019 the balance totaled $144,375. See Note 9.

NOTE 6 - CONCENTRATION OF CREDIT RISK

The District grants credit without collateral to its patients and third-party payors. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the District and management does not believe that there is any credit risk associated with these governmental agencies. Contracted and other patient accounts receivable consist of various payors including individuals involved in diverse activities, subject to differing economic conditions and do not represent any concentrated credit risks to the District. Concentration of patient accounts receivable at June 30, 2019 and 2018 were as follows:

	2019	2018
Medicare	$ 822,832	$ 880,476
Medi-Cal and Medi-Cal pending	3,063,943	3,533,838
Other third party payors	2,404,272	3,921,858
Self pay and other	2,501,315	2,261,762
Gross patient accounts receivable	8,792,362	10,597,934
Less allowances for contractual adjustments and bad debts	(5,906,428)	(6,413,352)
Net patient accounts receivable	$ 2,885,934	$ 4,184,582

NOTE 7 - OTHER RECEIVABLES

Other receivables as of June 30, 2019 and 2018 were comprised of the following:

	2019	2018
Grants	$ 63,739	$ 35,023
Workers Compensation refund	18,718	-
Physician advance	43,312	59,978
District tax revenue	50,061	52,044
Other	1,472	2,587
	$ 177,302	$ 149,632

NOTE 8 - CAPITAL ASSETS

Capital assets as of June 30, 2019 and 2018 were comprised of the following:

	Balance at June 30, 2018	Transfers & Additions	Transfers & Retirements	Balance at June 30, 2019
Land and land improvements	$ 570,615	$ -	$ -	$ 570,615
Buildings and improvements	9,758,671	304,334	-	10,063,005
Equipment	11,761,910	603,819	-	12,365,729
Construction-in-progress	32,517	187,937	-	220,454
Totals at historical cost	22,123,713	$ 1,096,090	$ -	23,219,803
Less accumulated depreciation	(13,608,709)	$ (966,722)	$ -	(14,575,431)
Capital assets, net	$ 8,515,004			$ 8,644,372

	Balance at June 30, 2017	Transfers & Additions	Transfers & Retirements	Balance at June 30, 2018
Land and land improvements	$ 547,472	$ 23,143	$ -	$ 570,615
Buildings and improvements	9,657,087	101,584	-	9,758,671
Equipment	9,614,476	2,147,434	-	11,761,910
Construction-in-progress	532,159	-	(499,642)	32,517
Totals at historical cost	20,351,194	$ 2,272,161	$ (499,642)	22,123,713
Less accumulated depreciation	(12,716,411)	$ (892,298)	$ -	(13,608,709)
Capital assets, net	$ 7,634,783			$ 8,515,004

NOTE 9 - DEBT BORROWINGS

Long-term debt at June 30, 2019 and 2018 consists of the following:

	2019	2018
Note payable to the Public Property Financing Corporation of California, original amount of $3,000,000, bearing interest at 3.125%, principal payable annually and interest payable biannually per schedule, maturing in December 2055, secured by property, building and improvements.	$ 2,895,000	$ 2,930,000
Total debt borrowings	2,895,000	2,930,000
Less current maturities	(40,000)	(35,000)
Debt borrowings, net of current maturities	$ 2,855,000	$ 2,895,000

Effective January 1, 2016, the District entered into a sale and leaseback agreement with the United States Department of Agriculture, acting through the Rural Housing Service and the Public Property Financing Corporation of California, for the Brenda Boss Family Resource Center. The Brenda Boss Family Resource Center is a building recently constructed by the District on the District's main hospital campus and was put into service during the fiscal year ended June 30, 2014. In accordance with GAAP, the sale and leaseback agreement will be treated as a financing transaction. The principal amount borrowed totaled $3,000,000, with an annual interest rate of 3.125%. Principal is payable annually on December 1st starting in 2016 and continuing through 2055 per a schedule with payments ranging in amounts from $35,000 to $140,000. Interest is payable biannually on June 1st and December 1st in an amount equal to the current outstanding principal balance multiplied by the annual interest rate of 3.125% and divided by two, for a six-month interest amount. There is no provision for a pre-payment penalty. The District must establish and maintain a Debt Service Reserve Fund throughout the term of the sale and leaseback agreement. The District is required to make annual payments into the Debt Service Reserve Fund equal to 1/10th of the current annual lease payment. The District established this fund and at June 30, 2019 the balance totaled $144,375. Upon completion of the sale and leaseback agreement, ownership and title of the Brenda Boss Building will revert to the District with no encumbrances.

Future principal maturities for debt borrowings for the next five years are: $40,000 in 2020; $40,000 in 2021; $40,000 in 2022; $45,000 in 2023; $45,000 in 2024; and $2,685,000 thereafter.

NOTE 10 - RETIREMENT PLANS

The District has a defined contribution retirement plan covering substantially all of the District's employees. In a defined contribution retirement plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The District contributes to the plan at a rate of two to four percent of eligible compensation, based on the length of the employee's service as defined by the plan. The District's contributions become fully vested after three years of continuous service. The District's pension expense for the plan was $184,994 and $167,078 during the years ended June 30, 2019 and 2018, respectively.

NOTE 11 – INCOME TAXES

The District is a political subdivision of the state of California organized under the Local Health Care District Law as set forth in the Health and Safety Code of the State of California. The Hospital has been determined to be exempt from income taxes under Local Health Care District Law. Accordingly, no provision for income taxes is included in the accompanying financial statements. The District is no longer subject to examination by federal or state authorities for years prior to June 30, 2015, nor has it been notified of any impending examination and no examinations are currently in process.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Construction-in-Progress: As of June 30, 2019, the District has $220,453 recorded as construction-in-progress which represents cost capitalized for various remodeling, major repair, and expansion projects on the District's premises. No interest was capitalized under FAS 62 during the years ended June 30, 2019 and 2018. Estimated costs to complete current obligated construction-in-progress projects as of June 30, 2019 are approximately $257,000. Costs are to be financed with District reserves and continued District operations.

Operating Leases: The District has operating leases for office space and various medical and office equipment. Rental expense under operating leases was $136,3818 and $270,708 for the years ended June 30, 2019 and 2018, respectively. Future minimum lease payments for the succeeding years under operating leases with a remaining term in excess of one year as of June 30, 2019, are as follows: $121,236 in 2020; $63,428 in 2021; and $23,730 in 2022.

Litigation: The District may from time-to-time be involved in litigation and regulatory investigations which arise in the normal course of doing business. After consultation with legal counsel, management estimates that matters existing as of June 30, 2019, will be resolved without material adverse effect on the District's future financial position, results from operations or cash flows.

NOTE 12 - COMMITMENTS AND CONTINGENCIES (continued)

Workers Compensation Program: The District is a participant in the Association of California Hospital District's ALPHA Fund which administers a self-insured worker's compensation plan for participating hospital employees of its member hospitals. The District pays premiums to the ALPHA Fund which is adjusted annually. If participation in the ALPHA Fund is terminated by the District, the District would be liable for its share of any additional premiums necessary for final disposition of all claims and losses covered by the ALPHA Fund

Health Insurance Portability and Accountability Act: The Health Insurance Portability and Accountability Act (HIPAA) was enacted August 21, 1996, to ensure health insurance portability, reduce health care fraud and abuse, guarantee security and privacy of health information, and enforce standards for health information. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations. Management continues to evaluate the impact of this legislation on its operations including future financial commitments that will be required.

Health Care Reform: The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements and reimbursement for patient services, antitrust, anti-kickback and anti-referral by physicians, false claims prohibitions and, in the case of tax-exempt organizations, the requirement of tax exemption. In recent years, government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of reimbursement, false claims, anti-kickback and anti-referral statutes and regulations, quality of care provided to patients, and handling of controlled substances. Violations of these laws and regulations could result in expulsion from government health care programs with the imposition of significant fines and penalties as well as significant repayments for patient services previously billed.

Laws and regulations concerning government programs, including Medicare, Medicaid and various other programs, are complex and subject to varying interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. As a result of nationwide investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements.

Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines and penalties and exclusion from related programs. The District expects that the level of review and audit to which it and other health care providers are subject will increase. There can be no assurance that regulatory authorities will not challenge the District's compliance with these regulations, and it is not possible to determine the effect (if any) such claims or penalties would have upon the District.

BEAR VALLEY
COMMUNITY HEALTHCARE DISTRICT

Recommendation for Action

Date: 04 December 2019

To: Board of Directors

From: Garth M Hamblin, CFO

Re: Medicare Cost Report - FY 2019 (July 1, 2018 through June 30, 2019)

Recommended Action

Accept / Approve submittal of Medicare Cost Report for the Fiscal Year ended June 30, 2019 signed by John Friel, CEO.

Background

The Cost Report for our Fiscal Year ended June 30, 2019, (attached) shows an amount due to BVCHD of $186,532.

Wipfli, LLP, prepared the Cost Report and David Perry of QHR reviewed the Cost Report.

Bear Valley Community Hospital

Form CMS-2552-10, Hospital and Hospital Health Care Complex Cost Report

(With Accountant's Compilation Report)

For the Year Ended June 30, 2019

WIPFLi LLP

Accountant's Compilation Report

Board of Directors
Bear Valley Community Hospital
Big Bear Lake, CA

Management is responsible for the accompanying Medicare Cost Report of Bear Valley Community Hospital, included in the accompanying prescribed form as of and for the year ended June 30, 2019. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the Medicare Cost Report included in the accompanying prescribed form nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this Medicare Cost Report.

Other Matter

The Medicare Cost Report included in the accompanying prescribed form is intended to comply with the requirements of the Centers for Medicare and Medicaid Services and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States.

Restriction on Use

Our report and the prescribed form are intended solely for the information and use of management and the Centers for Medicare and Medicaid Services and are not intended to be, and should not be, used by anyone other than those specified parties.

Wipfli LLP

Wipfli LLP

November 21, 2019
Spokane, Washington

This report is required by law (42 USC 1395g; 42 CFR 413.20(b)). Failure to report can result in all interim payments made since the beginning of the cost reporting period being deemed overpayments (42 USC 1395g).

FORM APPROVED
OMB NO. 0938-0050
EXPIRES 03-31-2022

HOSPITAL AND HOSPITAL HEALTH CARE COMPLEX COST REPORT CERTIFICATION AND SETTLEMENT SUMMARY	Provider CCN: 05-1335	Period: From 07/01/2018 To 06/30/2019	Worksheet S Parts I-III Date/Time Prepared: 11/21/2019 12:38 pm

PART I - COST REPORT STATUS

Provider use only

1. [X] Electronically filed cost report — Date: 11/21/2019 Time: 12:38 pm
2. [ ] Manually submitted cost report
3. [0] If this is an amended report enter the number of times the provider resubmitted this cost report
4. [F] Medicare Utilization. Enter "F" for full or "L" for low.

Contractor use only

5. [1] Cost Report Status
   (1) As Submitted
   (2) Settled without Audit
   (3) Settled with Audit
   (4) Reopened
   (5) Amended
6. Date Received:
7. Contractor No.
8. [N] Initial Report for this Provider CCN
9. [N] Final Report for this Provider CCN
10. NPR Date:
11. Contractor's Vendor Code: 4
12. [0] If line 5, column 1 is 4: Enter number of times reopened = 0-9.

PART II - CERTIFICATION

MISREPRESENTATION OR FALSIFICATION OF ANY INFORMATION CONTAINED IN THIS COST REPORT MAY BE PUNISHABLE BY CRIMINAL, CIVIL AND ADMINISTRATIVE ACTION, FINE AND/OR IMPRISONMENT UNDER FEDERAL LAW. FURTHERMORE, IF SERVICES IDENTIFIED IN THIS REPORT WERE PROVIDED OR PROCURED THROUGH THE PAYMENT DIRECTLY OR INDIRECTLY OF A KICKBACK OR WERE OTHERWISE ILLEGAL, CRIMINAL, CIVIL AND ADMINISTRATIVE ACTION, FINES AND/OR IMPRISONMENT MAY RESULT.

CERTIFICATION BY CHIEF FINANCIAL OFFICER OR ADMINISTRATOR OF PROVIDER(S)

I HEREBY CERTIFY that I have read the above certification statement and that I have examined the accompanying electronically filed or manually submitted cost report and the Balance Sheet and Statement of Revenue and Expenses prepared by BEAR VALLEY COMMUNITY HOSPITAL (05-1335) for the cost reporting period beginning 07/01/2018 and ending 06/30/2019 and to the best of my knowledge and belief, this report and statement are true, correct, complete and prepared from the books and records of the provider in accordance with applicable instructions, except as noted. I further certify that I am familiar with the laws and regulations regarding the provision of health care services, and that the services identified in this cost report were provided in compliance with such laws and regulations.

[ ] I have read and agree with the above certification statement. I certify that I intend my electronic signature on this certification statement to be the legally binding equivalent of my original signature.

Encryption Information
ECR: Date: 11/21/2019 Time: 12:38 pm
1Qy7:9AkQp5ycvOH:B6JWZdHaxLG20
.H66.0.dlVNEIRcmbRFLR6vcqClbal
QikU07fogg0l7dIZ
PI: Date: 11/21/2019 Time: 12:38 pm
sgbTCRCxz1tPVrauuUNQwx31Tumop0
y8BLR08N915B1SrOUxmLu0ZUd42psF
zeQ50UfDV90XAA6D

(Signed) _____
Officer or Administrator of Provider(s)

Title

Date

		Title V	Title XVIII Part A	Title XVIII Part B	HIT	Title XIX	
		1.00	2.00	3.00	4.00	5.00	
	PART III - SETTLEMENT SUMMARY						
1.00	Hospital	0	-4,050	83,067	0	0	1.00
2.00	Subprovider - IPF	0	0	0		0	2.00
3.00	Subprovider - IRF	0	0	0		0	3.00
5.00	Swing bed - SNF	0	-18,907	0		0	5.00
6.00	Swing bed - NF	0				0	6.00
7.00	SKILLED NURSING FACILITY	0	0	0		0	7.00
10.00	RURAL HEALTH CLINIC I	0		159,187		0	10.00
10.01	RURAL HEALTH CLINIC II	0		-32,765		0	10.01
200.00	Total	0	-22,957	209,489	0	0	200.00

The above amounts represent "due to" or "due from" the applicable program for the element of the above complex indicated.

HOSPITAL AND HOSPITAL HEALTH CARE COMPLEX IDENTIFICATION DATA | Provider CCN: 05-1335 | Period: From 07/01/2018 To 06/30/2019 | Worksheet S-2 Part I Date/Time Prepared: 11/21/2019 12:38 pm

	1.00	2.00	3.00	4.00	
	Hospital and Hospital Health Care Complex Address:				
1.00	Street: 41870 GARSTIN DR	PO Box:			1.00
2.00	City: BIG BEAR	State: CA	Zip Code: 92315	County: SAN BERNARDINO	2.00

		Component Name	CCN Number	CBSA Number	Provider Type	Date Certified	Payment System (P, T, O, or N) V	XVIII	XIX	
		1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	
	Hospital and Hospital-Based Component Identification:									
3.00	Hospital	BEAR VALLEY COMMUNITY HOSPITAL	051335	40140	1	05/23/2014	O	O	O	3.00
4.00	Subprovider - IPF									4.00
5.00	Subprovider - IRF									5.00
6.00	Subprovider - (Other)									6.00
7.00	Swing Beds - SNF	BEAR VALLEY SWING	05Z335	40140		05/23/2014	N	O	O	7.00
8.00	Swing Beds - NF	BEAR VALLEY SWING LTC	05Z335	40140		05/23/2014	N		O	8.00
9.00	Hospital-Based SNF	BEAR VALLEY SNF	555468	40140		06/01/1991	N	P	O	9.00
10.00	Hospital-Based NF									10.00
11.00	Hospital-Based OLTC									11.00
12.00	Hospital-Based HHA									12.00
13.00	Separately Certified ASC									13.00
14.00	Hospital-Based Hospice									14.00
15.00	Hospital-Based Health Clinic - RHC	BEAR VALLEY COMM.	058564	40140		09/20/1999	N	O	O	15.00
15.01	Hospital-Based Health Clinic - RHC II	BEAR VALLEY RURAL H.	058614	40140		09/30/2005	N	O	O	15.01
16.00	Hospital-Based Health Clinic - FQHC									16.00
17.00	Hospital-Based (CMHC) I									17.00
18.00	Renal Dialysis									18.00
19.00	Other									19.00

		From:	To:	
		1.00	2.00	
20.00	Cost Reporting Period (mm/dd/yyyy)	07/01/2018	06/30/2019	20.00
21.00	Type of Control (see instructions)	11		21.00

		1.00	2.00	3.00	
	Inpatient PPS Information				
22.00	Does this facility qualify and is it currently receiving payments for disproportionate share hospital adjustment, in accordance with 42 CFR §412.106? In column 1, enter "Y" for yes or "N" for no. Is this facility subject to 42 CFR Section §412.106(c)(2)(Pickle amendment hospital?) In column 2, enter "Y" for yes or "N" for no.	N	N		22.00
22.01	Did this hospital receive interim uncompensated care payments for this cost reporting period? Enter in column 1, "Y" for yes or "N" for no for the portion of the cost reporting period occurring prior to October 1. Enter in column 2, "Y" for yes or "N" for no for the portion of the cost reporting period occurring on or after October 1. (see instructions)	N	N		22.01
22.02	Is this a newly merged hospital that requires final uncompensated care payments to be determined at cost report settlement? (see instructions) Enter in column 1, "Y" for yes or "N" for no, for the portion of the cost reporting period prior to October 1. Enter in column 2, "Y" for yes or "N" for no, for the portion of the cost reporting period on or after October 1.	N	N		22.02
22.03	Did this hospital receive a geographic reclassification from urban to rural as a result of the OMB standards for delineating statistical areas adopted by CMS in FY2015? Enter in column 1, "Y" for yes or "N" for no for the portion of the cost reporting period prior to October 1. Enter in column 2, "Y" for yes or "N" for no for the portion of the cost reporting period occurring on or after October 1. (see instructions) Does this hospital contain at least 100 but not more than 499 beds (as counted in accordance with 42 CFR 412.105)? Enter in column 3, "Y" for yes or “N” for no.	N	N	N	22.03
23.00	Which method is used to determine Medicaid days on lines 24 and/or 25 below? In column 1, enter 1 if date of admission, 2 if census days, or 3 if date of discharge. Is the method of identifying the days in this cost reporting period different from the method used in the prior cost reporting period? In column 2, enter "Y" for yes or "N" for no.	2	N		23.00

RESOLUTION NO. 19-459

RESOLUTION OF THE BOARD OF DIRECTORS OF THE BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT AUTHORIZING SMARTWATT TO CONDUCT AN INVESTMENT GRADE AUDIT AT BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT AT NO COST

WHEREAS, The Bear Valley Community Healthcare District has previously selected SmartWatt for a Preliminary Feasibility Assessment (PFA) at no cost that demonstrated a budget neutral energy savings project is possible but warrants further clarification.

WHEREAS, The Bear Valley Community Healthcare District intends to contract with SmartWatt for work associated with a budget neutral energy savings project under California State Government Code 4217.10 et seq ("4217 Code").

WHEREAS, to proceed with a budget neutral energy savings projects, it is necessary to complete an Investment Grade Audit to determine the expected savings and costs for improvements at Bear Valley Community Healthcare District facilities.

WHEREAS, SmartWatt shall furnish all labor, materials, and equipment and perform all work required for the completion of an Investment Grade Audit to identify energy saving measures and equipment replacement at Bear Valley Community Healthcare District facilities. The IGA shall be conducted at no cost to Bear Valley Community Healthcare District.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

The Bear Valley Community Healthcare District Board Members hereby authorizes SmartWatt to conduct an Investment Grade Audit at Bear Valley Community Hospital District facilities and campus at no cost to Bear Valley Community Healthcare District. This resolution shall take effect immediately.

AYES ____

NOES _____

ABSTAIN _____

ABSENT _____

ADOPTED, SIGNED, AND APPROVED THIS 11th DAY OF DECEMBER, 2019.

_____	_____
Peter Boss, M.D. President BVCHD Board of Directors	Date
_____	_____ (seal)
Gail McCarthy, 1st Vice President BVCHD Board of Directors	Date

Recommendation for Action

Date: November 26, 2019

To: Board of Directors

From: John Friel, CEO

Re: SmartWatt - Preliminary Feasibility Assessment

BVCHD has long been dependent on traditional energy sources. The planning committee instructed management to investigate options to lower or eliminate that dependency. Therefore, we have asked SmartWatt and Centrica to offer options for our consideration.

Federal funding is available for many projects however funding requires Board involvement and approval.

SmartWatt/Centrica has approached BVCHD for a no cost preliminary feasibility assessment which management recommends to the committee that we accept and bring to the Board of Directors at the December 11 for final approval.

This phase is of no cost to BVCHD

smartwatt

Preliminary Feasibility Assessment (PFA)

Josh Steeber | Account Executive

December 4, 2019

Introductions

Josh Steeber

Account Executive
P: (949) 432-0689
E: jsteeber@smartwattinc.com

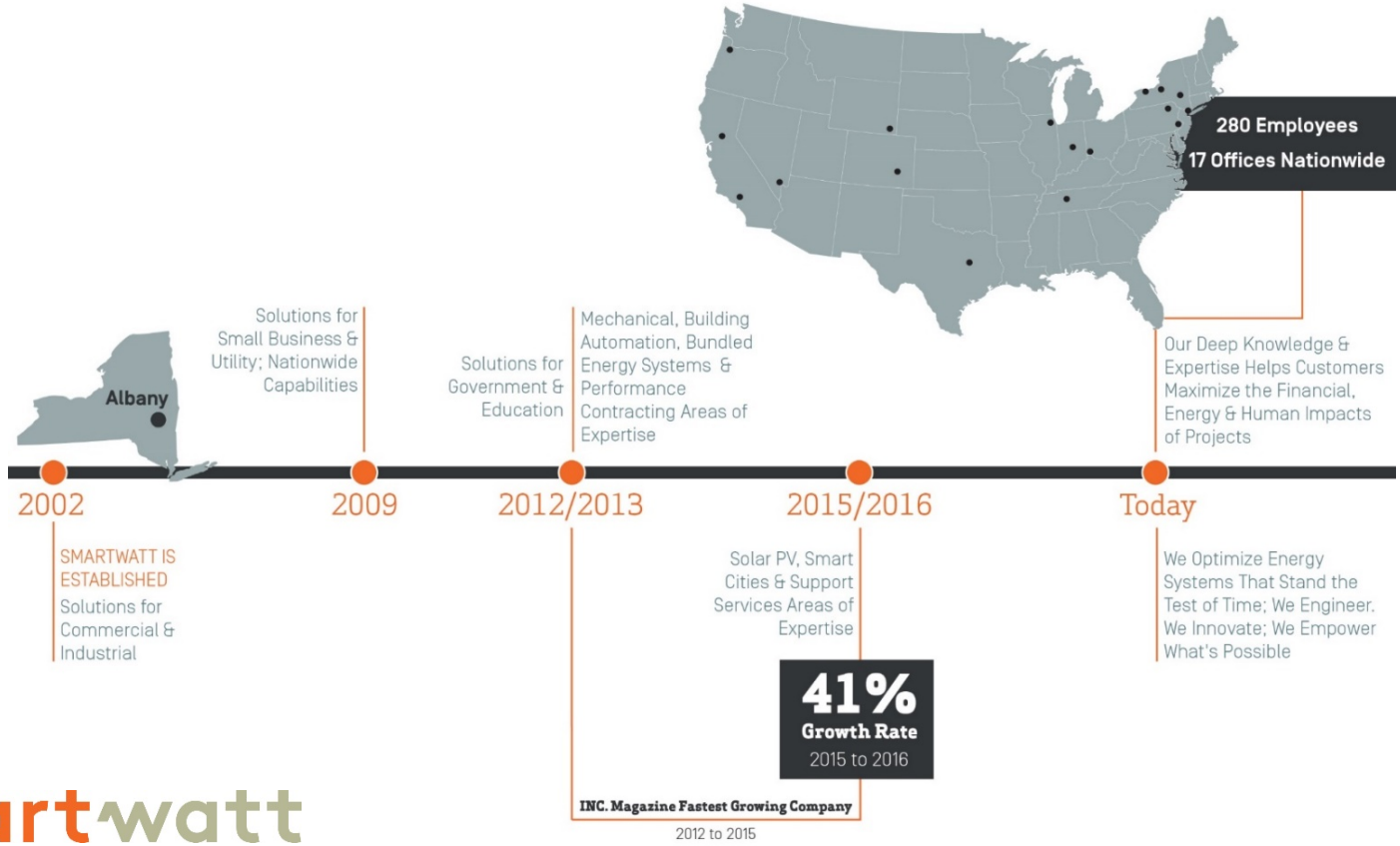
Brett Watson

Project Director
P: (518) 406-0353
E: bwatson@smartwattinc.com

Our History

SmartWatt is a Department of Energy (DOE) certified, Energy Services Contractor, with a long track record of success optimizing energy projects for the Federal, Public and Private sectors. SmartWatt optimizes energy systems and maximizes value along every dimension through

Energy Efficiency, Financial Return and Human Impact.



smartwatt

Centrica

- Global 500 Energy & Service Company
- Established 1812 : HQ = Windsor, UK
- 27M Customers North America, UK & Ireland
- 78% of Fortune 100 & 60% of Fortune 500 Customers

centrica
Business Solutions

- Direct Energy
- Vista Solar
- Panoramic Power
- Ener-G CHP
- Rudox Power
- SmartWatt

smartwatt

Saving Energy Grows Revenue

- According to EnergyStar, every $1 a **non-profit hospital** saves on energy, is equivalent to generating $20 in new revenue.

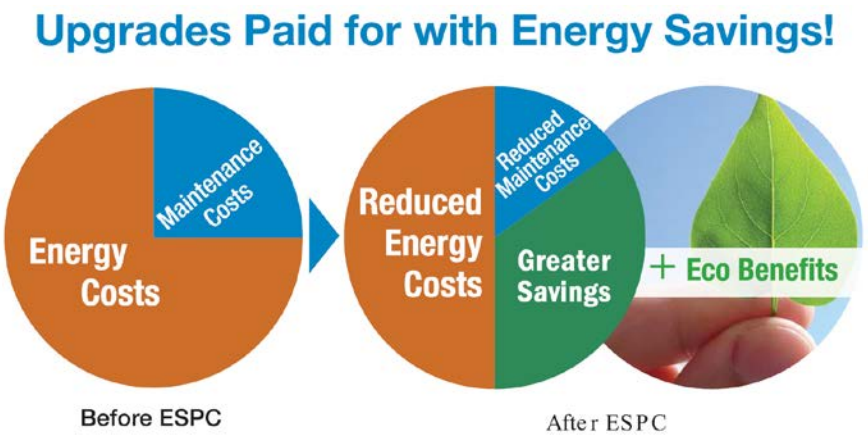
- A **for-profit hospital** can raise their earnings per share by one cent, by reducing energy costs just 5%.

https://www.energystar.gov/ia/partners/publications/pubdocs/Healthcare.pdf

Energy Performance Contracting (EPC)

Multi-faceted program that encompasses all aspects of a bundled energy construction project:

- Design
- Engineering
- Development
- Financing
- Construction
- Performance Guarantee



smartwatt

The Benefits of Energy Performance Contracting

No Capital Required

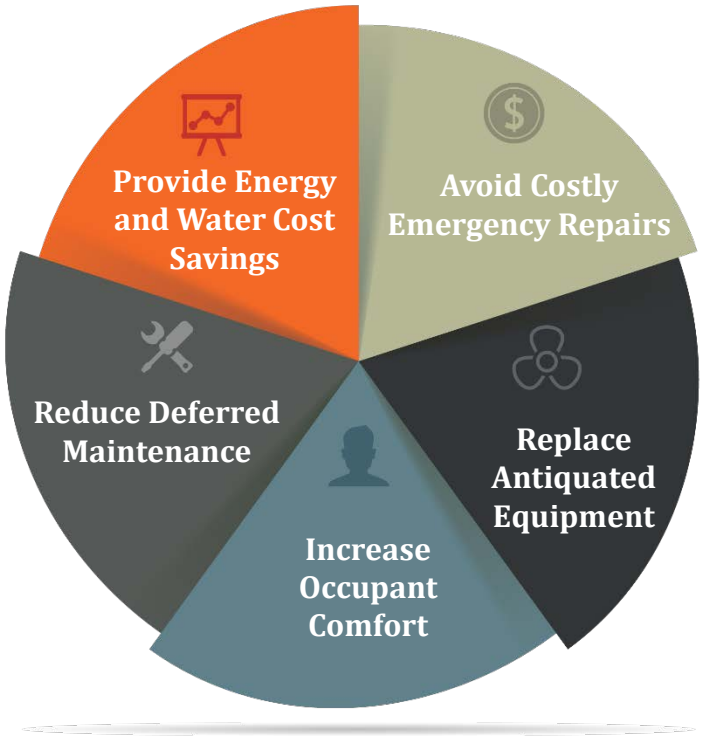
- Organizations can complete their budget-neutral energy saving projects without up-front capital.

Positive Cash Flow

- EPC provides immediate savings as the organization retains a portion of the energy, water and maintenance savings.

Guaranteed Results

- EPC agreements specify and guarantee performance-based outcomes (energy levels, light levels, water reductions, operating efficiencies, etc.) **Any savings shortfalls are reimbursed to the customer!**



smartwatt

CA Government Code 4217

Government Code 4217 permits public entities to enter into sole-sourced, negotiated contracts for the specific purpose of upgrading energy infrastructure (e.g Lighting, Mechanical, Renewables, Water Conservation, ect.) as long as the cost of those contracts, including engineering and maintenance, are completely recovered by the energy savings dollars generated from those contracts.

SmartFit Approach

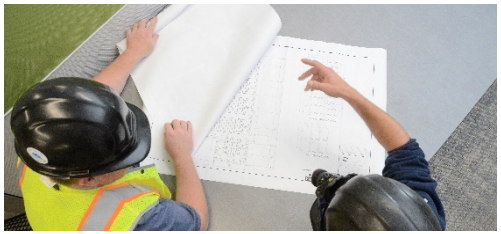
01

Listen & Learn

We begin by going above and beyond traditional needs analysis to understand your situation holistically. We consider the broadest possible set of perspectives, including energy, financial, and human.

02

Envision & Plan



We work with you to customize a solution based on the uses and users of your facility– and help you plan a project that wins over stakeholders, maximizes value, and minimizes risk.

03

Implement & Sustain

We ensure you have the information you need at your fingertips throughout implementation and beyond, so you are in control and confident about your project's long-term success.

smartwatt

Proposed Project Summary

FIM #	Facility Improvement Measure (FIMs)	Annual Energy Savings ($/yr.)	Annual O&M Savings ($/yr.)
1	Interior Lighting Retrofits	$23,722	$2,507
2	Exterior Lighting Retrofits	$6,229	$447
3A	Constant Volume to VAV Conversion	$21,586	$5,480
3B	Pneumatic to DDC Conversion	$14,872	$1,527
4	Variable Chilled Water Flow	$15,146	$4,583
5	Transformer Replacement	$2,303	$0
6	Solar Photovoltaics	$122,134	$0
Total		$205,991	$14,544

FIM #1 – Interior LED Lighting & Controls

Project Scope

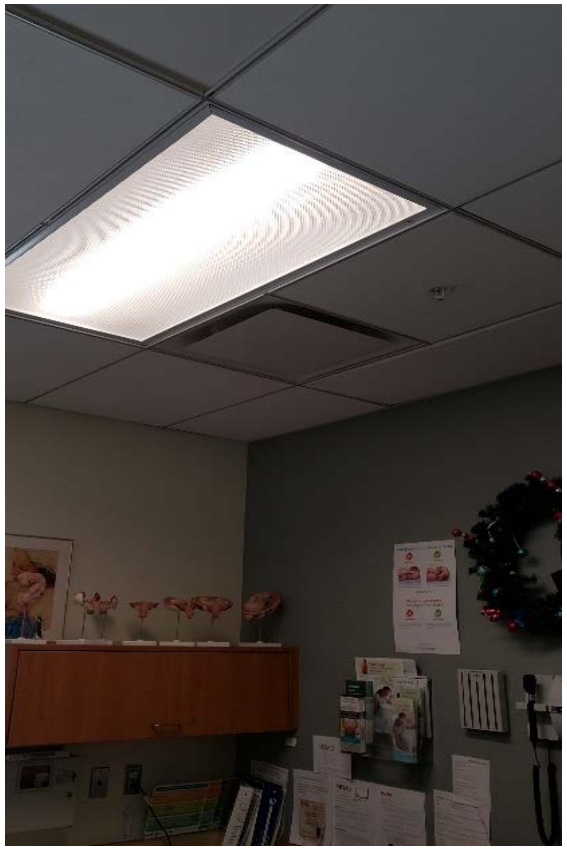
- Replace/ retrofit all fluorescent and incandescent fixtures with new LED fixtures and lamps.
- Install Title 24 occupancy based controls where applicable.

Project Benefits

- Life of LED fixtures are approximately 3 times longer than traditional fluorescent fixtures.
- Increased light quality for productivity.

Affected Facilities:

- Hospital Building
- Family Planning Building



smartwatt

FIM #2 – Exterior LED Lighting & Controls

Project Scope

- Replace all high intensity discharge (HID) exterior fixtures with new LED fixtures.
- Install bi-level motion sensors where applicable to meet Title 24 code.
- Install fixture integrated photocells where astronomical timeclocks do not exist to meet Title 24 code.

Project Benefits

- Life of LED fixtures are approximately 3 times longer than traditional fluorescent fixtures.
- Increased light quality for security.

Affected Facilities:

- Hospital Building
- Family Planning Building

smartwatt

FIM #3A – Convert Constant Volume AHU to VAV

Project Scope

- Install variable frequency drives on air handling unit (AHU) supply and return/ exhaust fans.
- Convert constant volume terminal units to VAV boxes.
- Integrate VAV boxes into a DDC controls system.

Affected Facilities:

- Hospital Building

Project Benefits

- Reduce energy consumed by fluctuating speed of air distribution/ ventilation fans.
- Increased control of space temperatures for greater occupant comfort.

smartwatt

FIM #3B – Pneumatic to DDC Controls

Project Scope

- Replace pneumatic controls components related to air handling units, zones temperature controls, chilled water components, and hot water components with digital controls.
- Replace control valves, repair zone dampers, and repair economizer damper linkages.
- Install new control system for “front-end” control of mechanical equipment.

Affected Facilities:

- Hospital Building

Project Benefits

- Reduced/ eliminated reliance on compressed air for equipment control.
- Increased capability for controlling system interactions.

smartwatt

FIM #4 – Variable Chilled Water Flow

Project Scope

- Install variable frequency drives on chilled water pumps.
- Install differential pressure sensors for control of chilled water pump speed.
- Integrate chilled water system into control system proposed in FIM #3B.

Project Benefits

- Reduce energy consumed by fluctuating speed of chilled water pumps.
- Increased capability for controlling system interactions.

Affected Facilities:

- Hospital Building

smartwatt

FIM #5 – Transformer Replacement

Project Scope

- Replace three (3) secondary transformers in Hospital Building with high efficiency transformers.

Project Benefits

- Reduce energy consumed from transformer losses operating at low part-load conditions.

Affected Facilities:

- Hospital Building

smartwatt

FIM #6 – Solar Photovoltaics

Project Scope

- Install photovoltaic carports and roof mounted arrays.
- The preliminary design shown below shall account for approximately 70% of the post-retrofit annual energy consumption

Project Benefits

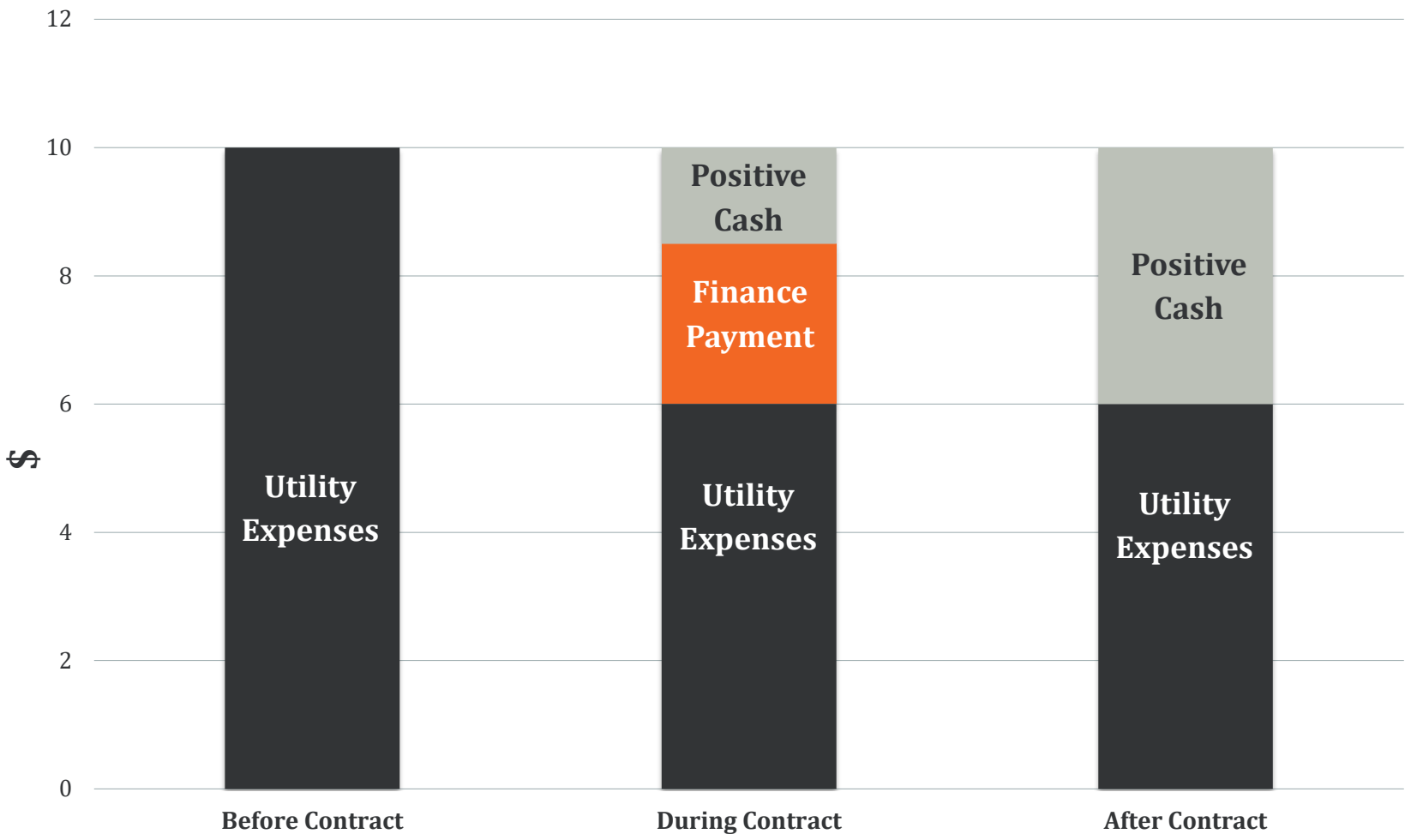
- Reduced reliance on the grid.
- Greater resiliency during emergencies.

Affected Facilities:

- Hospital Building
- Family Planning Building

smartwatt

How the Project is Paid For (EPC)



smartwatt

Project Financials

Net Project Investment	$1,933,966
Year 1 Utility Cost Savings	$205,991
Year 1 Maintenance Cost Savings	$14,543
Utility Savings % (savings/utility cost)	53%
Term	10 years
20 Year Return on Investment	142%

smartwatt

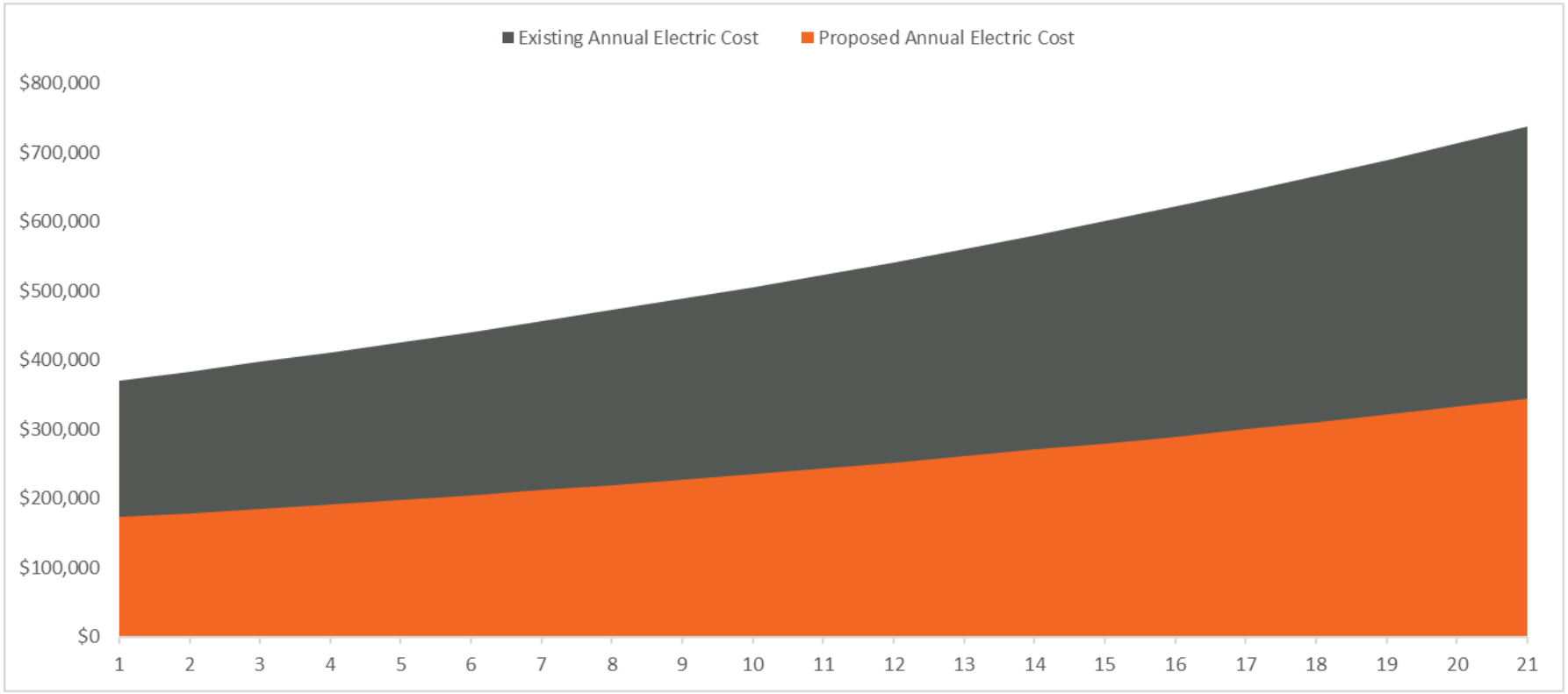
20 Year Project Cash Flow

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Electric Savings	$ -	$ 198,232	$ 205,170	$ 212,351	$ 219,784	$ 227,476	$ 235,438	$ 243,678	$ 252,207	$ 261,034	$ 270,170
Natural Gas Savings		$ 7,759	$ 8,030	$ 8,311	$ 8,602	$ 8,903	$ 9,215	$ 9,537	$ 9,871	$ 10,217	$ 10,574
Fuel Oil Savings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Water Savings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Utility Savings	$ -	$ 205,991	$ 213,200	$ 220,662	$ 228,386	$ 236,379	$ 244,652	$ 253,215	$ 262,078	$ 271,250	$ 280,744
Material Replacement Savings	$ -	$ 14,543	$ 15,052	$ 15,579	$ 16,124	$ 16,688	$ 17,273	$ 17,877	$ 18,503	$ 19,150	$ 19,821
Total Project savings	**$ -**	**$ 220,534**	**$ 228,252**	**$ 236,241**	**$ 244,510**	**$ 253,068**	**$ 261,925**	**$ 271,092**	**$ 280,580**	**$ 290,401**	**$ 300,565**
Outstanding Balance	$ 1,993,966	$ 1,993,966	$ 1,861,830	$ 1,716,957	$ 1,558,577	$ 1,385,879	$ 1,198,012	$ 994,080	$ 773,141	$ 534,205	$ 276,231
Principal Payment	$ -	$ 132,136	$ 144,873	$ 158,380	$ 172,697	$ 187,867	$ 203,932	$ 220,939	$ 238,936	$ 257,974	$ 276,231
Interest Payment		$ 79,759	$ 74,473	$ 68,678	$ 62,343	$ 55,435	$ 47,920	$ 39,763	$ 30,926	$ 21,368	$ 11,049
Measurement and Verification		$ 7,639	$ 7,906	$ 8,183	$ 8,469	$ 8,766	$ 9,072	$ 9,390	$ 9,719	$ 10,059	$ 10,411
Service Contract		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Project Payments	**$ -**	**$ 219,534**	**$ 227,252**	**$ 235,241**	**$ 243,510**	**$ 252,068**	**$ 260,925**	**$ 270,092**	**$ 279,580**	**$ 289,401**	**$ 297,691**
Net annual benefits from Total Project	$ -	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 2,874
Cummulative Payment for Project		$ 219,534	$ 446,786	$ 682,027	$ 925,537	$ 1,177,605	$ 1,438,529	$ 1,708,622	$ 1,988,202	$ 2,277,603	$ 2,575,294
Cummulative Project Savings	$ -	**$ 220,534**	**$ 448,786**	**$ 685,027**	**$ 929,537**	**$ 1,182,605**	**$ 1,444,529**	**$ 1,715,622**	**$ 1,996,202**	**$ 2,286,603**	**$ 2,587,168**
Cumulative Cash Flow	**$ -**	**$ 1,000**	**$ 2,000**	**$ 3,000**	**$ 4,000**	**$ 5,000**	**$ 6,000**	**$ 7,000**	**$ 8,000**	**$ 9,000**	**$ 11,874**

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Total
Total Utility Savings	$ 290,570	$ 300,740	$ 311,266	$ 322,160	$ 333,436	$ 345,106	$ 357,185	$ 369,686	$ 382,625	$ 396,017	$ 5,825,351
Material Replacement Savings	$ 20,514	$ 21,232	$ 21,976	$ 22,745	$ 23,541	$ 24,365	$ 25,217	$ 26,100	$ 27,014	$ 27,959	$ 411,272
Total Project savings	**$ 311,085**	**$ 321,973**	**$ 333,242**	**$ 344,905**	**$ 356,977**	**$ 369,471**	**$ 382,402**	**$ 395,786**	**$ 409,639**	**$ 423,976**	**$ 6,236,623**
Outstanding Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Principal Payment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,993,966
Interest Payment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 491,715
Measurement and Verification	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 89,612
Service Contract	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Project Payments	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,575,294**
Net annual benefits from Total Project	$ 311,085	$ 321,973	$ 333,242	$ 344,905	$ 356,977	$ 369,471	$ 382,402	$ 395,786	$ 409,639	$ 423,976	$ 3,661,330
Cummulative Payment for Project	$ 2,575,294	$ 2,575,294	$ 2,575,294	$ 2,575,294	$ 2,575,294	$ 2,575,294	$ 2,575,294	$ 2,575,294	$ 2,575,294	$ 2,575,294	
Cummulative Project Savings	$ 2,898,252	$ 3,220,225	$ 3,553,466	$ 3,898,372	$ 4,255,348	$ 4,624,819	$ 5,007,222	$ 5,403,008	$ 5,812,647	$ 6,236,623	
Cumulative Cash Flow	**$ 322,959**	**$ 644,931**	**$ 978,173**	**$ 1,323,078**	**$1,680,055**	**$2,049,525**	**$2,431,928**	**$2,827,714**	**$3,237,353**	**$3,661,330**	

smartwatt

20 Year Cumulative Energy Cost Comparison

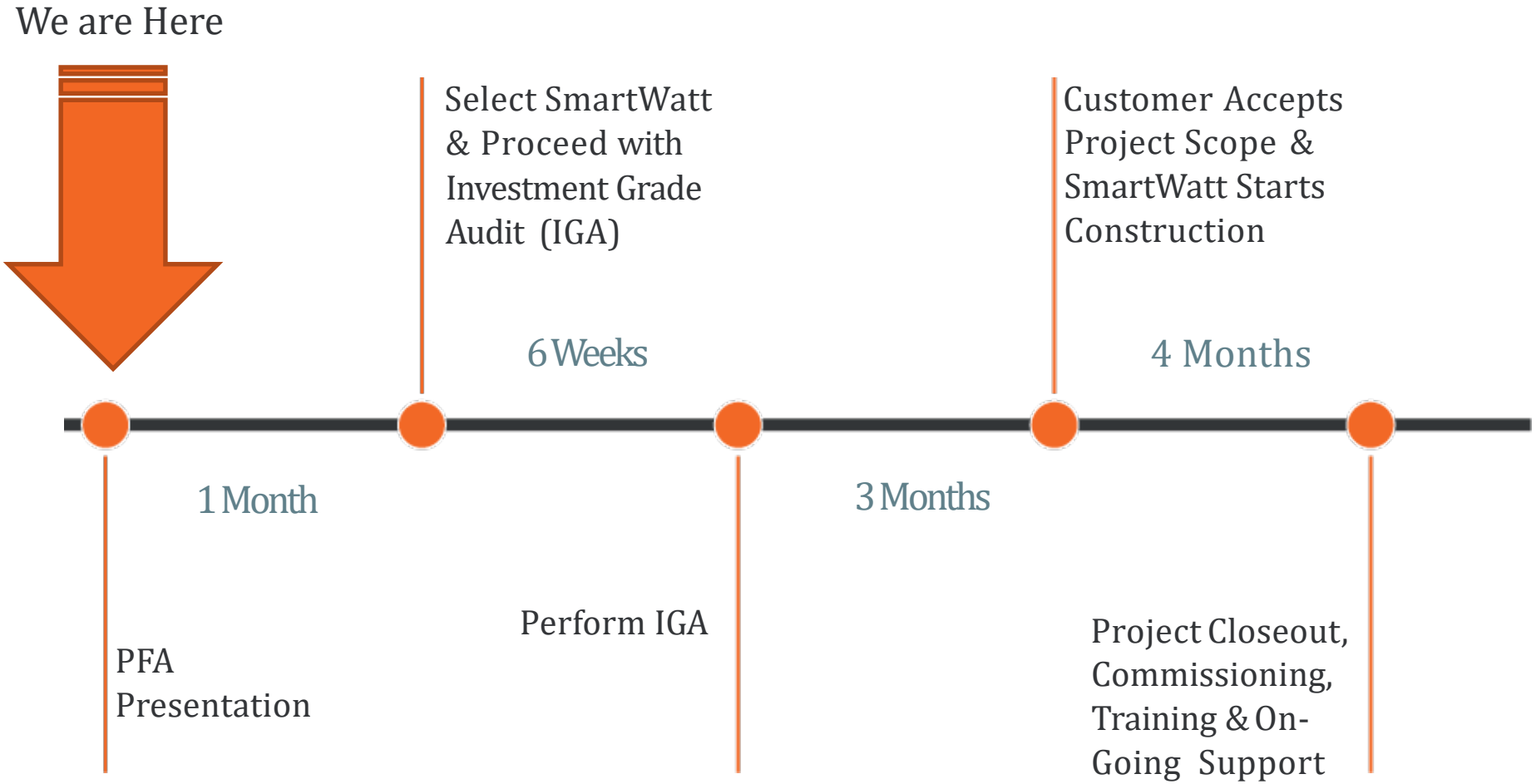


Existing total cost of electricity over next 20 years: $11,235,419

Proposed total cost of electricity over next 20 years: $5,235,036

smartwatt

Next Steps



smartwatt

smartwatt

Josh Steeber
Account Executive
C: (949) 432-0689
E: jsteeber@smartwattinc.com

Board Report

December 2019

Compliance Risk Assessment
This assessment is scheduled to be done in February 2020.

Strategic Planning
This engagement will be done in the second quarter of 2020.

Managed Care Contract Review
The Review will be completed in December.

Community Health Needs Assessment
The report has been sent to management.

Upcoming Education Events – December

Webinars (all times Central):

Compliance Officer Hot Topics: Legalized Marijuana and Its Impact on Compliance
Thursday, December 5, 2019 | 10:30 am - 11:30 am CST

Reimbursement & Regulatory Update: Final Outpatient PPS Rules – 2-Part Series
December 10-11, 2019 | 10:30 AM - 11:30 AM CST

Reimbursement & Regulatory Update: Final Physician Fee Schedule Rules - 3-Part Series
December 10-12, 2019 | 2:00 pm - 3:00 pm CST

Classroom:
No Classroom offerings for December

Other

- Due to scheduling conflicts, neither Ron nor Woody will be able to attend the Board meeting.

Upcoming Projects

- Cost Report Review
- Contractual Accounts and Bad Debt Review

- Compliance Risk Assessment
- Strategic Planning

Completed Projects

CNO Monthly Report

TOPIC	UPDATE
1. Regulatory	▪ CDPH on site for SNF annual survey 11/17-11/21, waiting for arrival of official POC. Anticipated citations have been addressed by DON. POC will be submitted within 10 days of receipt.
2. Budget/Staffing	▪ Overtime and call offs are assessed each shift. ▪ Flexing of staff is done daily as warranted by census.
3. Departmental Reports	
▪ Emergency Department	▪ Telepsych implementation in process. ▪ I-STAT implementation in process. ▪ ED Skills day was held 11/22. ▪ ED Director participated in Snow Summit Ski Patrol employee orientation. ▪ Beginning of the ski season meeting was held with BBFD, SO, and Resort Operations.
▪ Acute	▪ Swing Census currently at 1. ▪ Education provided at staff meeting regarding readmission tools and teach-back education methods. ▪ Swing rack card being printed for distribution to local physician offices and surrounding hospitals.
▪ Skilled Nursing	▪ Thanksgiving candlelight dinner was held for residents and families. ▪ Met with marketing regarding marketing plan and opportunities for SNF unit.
▪ Surgical Services	▪ Orthopedic procedures are being done weekly. ▪ Ophthalmic procedures are being done monthly. ▪ General surgery procedures are being done monthly. ▪ OR staff is working on central sterile certifications. ▪ Working with Plant Maintenance on renovation planning.
▪ Case Management	▪ DON and Eligibility Worker are working on referrals for SNF residents and Swing patients.

	▪ Case Management working on readmission tools, education packets and checklists. ▪ Attended HSAG readmissions workgroup.
▪ Respiratory Therapy	▪ Department being prepared for echocardiogram machine to be placed. ▪ Working on contract revision for Echocardiogram reads.
▪ Physical Therapy	▪ PT volumes remain at budget.
▪ Food and Nutritional Services	▪ Interim manager and Registered Dietician have been working on regulatory compliance, revision of processes, and staff morale. ▪ Objectives and priorities for interim assignment were reviewed and assessed with Certified Dietary Manager. ▪ Interim manager working with staff during huddles to review all changes and the stoplight report she is utilizing to track staff feedback and projects that are in process. ▪ Label Genie implementation in process. ▪ Permanent Registered Dietician/ Department Manager has been hired, anticipated start date 12/23/19.
4. Infection Prevention	▪ Infection Preventionist developed newsletter for staff to be educated on cleaning and infection control essentials for survey readiness. ▪ Official flu shot season started 11/1/19. Employees were given flu shots, those that declined will be masking until at least 4/1/19.
5. Quality Improvement	▪ Patient and Family Advisory Committee will meet 12/9/19. ▪ HEART guide team met to review quarterly progress. Care for the Caregiver and Rapid Event Investigation will be the focus for this policy year. ▪ SCORE survey department debriefs are complete. Managers are working on the action plans that were developed based on staff feedback during the debriefs.
6. Policy Updates	▪ Policies reviewed weekly by Policy and Procedure committee.
7. Safety & Products	▪ Workplace Violence training is being provided to all BVCHD staff. ▪ BVCHD participated in the Statewide Medical and Health Exercise (flooding scenario).
8. Education	▪ BLS Classes scheduled monthly, ACLS & PALS scheduled quarterly ▪ Quarterly clinical skills day was held 10/16/19.

9. Information Items/Concerns	▪ Attended 2 meetings at Snow Summit regarding winter operations planning & cooperation between organizations.
Respectfully Submitted by: *Kerri Jex, CNO* *Date: November 26th, 2019*	

2019 Surgery Report

Oct-19		
Physician	**# of Cases**	**Procedures**
Pautz - DO	1	Repair Non-Union Clavicle
Pautz - DO	1	Excision Olecranon Bursa Right Elbow
Pautz - DO	1	Interpositional Arthroplasty Thumb
Kondal - MD	1	Excision Lipoma
Kondal - MD	1	Excision Ganglion Cyst
Tayani	4	Cataracts
Joson	1	Cataracts
Total	10	

Nov-19		
Physician	**# of Cases**	**Procedures**
Pautz - DO	1	Repair Non-Union Radial Neck, Removal Of Hardware
Pautz - DO	1	Removal Suture Knots Shoulder
Pautz - DO	1	Fluoroscopy Guided Hip Injection
Pautz - DO	1	Excision Mass Wrist
Critel - CRNA	2	LESI
Kondal - MD	1	Incisional Hernia Repair, Removal Of Mesh
Kondal - MD	1	Excision Lipoma
Joson	5	Cataracts
Total	13	

Dec-19		
Physician	**# of Cases**	**Procedures**
Pautz - DO		
Pautz - DO		
Pautz - DO		
Pautz - DO		
Critel - CRNA		
Critel - CRNA		
Critel - CRNA		
Critel - CRNA		
Tayani		
Total	0	

Annual Total 153

BEAR VALLEY
COMMUNITY HEALTHCARE DISTRICT

CHIEF EXECUTIVE OFFICER REPORT

November 2019

CEO Information:

A meeting with University California of Riverside Medical Center to discuss a potential business relationship offering Ob/GYN services at our Family Health Center.

The District Bylaws state that the Board of Directors are to complete a self-assessment and review the completed assessment at the January Board Meeting. The self-assessment is being carried out through an internet survey, provided as a member benefit by the Association of California Hospital Districts (ACHD). Please be advised that the survey should take approximately 30 minutes and needs to be completed no later than December 27, close of business. The link to the survey is: http://www.walkercompany.com/cgi bin/rws5.pl?FORM=bear_valley_hd_bsa.

We have received many thank you cards and a lot of great feedback from staff regarding the Board approved bonus. Thank you notes are being provided to the Board of Directors.

Save the Date for the QHR 2020 Leadership and Trustee Conference. The conference will be March 3-6 at The Wigwam, Phoenix Az. Additional information to follow soon. If you are interested in attending, please contact Administration.

I will be on vacation from December 23 through January 2 and away from the district. Kerri Jex will be on call and I will be available by phone and in town December 26 through January 2, 2020.

Upcoming Events:

BVCHD annual Christmas Party is scheduled for December 14, 2019 at the Convention Center. Invitations have been sent out.

Quorum Board Minutes

Addressing Changes in the Healthcare Landscape

Health Care Price Transparency: The "New Order"

November 2019

On Monday, June 24, President Trump signed an executive order on healthcare price transparency that aims to lower rising health care costs by showing prices to patients. The idea behind this order is that if people "shop around," market forces will drive down costs. As with most politically charged issues, opinions vary greatly as to the ultimate outcome of such a bold dictate.

On Friday, November 1, in response to over 1,400 public comments to proposed guidelines implementing the President's executive order, CMS committed to responding to all public comments before issuing its final regulations.

And so we wait…until January 1, 2021.

This month's issue of Board Minutes shares various perspectives on how price transparency will affect the healthcare market, considers whether it will have the intended impact, and provides a heads up on some of the mandate's more notable aspects.

Industry Perspectives

"Hospitals will be required to publish prices that reflect what people actually pay for services in a way that is clear, straightforward and accessible to all, and you will be able to price it among many different potential providers, and you will get great pricing. Prices will come down by numbers that you wouldn't believe… and the cost of health care will go way, way down."

– President Donald Trump

"The President knows that the best way to lower costs in health care is to put patients in control by increasing choice and competition… The new rule should also require health care providers and insurers to provide patients with information about out-of-pocket costs they will face before they receive health care services."

– Alex Azar, Secretary
Department of Health and Human Services

"Today's patients don't have access to prices or choices or even ability to see quality. I think the exciting part of this executive order is the President and administration are really moving to put the patient in the driver's seat and be empowered for the first time with knowledge and information."

– Cynthia Fisher
Founder of Patient Rights Advocate

"Publicly disclosing competitively negotiated, proprietary rates will reduce competition and push prices higher – not lower – for consumers, patients and taxpayers."

– Matt Eyles, CEO
America's Health Insurance Plans

"Although the idea of greater price transparency makes sense from the perspective of consumer protection, it does not guarantee lower prices. I'm skeptical that disclosure of health care prices will drive prices down, and they could even increase prices once hospitals and doctors know what their competitors down the street are getting paid."

– Larry Levitt, Senior Vice President
Health Reform of the Kaiser Family Foundation

(Continued)

Highlights of the Mandate

While "the battle rages" at the national level, healthcare and insurance industry constituents are working through the complexities of implementing the proposed regulations. To date, some of the key aspects barreling forward include the following:

1. The mandate applies to a minimum of 300 "shoppable services," a new term for those health care tests and services that can be scheduled in advance (both inpatient and outpatient treatments).
2. The mandate includes not only the specific test or service, but also any routinely associated ancillary services, including professional services provided by hospital-based providers.
3. The mandate includes publishing both the patient charges and the negotiated reimbursement rates from insurance.
4. The mandate includes the requirement of a PROMINENT and EASILY ACCESSIBLE presence of prices on the hospital's website.
5. The mandate includes a $300 per day penalty for non-compliance.

And there are many, many more.

What Do We Do Now?

Final regulations will be needed before all preparations can be completed, but your hospital should already be planning and developing analytics to address what these anticipated mandates will require.

This level of price transparency will likely be a tremendous administrative burden to implement, while also adding a great deal of stress to strategic initiatives currently in place at your hospital. But with stress, there is always opportunity for the well prepared.

Your QHR Team has additional educational materials available to you as 2020 approaches, and we stand ready to assist with the implementation demands and the tools to assess the strategic opportunities this "New Order" brings.

Read More on this Topic :

The White House: Executive Order on Improving Price and Quality Transparency in American Healthcare to Put Patients First

Harvard Business Review: Price Transparency in Health Care is Coming to the U.S. – But Will It Matter?

Kaiser Health News: The Latest on Price Transparency

HealthAffairs: Unpacking the Executive Order on Health Care Price Transparency and Quality

HealthLeaders: Price Transparency is Coming. How Will You Prepare?

Big Bear Healthcare District Pending Applications (Under Review)

Date	Type of Grant	Agency	Due Date	Grant Title	Funding Amt.	Funding Opp.#	CFDA #	Decision By:	Staff	Notes:
4/3/19	Federal	USDA, Rural Development, Rural Utilities Service	5/15/19	Distance Learning and Telemedicine Grants		RUS-19-02-DLT	10.855	4/8/19	Kerri Jex	Due to budget need not complying with criteria, not applying
4/10/19	Federal	HRSA	TBD	Rural Communities Opioid Response Program (RCORP) initiative called RCORP-Medication-Assisted Treatment Expansion		HRSA-19-02		4/24/19	Sheri Mursick	Per Sheri, not applying
4/10/19	Federal	ACF	6/11/19	Community Collaborations to Strengthen and Preserve Families		HHS-2019-ACF-ACYF-CA-1559	93.670	4/24/19	Megan Meadors	Only 8 awards nationawide. Megan feels scope of project is too large
5/6/19	Private	AmerisourceBergen Foundation Opioid Use	LOI 7/15-8/15/19	Opioid Resource Grant Program				6/15/19	~~Sheri Mursick~~	Decision not to apply by Sheri and Kerri
5/26/19	Private	Antehm Foundation	8/9/19	healthy hearts, with a focus on preventive programs that minimize controllable cardiovascular diseases and strokes, including smoking, obesity, hypertension, and sedentary and stressful lifestyles; cancer prevention, including early detection programs, smoking cessation, nutrition, and fitness; healthy maternal practices, with a focus on first trimester prenatal care; healthy diabetes prevention and management; and,				6/15/19	~~TBD~~	Decision not to apply by Sheri and Kerri

7/1/19	Federal	HRSA Rural Health Network Planning Grant	11/30/19	healthy active lifestyles, including programs that raise awareness for, educate on, and encourage new behaviors, resulting in healthy, active lifestyles that offer long-term benefits. Planning grant to develop integrated health network (3 separately owned health care providers) to achieve efficiencies, expand access to, coordinate and imporve quality of essential healthcare and strengthen rural health care systems as a whole.	Up to $100,000 for one year of planning	HRSA 19-025	93.912	7/25/19		~~We applied last year for a Food Security program. Not selected for funding by scored fairly high. This year apply for Opioid/MAT. Decision not to apply per Kerri.~~
7/31/19	Private	CA Wellness Foundation	Rolling	MAT Navigator	TBD				Need to meet with Foundation to obtain background info	
8/6/19	Private	Foundation for Opioid Response Efforts	LOI Due 8/25/19	MAT Navigator	Up to $300,000 per year for two years			8/9/19	Submitted LOI - decisions end of Sept	Not selected to submit full proposal. Reapply next year.
8/28/19	Private	CA Dental Association (CDA) Foundation	1/1-3/3`1/20	Materials and Supply Grant Program 0 In-Kind goods					Emailed Grant Station webpage to Sheri and Megan	
8/30/19	Private	Henry L. Guenther Foundation (inquiry)	10/31/19 full application	Hospital Equipment Grant	$100,000				Sent draft of ltr. To Keri for input 8/30/19	Need to follow-up on no response.
2/28/20	State	Investment in Mental Health and Wellness for Children and Youth	2/28/20	Mobile Crisis, Support Teams - Capital and Personnel	TBD	Crisis Residential; Crisis Stability; Mobile Crisis Teams; Family Respite Care			Due last year 2/28/19 - estimated due date for 2020	

9/16/19 State	The California State Office of Rural Health / HRSA	TBD	CAH Flex Grant	TBD	technical assistance, quality assurance studies, network development, and statewide emergency network support systems.	10/11/19	Meeting/Web inar scheduled 10/4/19 Submitted in-house
9/16/19 Federal	HRSA	TBD	Rural Health Care Services Outreach Grant Program	TBD	community-based grant program aimed towards promoting rural health care services by enhancing health care delivery in rural communities. Outreach projects focus on the improvement of access to services, strategies for adapting to changes in the health care environment, and overall enrichment of the respective		
9/16/19 HRSA	Rural Communities Opioid Response		4/6/20	Up to $1 million over three year grant period			

11/20/19	Office of Statewide Health Planning and Development	Song Brown Healthcare Workforce Training	Last year due in May	Accredited primary care residency training programs	Up to $800,000	The Song-Brown program aims to increase the number of students and residents receiving quality primary care education and training in areas of unmet need throughout CA.

Private Foundation Research Results

Funder	Program/priority	Due Date	Request	Notes
The Ahmanson Foundation	Medical Equiipment	Rolling	$ 1,000,000	
Ayrshire Foundation	Medical Equiipment	Rolling	$ 40,000	LOI needed first.
Brotman Foundation of Calif	Medical Equiipment	Rolling	25,000-50k	LOI needed first.
Domanica Foundation	Medical Equiipment	Rolling	$5K	
Ralph M Parsons Foundation	Medical Equiipment	Rolling	$ 1,000,000	
William H. Hannon Foundation	Medical Equiipment	Feb, May, Aug, No	$50k-100k	

Grant Writing Process

✓ Consultant becomes familiar with the BVCHD and its program and services.

✓ Meet with staff to review priorities.

✓ Conduct research for priorities

✓ Share research information that matches priorities.

✓ Develop proposals with specific departments.

☒ Meet with BVCD Foundation to obtain documents needed and background information for private foundation proposals

Research is key to successful grants!!

Federal Healthcare Funding:
The federal government awards more than $500 billion in grants each year. There is more money available at the federal level for health and human service projects than any other category of funding. Of the 26 federal grantmaking agencies, the Department of Health and Human Services (HHS) is the most obvious and the largest funder of healthcare-oriented projects.

In 2019, HHS received $90.5 billion in discretionary funding, a $2.3 billion increase over 2018 funding levels. HHS releases grant programs that fund telemedicine services in rural and underserved areas, opioid treatment, prevention and recovery, health professional education, and research. HHS has grant programs that target age groups across the lifespan, from mothers and infants to the elderly and disabled. Following are the sub-agencies under the HHS umbrella.

Health Resources and Services Administration (HRSA) – HRSA aims to improve health outcomes and address health disparities through access to quality services, a skilled health workforce, and innovative, high-value programs. Healthcare projects that serve rural and underserved areas, uninsured and underinsured patients, HIV/AIDS populations, or focus on maternal and child health or health professional education are particularly of interest.

Substance Abuse and Mental Health Services Administration (SAMHSA) – SAMHSA grants target public health efforts in order to advance the behavioral health of the nation and to improve the lives of individuals living with mental and substance use disorders, and their families. They administer funds for mental health services as well as substance abuse, prevention, treatment and recovery initiatives. Projects centered on the opioid epidemic have been especially high priority.

Centers for Disease Control and Prevention (CDC) – The CDC serves as the primary public health agency, developing and applying disease prevention and control, environmental health, and health promotion and health education activities designed to improve the health of the people of the United States. They administer grant programs that target public health preparedness as well as disease surveillance and monitoring.

Beyond the HHS, there is still potential to access additional funding for healthcare projects. There are a handful of other federal agencies that have taken an interest in supporting healthcare initiatives, especially as healthcare practice has expanded into a more wholistic, cross-sector response strategy. For instance, the U.S. Department of Agriculture has programs that aim to improve health services exclusively in rural areas, such as the *Distance Learning and Telemedicine Grant Program,* while the Department of Justice releases grants that support wraparound health services for individuals upon reentry into the community after incarceration. The Department of Labor occasionally offers workforce development and training grants that can be leveraged by healthcare entities for health professional education and training. The Department of Education has even hopped on the bandwagon, releasing solicitations earlier this year that focused on the mental health of students in the context of safe and healthy schools.

(I receive daily notices of all federal grant funding from grants.gov and screen them for possibilities for BVCHD).

State Funding:

I monitor the following websites weekly:

CA Department of Healthcare Services

CA Department of Public Health

Rural Health Information Hub

Foundation Funding for Healthcare

Foundation grants are an excellent source of funds for projects that have significant impact at the local and regional level. Between corporate, community, and private family foundations, more than $5 billion is granted each year by foundations for healthcare projects. Foundations are an excellent source of funding for projects that do not fit squarely within federal or state priorities or funding requirements. For instance, state and federal grant programs usually do not provide funding for institutionalized care, ambulatory, outpatient and home-based services. However, many foundations that focus on the elderly and disabled will fund projects in these areas because of their population-based priorities. These foundations include those with a national focus and give across the country, regional organizations that give in several target states, and local grantmakers that may limit their eligibility to a specific state, county, or

municipality. In contrast to federal and state-grantmakers, foundations are best known for their quick decision-making when evaluating grant proposals.

The one slight drawback of foundation funding (specifically for local or regional foundations), however, is that relationship building may be required prior to submission of your grant proposal. Unlike state or federal funders who use a "blind, cattle call" approach, many foundations prefer to get to know their awardees personally before making a decision. That said, once you've established a relationship with the funder, they might be more willing to become a long-term partner for supporting your future projects! Especially if the foundation operates in your specific community and targets their support specifically for projects in your town, city, or village. When pursing foundation grantmakers, while we start looking locally, it is important to also search out funders beyond the walls of the Big Bear community.

The major source I utilize for private foundation research is ***Foundation Search,*** a state-of-the art subscription service for identifying private foundations and corporate giving.

(Will provide an online demonstration at the meeting)

Other resources include:

- GrantStation
- The Philanthropy Journal
- Guidestar
- Grant Gopher www.grantgopher.com
- ECivis http://www.ecivis.com
- Grant Watch www.grantwatch.com

BEAR VALLEY
COMMUNITY HEALTHCARE DISTRICT

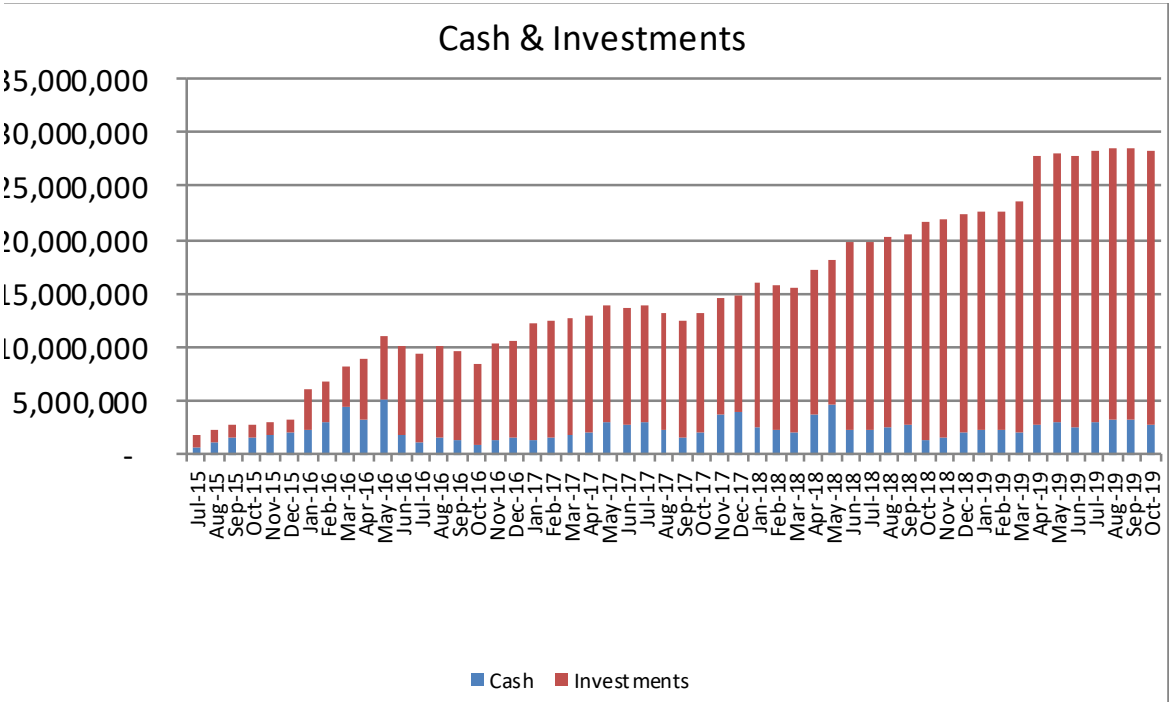
Finance Report

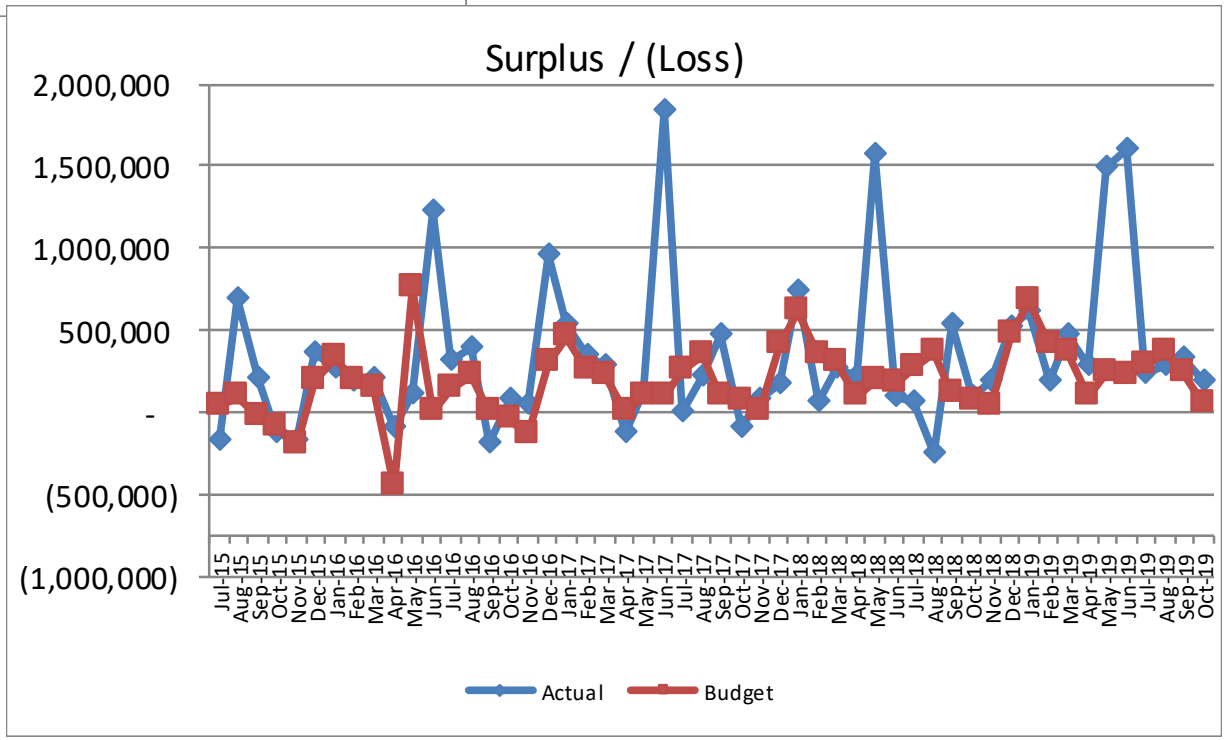
October 2019 Results

Summary for October 2019

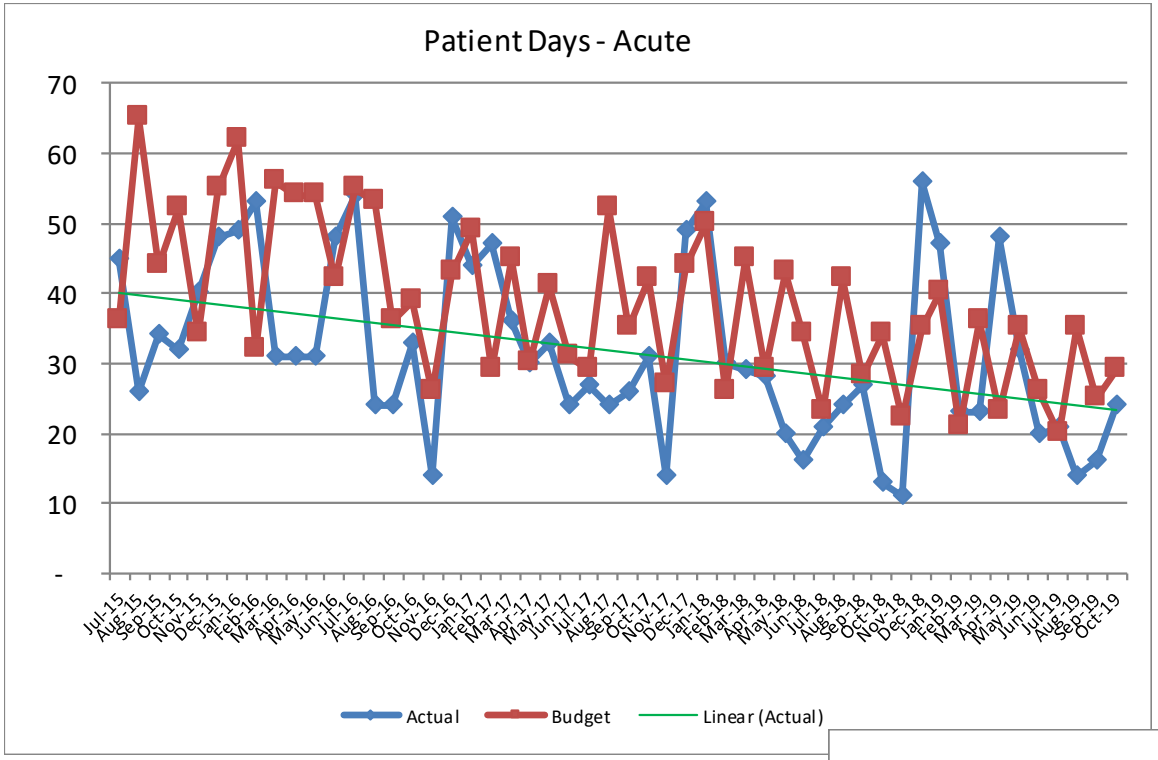
- Cash on hand $ 2,853,286
  Investments $25,454,833
- Days Cash on hand, including investments with LAIF – 414
- Surplus of $197,151 for the month was over budget by $150,157
- Total Patient Revenue was over Budget by 0.8% for the month
- Net Patient Revenue was 12.6% over budget.
- Total Expenses were 6.3% higher than budget

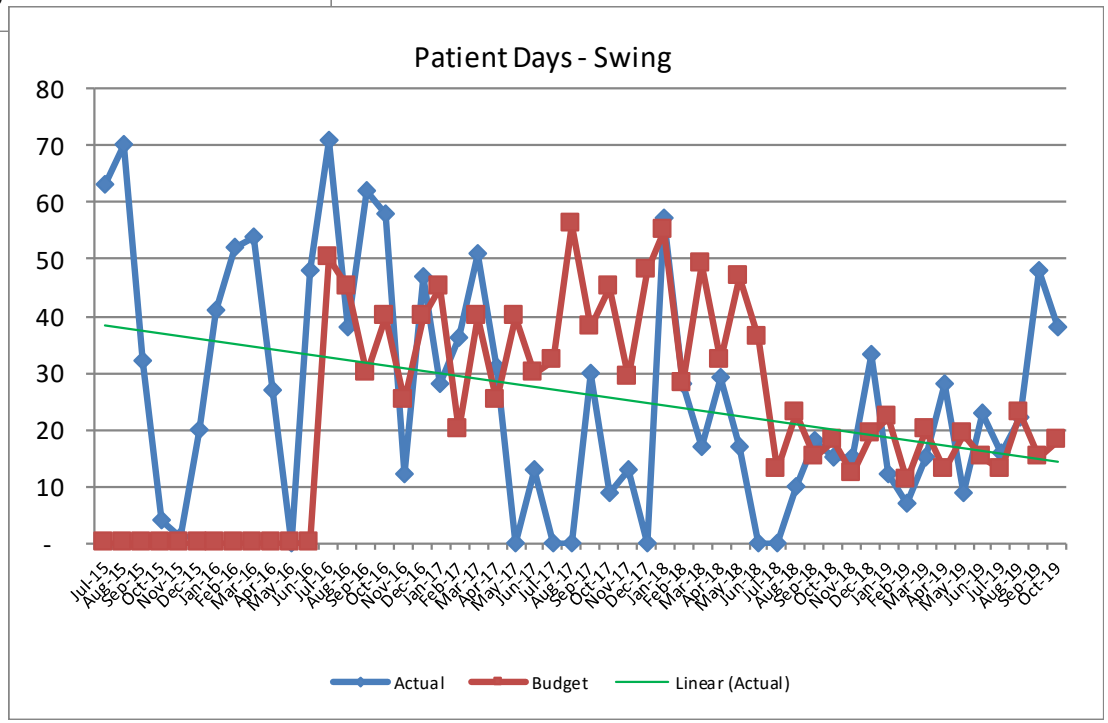
BEAR VALLEY
COMMUNITY HEALTHCARE DISTRICT



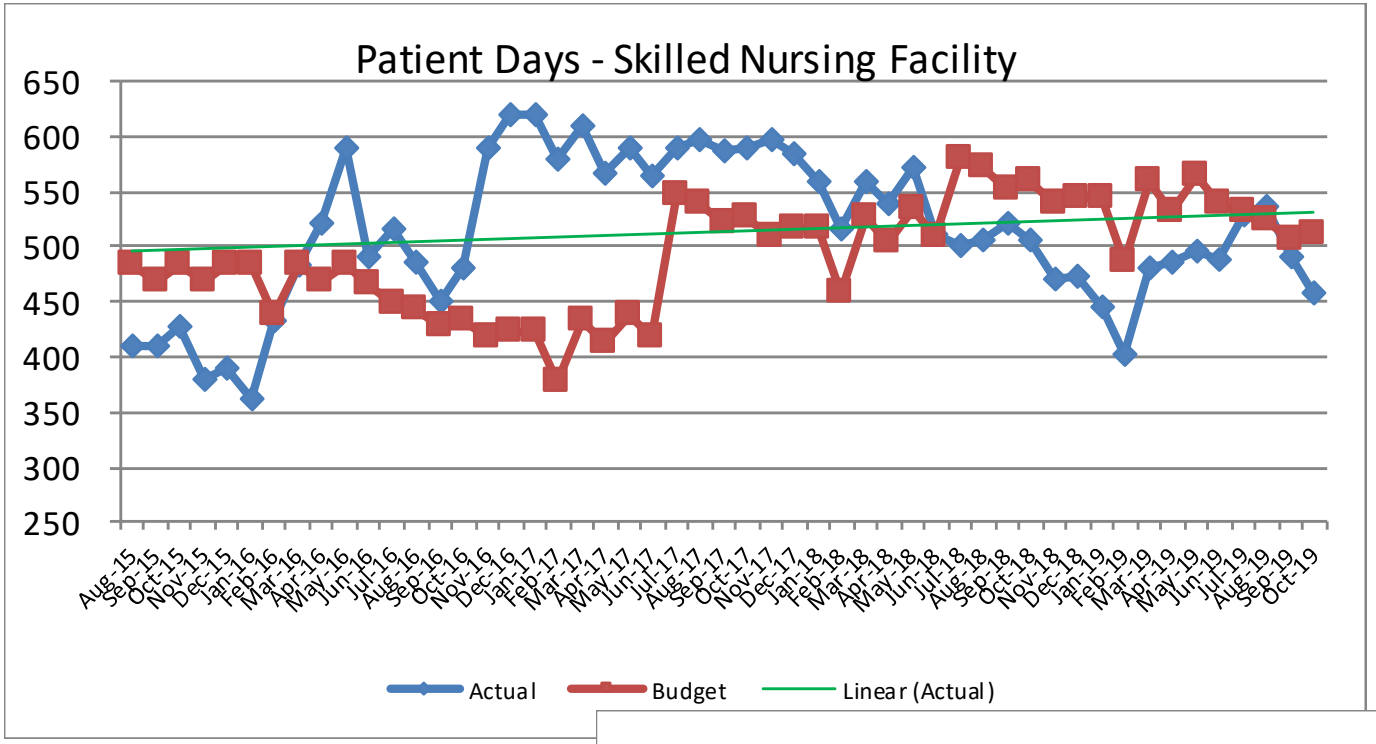


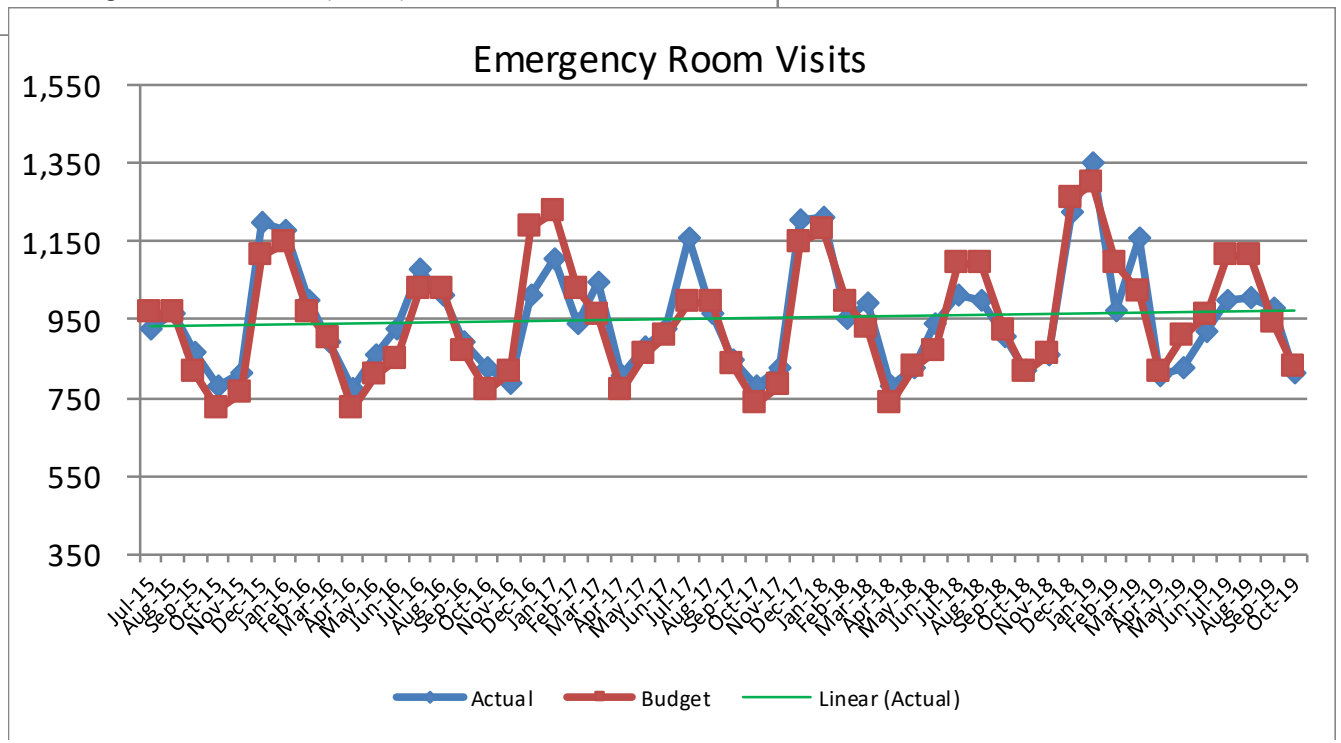
BEAR VALLEY
COMMUNITY HEALTHCARE DISTRICT



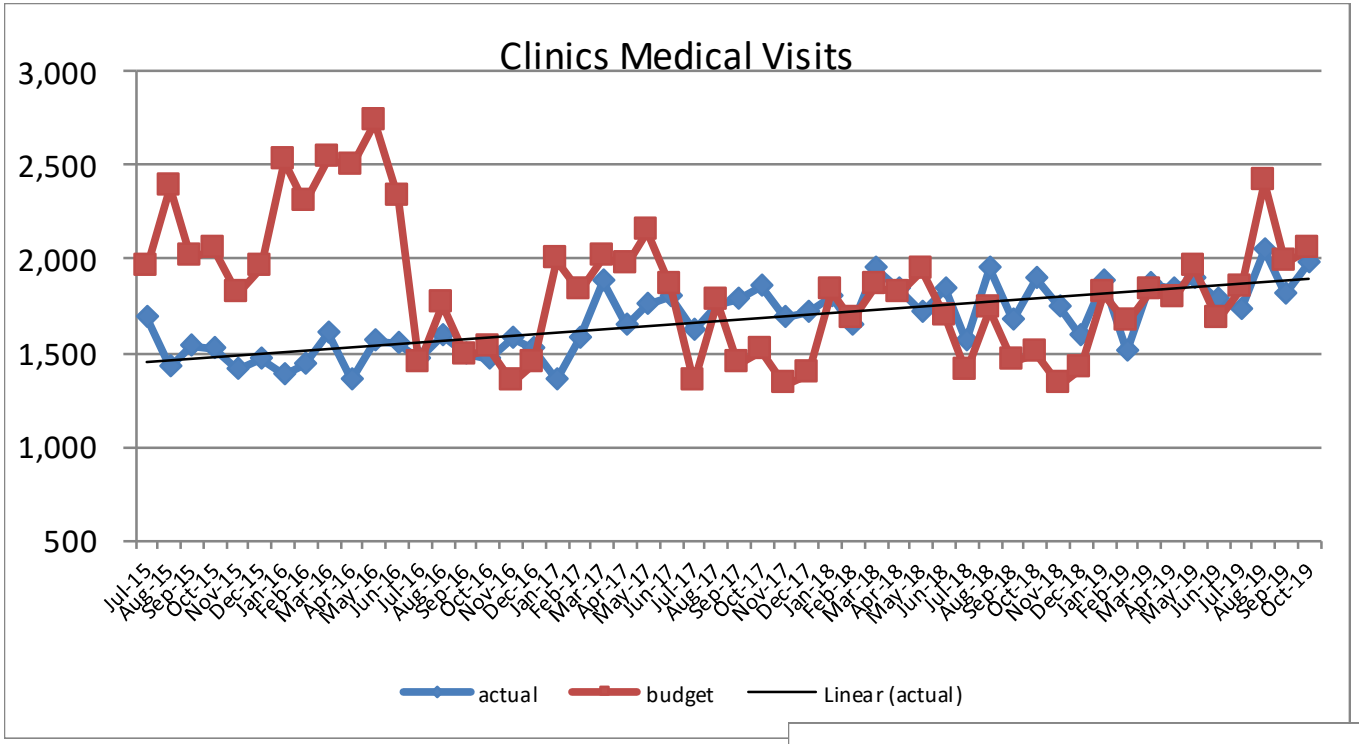


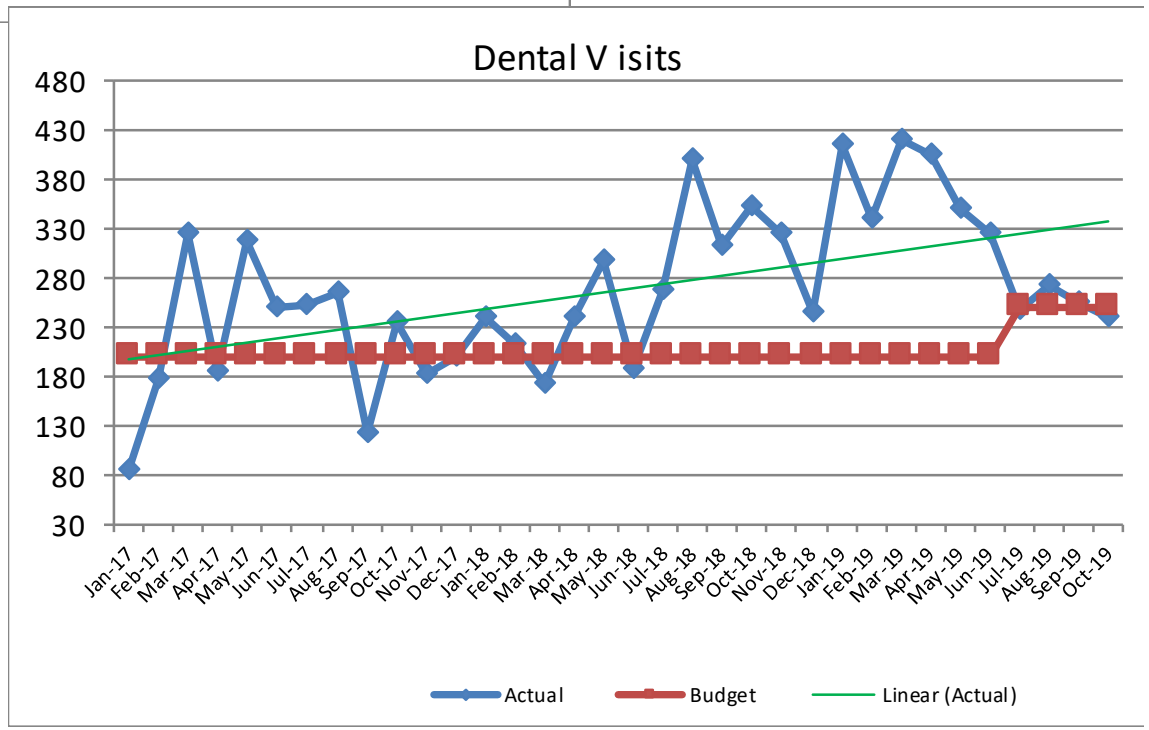
BEAR VALLEY
COMMUNITY HEALTHCARE DISTRICT



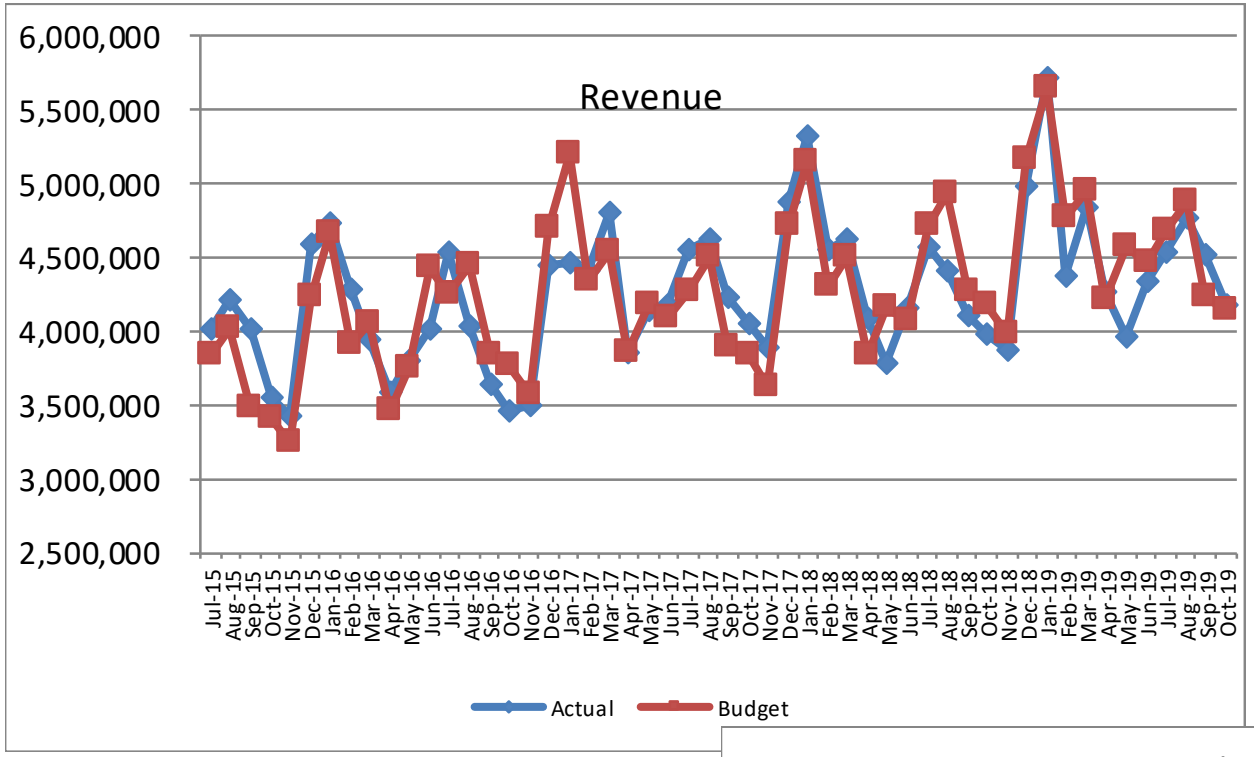


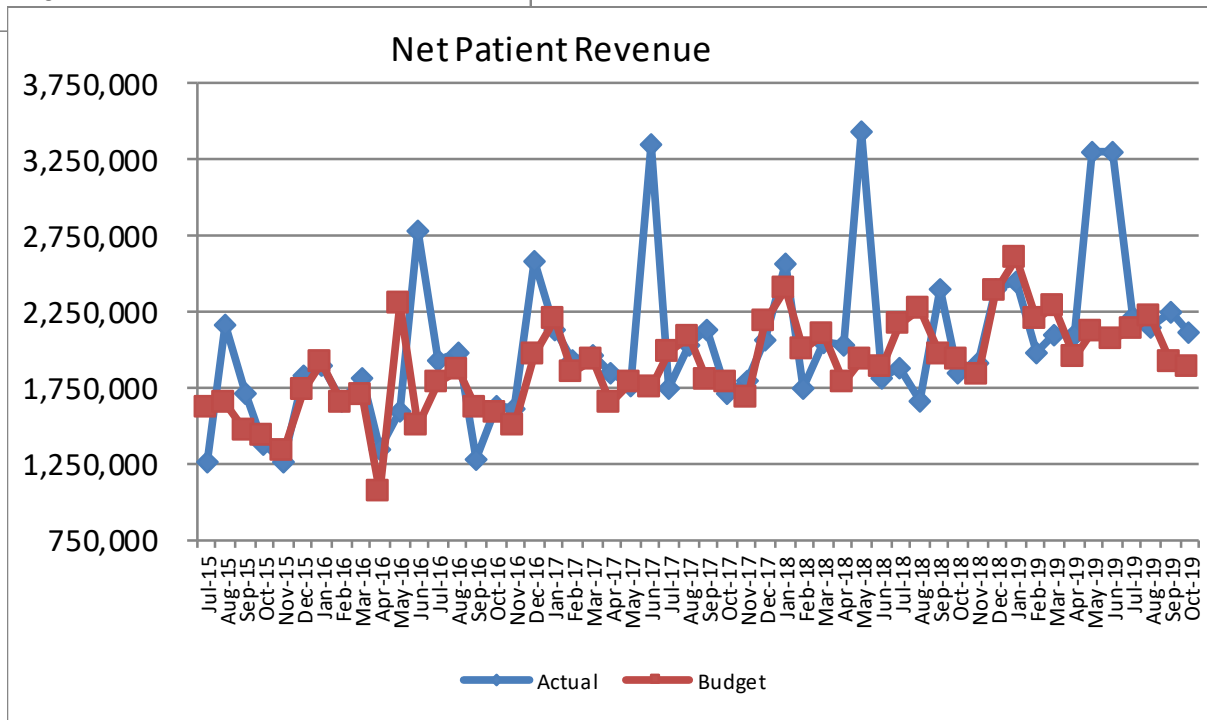
BEAR VALLEY
COMMUNITY HEALTHCARE DISTRICT



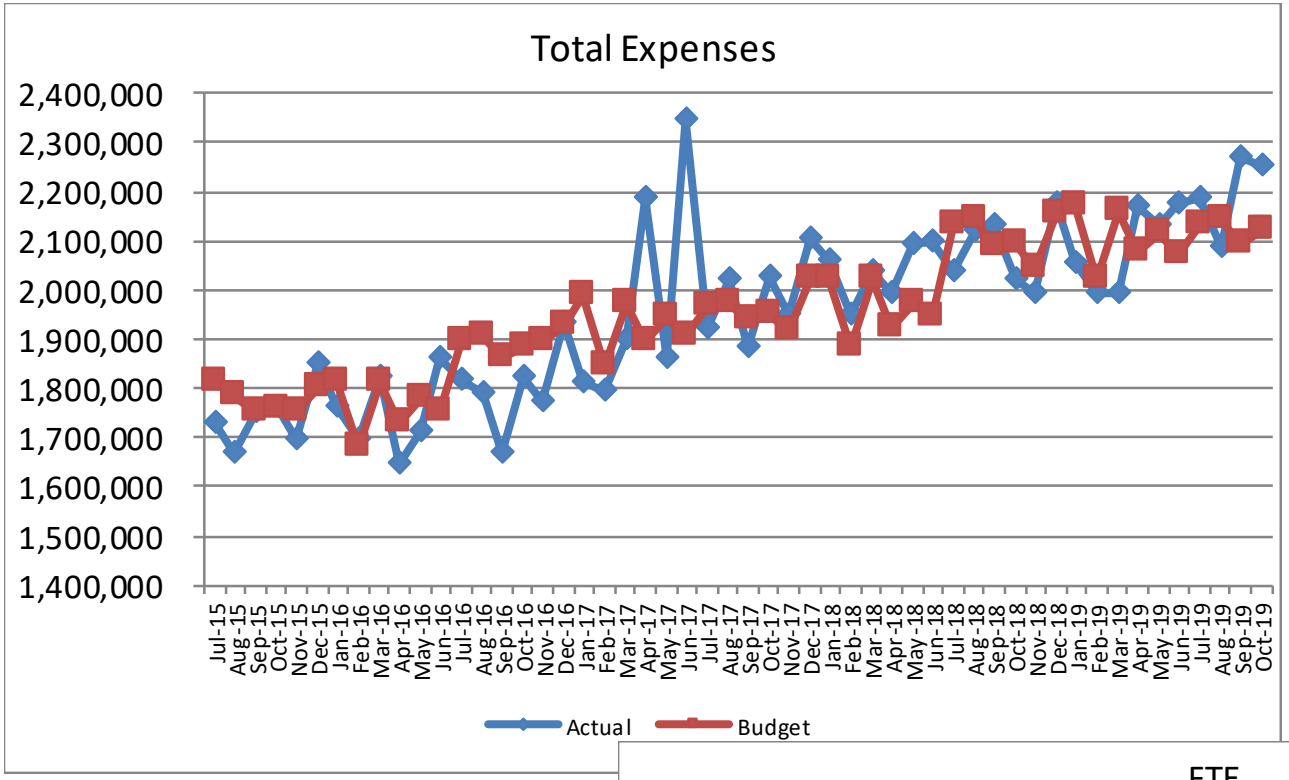


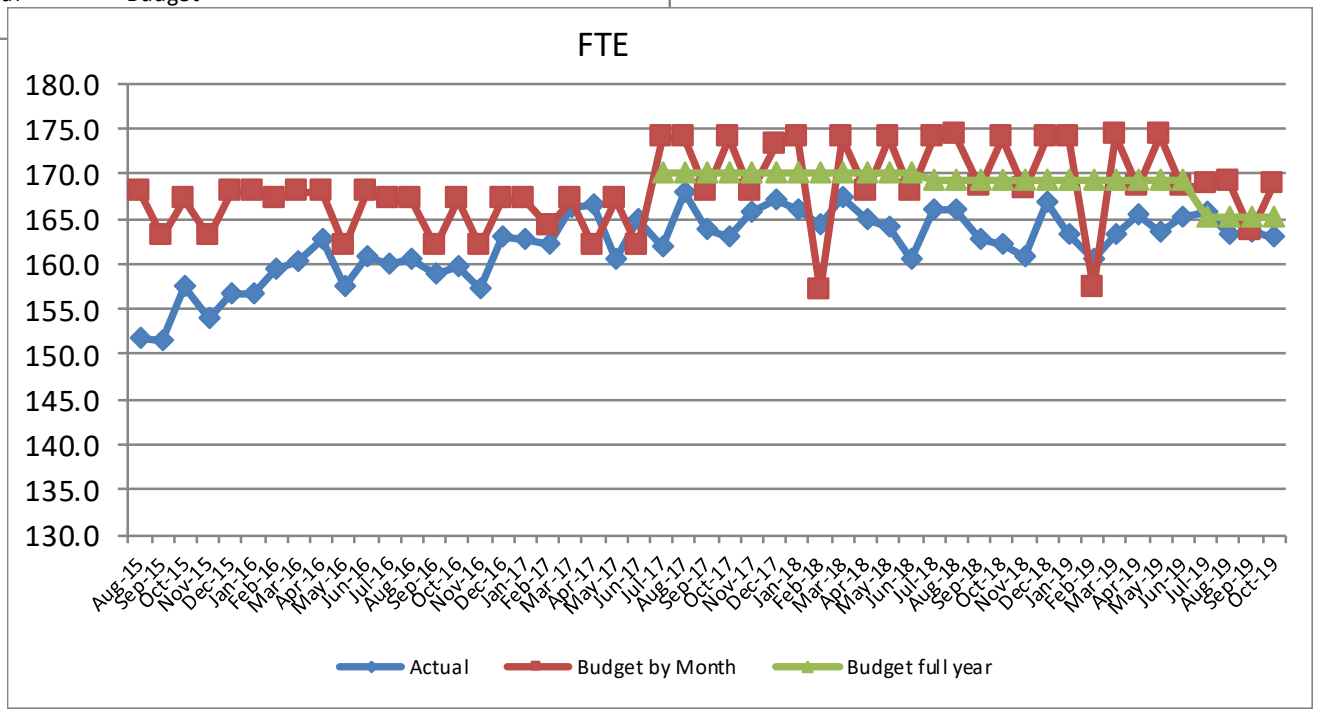
BEAR VALLEY
COMMUNITY HEALTHCARE DISTRICT



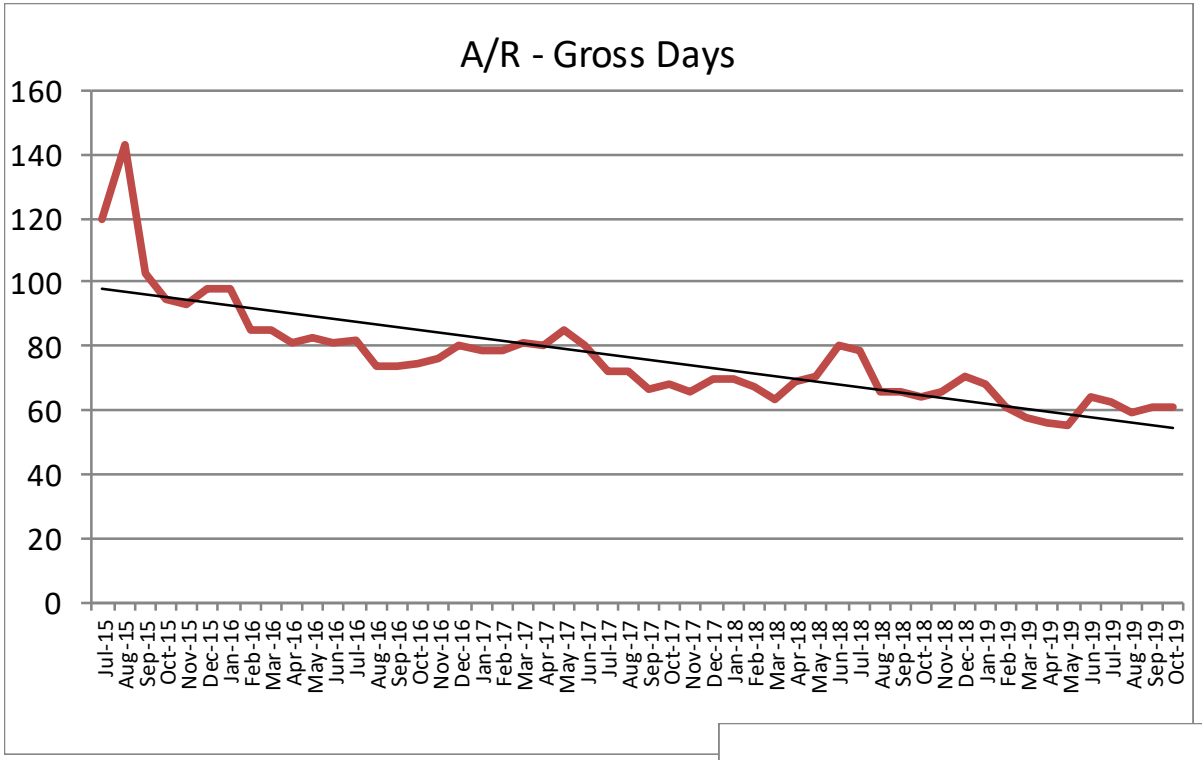


BEAR VALLEY
COMMUNITY HEALTHCARE DISTRICT





BEAR VALLEY
COMMUNITY HEALTHCARE DISTRICT



BEAR VALLEY
COMMUNITY HEALTHCARE DISTRICT

October 2019 Financial Results

For the month . . .

Total Patient Revenue for October 2019 was $4,179,010 - this was $35,023 or 0.8% more than budget. Emergency Room revenue was 2.3% more than budget. Outpatient revenue was 2.3% more than budget. Other categories of revenue (Inpatient, Clinic, and Skilled Nursing Facility) were lower than budget.

Revenue deductions of $2,063,140 were lower than budget by 8.9%.

Total Operating Revenue of $2,256,651 was $288,887 or 14.7% more than budget.

Total Expenses of $2,254,129 were 6.3% higher than budget. Most of the difference from budget came in the category of Repairs and Maintenance.

Our surplus for the month of October 2019 was $197,151. This was $150,157 higher than the budgeted amount for the month.

Our Operating Cash and Investments total $28,308,119 as of the end of month. Total days cash on hand as of the end of October 2019 are 414.

Key Statistics

Acute patient days of 24 were less than the budgeted number of 29. Swing days of 38 were more than 2 times the budgeted number. Skilled Nursing Facility days of 491 were 10% lower than budget – our Average Daily Census was 14.8. ER Visits of 812 were 1.9% lower than budget. Clinics Medical and Dental visits were both under budget.

FTE continue to run under budget.

Year To Date - Through the first 4 months of our Fiscal Year

Total Patient Revenue is 0.3% higher than budget
Total Operating Revenue is 4.7% higher than budget
Total Operating Expenses are 3.0% more than budget
Our Surplus of $1,120,549 is $185,539 more than budget, and $664,162 more than the first 4 months of last year

Bear Valley Community Healthcare District

Financial Statements October 31, 2019

Financial Highlights—Hospital

STATEMENT OF OPERATIONS

		A	B	C	D	E	F	G	H	I	J
		Current Month					Year-to-Date				
		FY 17/18	FY 18/19		VARIANCE		FY 17/18	FY 18/19		VARIANCE	
		Actual	Actual	Budget	Amount	%	Actual	Actual	Budget	Amount	%
1	Total patient revenue	3,978,707	4,179,010	4,143,987	35,023	0.8%	17,068,709	17,988,382	17,929,171	59,211	0.3%
2	Total revenue deductions	2,135,158	2,063,140	2,264,949	(201,809)	-8.9%	9,275,139	9,263,484	9,783,770	(520,287)	-5.3%
3	% Deductions	54%	49%	55%			54%	51%	55%		
4	Net Patient Revenue	1,843,550	2,115,870	1,879,038	236,832	12.6%	7,793,570	8,724,898	8,145,401	579,497	7.1%
5	% Net to Gross	46%	51%	45%			46%	49%	45%		
6	Other Revenue	90,789	140,781	88,726	52,055	58.7%	140,994	176,389	354,609	(178,220)	-50.3%
7	Total Operating Revenue	1,934,339	2,256,651	1,967,764	288,887	14.7%	7,934,565	8,901,287	8,500,010	401,277	4.7%
8	Total Expenses	2,019,782	2,254,129	2,120,967	133,162	6.3%	8,309,267	8,749,069	8,490,787	258,282	3.0%
9	% Expenses	51%	54%	51%			49%	49%	47%		
10	Surplus (Loss) from Operations	(85,443)	2,522	(153,203)	155,725	101.6%	(374,702)	152,218	9,222	142,995	-1550.5%
11	% Operating margin	-2%	0%	-4%			-2%	1%	0%		
12	Total Non-operating	186,827	194,629	200,197	(5,568)	-2.8%	831,089	968,331	925,788	42,543	4.6%
13	Surplus/(Loss)	101,384	197,151	46,994	150,157	-319.5%	456,387	1,120,549	935,010	185,539	-19.8%
14	% Total margin	3%	5%	1%			3%	6%	5%		

BALANCE SHEET

		A	B	C	D	E
		October	October	September		
		FY 17/18	FY 18/19	FY 18/19	VARIANCE	
					Amount	%
15	Gross Accounts Receivables	8,676,705	8,859,666	9,150,644	(290,978)	-3.2%
16	Net Accounts Receivables	2,914,596	2,746,702	2,852,579	(105,877)	-3.7%
17	% Net AR to Gross AR	34%	31%	31%		
18	Days Gross AR	63.9	60.6	61.0	(0.4)	-0.7%
19	Cash Collections	2,000,267	2,047,821	1,916,174	131,647	6.9%
20	Settlements/IGT Transactions	1,504,550	250,954	21,168	229,786	1085.5%
21	Investments	20,260,225	25,454,833	25,454,833	-	0.0%
22	Cash on hand	1,877,795	2,853,286	3,141,519	(288,233)	-9.2%
23	Total Cash & Invest	22,138,020	28,308,119	28,596,352	(288,233)	-1.0%
24	Days Cash & Invest	340	414	421	(7)	-1.8%
	Total Cash and Investments	22,138,020	28,308,119			
	Increase Current Year vs. Prior Year		6,170,099			

Bear Valley Community Healthcare District

Financial Statements October 31, 2019

Statement of Operations

		A	B	C	D	E	F	G	H	I	J
		Current Month					Year-to-Date				
		FY 17/18	FY 18/19		VARIANCE		FY 17/18	FY 18/19		VARIANCE	
		Actual	Actual	Budget	Amount	%	Actual	Actual	Budget	Amount	%
	Gross Patient Revenue										
1	Inpatient	89,286	135,332	137,170	(1,838)	-1.3%	417,539	495,009	522,393	(27,383)	-5.2%
2	Outpatient	957,181	900,575	880,549	20,026	2.3%	3,707,723	3,530,285	3,578,097	(47,811)	-1.3%
3	Clinic Revenue	399,238	398,761	425,361	(26,600)	-6.3%	1,523,974	1,568,810	1,719,468	(150,659)	-8.8%
4	Emergency Room	2,309,030	2,531,862	2,473,883	57,979	2.3%	10,503,644	11,491,199	11,208,441	282,758	2.5%
5	Skilled Nursing Facility	223,973	212,481	227,024	(14,543)	-6.4%	915,830	903,079	900,773	2,306	0.3%
6	**Total patient revenue**	**3,978,707**	**4,179,010**	**4,143,987**	**35,023**	**0.8%**	**17,068,709**	**17,988,382**	**17,929,171**	**59,211**	**0.3%**
	Revenue Deductions										
7	Contractual Allow	1,950,874	1,986,465	2,015,864	(29,399)	-1.5%	8,663,734	8,687,041	8,706,088	(19,047)	-0.2%
8	Contractual Allow PY	(193,436)	(150,000)	-	(150,000)	#DIV/0!	(893,374)	(550,040)	-	(550,040)	#DIV/0!
9	Charity Care	15,115	5,803	11,132	(5,329)	-47.9%	58,473	39,787	48,164	(8,377)	-17.4%
10	Administrative	2,378	3,687	13,565	(9,878)	-72.8%	12,851	17,807	58,690	(40,883)	-69.7%
11	Policy Discount	14,966	15,253	12,121	3,132	25.8%	56,952	57,761	52,443	5,318	10.1%
12	Employee Discount	3,317	6,914	5,068	1,846	36.4%	27,654	20,254	21,927	(1,673)	-7.6%
13	Bad Debts	231,008	98,670	207,199	(108,530)	-52.4%	802,570	725,552	896,458	(170,906)	-19.1%
14	Denials	177,395	96,348	-	96,348	#DIV/0!	546,278	265,321	-	265,321	#DIV/0!
15	**Total revenue deductions**	**2,135,158**	**2,063,140**	**2,264,949**	**(201,809)**	**-8.9%**	**9,275,139**	**9,263,484**	**9,783,770**	**(520,287)**	**-5.3%**
16	**Net Patient Revenue**	**1,843,550**	**2,115,870**	**1,879,038**	**236,832**	**12.6%**	**7,793,570**	**8,724,898**	**8,145,401**	**579,497**	**7.1%**
							-				
	gross revenue including Prior Year	40.2%	40.2%		40.2%		40.2%	447.4%	447.4%	0.0%	
	Contractual Allowances as a percent to gross revenue WO PY and Other CA	39.2%	39.2%		39.2%		39.2%	437.2%	437.2%	0.0%	
17	**Other Revenue**	90,789	140,781	88,726	52,055	58.7%	140,994	176,389	354,609	(178,220)	-50.3%
18	**Total Operating Revenue**	**1,934,339**	**2,256,651**	**1,967,764**	**288,887**	**14.7%**	**7,934,565**	**8,901,287**	**8,500,010**	**401,277**	**4.7%**
	Expenses										
19	Salaries	891,749	902,906	887,937	14,969	1.7%	3,499,880	3,639,120	3,523,724	115,396	3.3%
20	Employee Benefits	185,368	257,931	319,819	(61,888)	-19.4%	1,071,003	1,232,213	1,284,197	(51,984)	-4.0%
21	Registry	-	4,380	-	4,380	#DIV/0!	-	4,380	-	4,380	#DIV/0!
22	Salaries and Benefits	**1,077,117**	**1,165,217**	**1,207,756**	**(42,539)**	-3.5%	**4,570,883**	**4,875,713**	**4,807,921**	**67,792**	**1.4%**
23	Professional fees	179,265	176,896	192,812	(15,916)	-8.3%	708,988	714,573	767,633	(53,061)	-6.9%
24	Supplies	135,960	174,312	138,092	36,220	26.2%	529,655	637,018	572,403	64,615	11.3%
25	Utilities	40,116	40,886	44,054	(3,168)	-7.2%	173,251	180,703	181,299	(596)	-0.3%
26	Repairs and Maintenance	41,525	135,968	47,756	88,212	184.7%	114,416	233,998	190,725	43,273	22.7%
27	Purchased Services	381,061	365,076	307,727	57,349	18.6%	1,537,411	1,310,203	1,239,701	70,502	5.7%
28	Insurance	28,460	31,515	30,917	598	1.9%	113,233	126,473	123,668	2,805	2.3%
29	Depreciation	76,489	83,739	78,725	5,014	6.4%	305,955	331,688	314,900	16,788	5.3%
30	Rental and Leases	11,158	10,463	12,370	(1,907)	-15.4%	45,307	47,282	49,480	(2,198)	-4.4%
32	Dues and Subscriptions	5,746	5,299	6,488	(1,189)	-18.3%	25,607	23,659	25,952	(2,293)	-8.8%
33	Other Expense.	42,884	64,758	54,270	10,488	19.3%	184,561	267,758	217,105	50,653	23.3%
34	**Total Expenses**	**2,019,782**	**2,254,129**	**2,120,967**	**133,162**	**6.3%**	**8,309,267**	**8,749,069**	**8,490,787**	**258,282**	**3.0%**
35	**Surplus (Loss) from Operations**	**(85,443)**	**2,522**	**(153,203)**	**155,725**	**101.6%**	**(374,702)**	**152,218**	**9,222**	**142,995**	**-1550.5%**
36	**Non-Operating Income**										
37	Tax Revenue	184,244	201,917	201,917	-	0.0%	736,976	807,668	807,668	-	0.0%
38	Other non-operating	9,020	40	5,750	(5,710)	-99.3%	24,320	34,100	23,000	11,100	48.3%
	Interest Income	1,124	212	100	112	111.8%	100,239	156,946	125,400	31,546	25.2%
	Interest Expense	(7,561)	(7,540)	(7,570)	30	-0.4%	(30,446)	(30,382)	(30,280)	(102)	0.3%
	IGT Expense	-	-	-	-	#DIV/0!	-	-	-	-	#DIV/0!
39	**Total Non-operating**	**186,827**	**194,629**	**200,197**	**(5,568)**	**-2.8%**	**831,089**	**968,331**	**925,788**	**42,543**	**4.6%**
40	**Surplus/(Loss)**	**101,384**	**197,151**	**46,994**	**150,157**	**-319.5%**	**456,387**	**1,120,549**	**935,010**	**185,539**	**-19.8%**

Bear Valley Community Healthcare District
Financial Statements

Current Year Trending Statement of Operations

A Statement of Operations—CURRENT YEAR 2020

		1	2	3	4	5	6	7	8	9	10	11	12	
		July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	YTD
	Gross Patient Revenue													
1	Inpatient	132,376	109,683	117,618	135,332									495,009
2	Outpatient	852,704	893,759	883,248	900,575									3,530,285
3	Clinic	369,855	413,535	386,658	398,761									1,568,810
4	Emergency Room	2,937,844	3,116,633	2,904,860	2,531,862									11,491,199
5	Skilled Nursing Facility	234,536	237,879	218,184	212,481									903,079
6	**Total patient revenue**	**4,527,315**	**4,771,490**	**4,510,568**	**4,179,010**	-	-	-	-	-	-	-	-	**17,988,382**
	Revenue Deductions C/A	0.45	0.53	0.47	0.48	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.48
7	Contractual Allow	2,048,634	2,523,579	2,128,363	1,986,465									8,687,041
8	Contractual Allow PY	(100,000)	(150,040)	(150,000)	(150,000)									(550,040)
9	Charity Care	21,771	10,036	2,177	5,803									39,787
10	Administrative	9,113	(337)	5,344	3,687									17,807
11	Policy Discount	11,209	16,516	14,783	15,253									57,761
12	Employee Discount	7,850	3,870	1,620	6,914									20,254
13	Bad Debts	262,975	160,654	203,254	98,670									725,552
14	Denials	56,797	58,918	53,258	96,348									265,321
15	**Total revenue deductions**	**2,318,349**	**2,623,196**	**2,258,799**	**2,063,140**	-	-	-	-	-	-	-	-	**9,263,484**
		0.51	0.55	0.50	0.49	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
16	**Net Patient Revenue**	**2,208,966**	**2,148,293**	**2,251,769**	**2,115,870**	-	-	-	-	-	-	-	-	**8,724,898**
	net / tot pat rev	48.8%	45.0%	49.9%	50.6%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	48.5%
17	**Other Revenue**	4,070	26,718	4,820	140,781									176,389
18	**Total Operating Revenue**	**2,213,036**	**2,175,012**	**2,256,589**	**2,256,651**	-	-	-	-	-	-	-	-	**8,901,287**
	Expenses													
19	Salaries	909,799	920,881	905,534	902,906									3,639,120
20	Employee Benefits	314,164	285,924	374,193	257,931									1,232,213
21	Registry	-	-	-	4,380									4,380
22	Salaries and Benefits	**1,223,962**	**1,206,805**	**1,279,728**	**1,165,217**	-	-	-	-	-	-	-	-	**4,875,713**
23	Professional fees	227,413	134,001	176,263	176,896									714,573
24	Supplies	157,037	146,720	158,949	174,312									637,018
25	Utilities	45,550	47,425	46,842	40,886									180,703
26	Repairs and Maintenance	38,865	29,353	29,812	135,968									233,998
27	Purchased Services	302,946	319,068	323,112	365,076									1,310,203
28	Insurance	32,000	31,410	31,548	31,515									126,473
29	Depreciation	82,105	82,105	83,739	83,739									331,688
30	Rental and Leases	12,010	11,891	12,918	10,463									47,282
32	Dues and Subscriptions	7,130	5,446	5,785	5,299									23,659
33	Other Expense.	56,525	72,916	73,560	64,758									267,758
34	**Total Expenses**	**2,185,543**	**2,087,141**	**2,222,256**	**2,254,129**	-	-	-	-	-	-	-	-	**8,749,069**
35	**Surplus (Loss) from Operations**	**27,492**	**87,870**	**34,333**	**2,522**	-	-	-	-	-	-	-	-	**152,218**
36	**Non-Operating Income**													
37	Tax Revenue	201,917	201,917	201,917	201,917									807,668
38	Other non-operating	25,040	9,000	20	40									34,100
	Interest Income	300	286	156,148	212									156,946
	Interest Expense	(7,711)	(7,590)	(7,541)	(7,540)									(30,382)
	IGT Expense	-	-	-	-									-
39	**Total Non-operating**	**219,546**	**203,612**	**350,544**	**194,629**	-	-	-	-	-	-	-	-	**968,331**
40	**Surplus/(Loss)**	**247,038**	**291,483**	**384,877**	**197,151**	-	-	-	-	-	-	-	-	**1,120,549**

2019-20 Actual BS

BALANCE SHEET Includes Final Entries 6-30-19	**July**	**Aug**	**Sept**	**Oct**	**PY June**
ASSETS:					
Current Assets					
Cash and Cash Equivalents (Includes CD's)	2,992,558	3,178,108	3,141,519	2,853,286	2,406,940
Gross Patient Accounts Receivable	8,667,951	8,621,871	9,149,724	8,858,810	8,792,362
Less: Reserves for Allowances & Bad Debt	5,919,643	5,911,721	6,297,145	6,112,108	5,906,428
Net Patient Accounts Receivable	2,748,308	2,710,149	2,852,579	2,746,702	2,885,934
Tax Revenue Receivable	2,423,000	2,423,000	2,423,000	2,423,000	46,556
Other Receivables	90,680	126,745	113,997	605,220	80,710
Inventories	130,378	130,687	123,077	117,611	136,982
Prepaid Expenses	420,319	422,235	425,830	473,165	406,467
Due From Third Party Payers	0	0			
Due From Affiliates/Related Organizations	0	0			
Other Current Assets	0	0			
Total Current Assets	8,805,242	8,990,924	9,080,003	9,218,984	5,963,589
Assets Whose Use is Limited					
Investments	25,298,992	25,298,992	25,454,833	25,454,833	25,298,992
Other Limited Use Assets	144,375	144,375	144,375	144,375	144,375
Total Limited Use Assets	25,443,367	25,443,367	25,599,208	25,599,208	25,443,367
Property, Plant, and Equipment					
Land and Land Improvements	570,615	570,615	570,615	570,615	570,615
Building and Building Improvements	10,063,006	10,087,902	10,105,802	10,110,802	10,063,006
Equipment	12,367,216	12,390,920	12,483,917	12,555,150	12,365,728
Construction In Progress	220,454	221,354	221,354	221,886	220,454
Capitalized Interest					
Gross Property, Plant, and Equipment	23,221,290	23,270,791	23,381,687	23,458,453	23,219,802
Less: Accumulated Depreciation	14,657,536	14,739,641	14,823,380	14,907,119	14,575,430
Net Property, Plant, and Equipment	8,563,754	8,531,150	8,558,308	8,551,334	8,644,372
TOTAL UNRESTRICTED ASSETS	42,812,363	42,965,441	43,237,518	43,369,526	40,051,328
Restricted Assets	0	0	0	0	0
TOTAL ASSETS	42,812,363	42,965,441	43,237,518	43,369,526	40,051,328

2019-20 Actual BS

BALANCE SHEET					**PY**
Includes Final Entries 6-30-19	**July**	**Aug**	**Sept**	**Oct**	**June**
LIABILITIES:					
Current Liabilities					
Accounts Payable	1,109,879	948,094	1,080,601	1,024,845	922,125
Notes and Loans Payable					
Accrued Payroll	814,113	894,578	1,021,042	1,105,147	733,342
Patient Refunds Payable					
Due to Third Party Payers (Settlements)	3,279,267	3,416,509	3,287,677	3,388,603	3,311,092
Advances From Third Party Payers					
Current Portion of Def Rev - Txs,	2,256,083	2,054,166	1,852,249	1,655,332	35,000
Current Portion - LT Debt	35,000	35,000	35,000	40,000	35,000
Current Portion of AB915					
Other Current Liabilities (Accrued Interest & Accrued Other)	15,339	22,930	30,471	37,971	7,689
Total Current Liabilities	7,509,682	7,371,277	7,307,040	7,251,897	5,044,247
Long Term Debt					
USDA Loan	2,860,000	2,860,000	2,860,000	2,855,000	2,860,000
Leases Payable	0	0	0	0	0
Less: Current Portion Of Long Term Debt	35,000	35,000	35,000	40,000	35,000
Total Long Term Debt (Net of Current)	2,825,000	2,825,000	2,825,000	2,815,000	2,825,000
Other Long Term Liabilities					
Deferred Revenue	0	0	0	0	0
Other	0	0	0	0	
Total Other Long Term Liabilities	0	0	0	0	0
TOTAL LIABILITIES	10,334,682	10,196,277	10,132,040	10,066,897	7,869,248
Fund Balance					
Unrestricted Fund Balance	32,230,643	32,230,643	32,182,080	32,182,080	24,871,960
Temporarily Restricted Fund Balance	0	0			
Equity Transfer from FRHG	0	0			
Net Revenue/(Expenses)	247,038	538,521	923,398	1,120,549	7,310,120
TOTAL FUND BALANCE	32,477,681	32,769,164	33,105,478	33,302,629	32,182,080
TOTAL LIABILITIES & FUND BALANCE	42,812,363	42,965,441	43,237,518	43,369,526	40,051,328

Units of Service

For the period ending: October 31, 2019

31 | 123

Bear Valley Community Hospital

Current Month							Year-To-Date					
Oct-19		Oct-18	Actual -Budget		Act.-Act.		Oct-19		Oct-18	Actual -Budget		Act.-Act.
Actual	Budget	Actual	Variance	Var %	Var %		Actual	Budget	Actual	Variance	Var %	Var %
24	29	13	(5)	-17.2%	84.6%	Med Surg Patient Days	124	109	85	15	13.8%	45.9%
38	18	15	20	111.1%	153.3%	Swing Patient Days	75	69	43	6	8.7%	74.4%
459	512	506	(53)	-10.4%	-9.3%	SNF Patient Days	2,013	2,072	2,037	(59)	-2.8%	-1.2%
521	**559**	**534**	**(38)**	**-6.8%**	**-2.4%**	**Total Patient Days**	**2,212**	**2,250**	**2,165**	**(38)**	**-1.7%**	**2.2%**
9	14	6	(5)	-35.7%	50.0%	Acute Admissions	30	56	41	(26)	-46.4%	-26.8%
11	14	7	(3)	-21.4%	57.1%	Acute Discharges	31	56	39	(25)	-44.6%	-20.5%
2.2	2.1	1.9	0.1	5.3%	17.5%	Acute Average Length of Stay	4.0	1.9	2.2	2.1	105.5%	83.5%
0.8	0.9	0.4	(0.2)	-17.2%	84.6%	Acute Average Daily Census	1.0	1	0.7	0.1	13.8%	45.9%
16.0	17.1	16.8	(1.1)	-6.2%	-4.6%	SNF/Swing Avg Daily Census	17.0	17	16.9	(0.4)	-2.5%	0.4%
16.8	**18.0**	**17.2**	**(1.2)**	**-6.8%**	**-2.4%**	**Total Avg. Daily Census**	**18.0**	**18**	**17.6**	**(0.3)**	**-1.7%**	**2.2%**
37%	**40%**	**38%**	**-3%**	**-6.8%**	**-2.4%**	**% Occupancy**	**40%**	**41%**	**39%**	-1%	**-1.7%**	**2.2%**
4	13	5	(9)	-69.2%	-20.0%	Emergency Room Admitted	15	52	34	(37)	-71.2%	-55.9%
808	815	3,703	(7)	-0.9%	-78.2%	Emergency Room Discharged	3,778	3,939	3,703	(161)	-4.1%	2.0%
812	**828**	**3,708**	**(16)**	**-1.9%**	**-78.1%**	**Emergency Room Total**	**3,793**	**3,991**	**3,737**	**(198)**	**-5.0%**	**1.5%**
26	**27**	**120**	**(1)**	**-1.9%**	**-78.1%**	**ER visits per calendar day**	**31**	**32**	**30**	**(2)**	**-5.0%**	**1.5%**
44%	**93%**	**83%**	**56%**	**59.8%**	**-46.7%**	**% Admits from ER**	**50%**	**93%**	**83%**	**70%**	**75.7%**	**-39.7%**
-	-	-	-	0.0%	#DIV/0!	Surgical Procedures I/P	-	-	-	-	0.0%	#DIV/0!
10	14	17	(4)	-28.6%	-41.2%	Surgical Procedures O/P	31	53	54	(22)	-41.5%	-42.6%
10	**14**	**17**	**(4)**	**-28.6%**	**-41.2%**	**TOTAL Procedures**	**31**	**53**	**54**	**(22)**	**-41.5%**	**-42.6%**
742	**1,047**	**834**	**(305)**	**-29.1%**	**-11.0%**	**Surgical Minutes Total**	**3,018**	**4,154**	**2,901**	**(1,136)**	**-27.3%**	**4.0%**

Units of Service

For the period ending: October 31, 2019

Bear Valley Community Hospital

Current Month							Year-To-Date					
Oct-19		Oct-18	Actual -Budget		Act.-Act.		Oct-19		Oct-18	Actual -Budget		Act.-Act.
Actual	Budget	Actual	Variance	Var %	Var %		Actual	Budget	Actual	Variance	Var %	Var %
6,757	6,201	6,337	556	9.0%	6.6%	Lab Procedures	26,622	25,569	3,144	1,053	4.1%	746.8%
720	729	713	(9)	-1.2%	1.0%	X-Ray Procedures	3,202	3,265	2,560	(63)	-1.9%	25.1%
280	255	248	25	9.8%	12.9%	C.T. Scan Procedures	1,229	1,064	1,072	165	15.5%	14.6%
198	216	223	(18)	-8.3%	-11.2%	Ultrasound Procedures	845	874	916	(29)	-3.3%	-7.8%
79	62	67	17	27.4%	17.9%	Mammography Procedures	232	248	233	(16)	-6.5%	-0.4%
279	282	211	(3)	-1.1%	32.2%	EKG Procedures	1,140	1,126	1,058	14	1.2%	7.8%
104	89	82	15	16.9%	26.8%	Respiratory Procedures	360	371	405	(11)	-3.0%	-11.1%
1,843	1,703	1,341	140	8.2%	37.4%	Physical Therapy Procedures	6,683	5,772	5,917	911	15.8%	12.9%
1,978	2,053	1,899	(75)	-3.7%	4.2%	Primary Care Clinic Visits	7,572	8,286	7,077	(714)	-8.6%	7.0%
239	250	352	(11)	-4.4%	-32.1%	Specialty Clinic Visits	1,014	1,000	1,332	14	1.4%	-23.9%
2,217	**2,303**	**2,251**	**(86)**	**-3.7%**	**-1.5%**	**Clinic**	**8,586**	**9,286**	**8,409**	**(700)**	**-7.5%**	**2.1%**
85	**89**	**87**	**(3)**	**-3.7%**	**-1.5%**	**Clinic visits per work day**	**47**	**51**	**46**	**(4)**	**-7.5%**	**2.1%**
20.9%	20.00%	19.80%	0.90%	4.50%	5.56%	% Medicare Revenue	18.85%	20.00%	20.30%	-1.15%	-5.75%	-7.14%
38.40%	39.00%	40.40%	-0.60%	-1.54%	-4.95%	% Medi-Cal Revenue	39.70%	39.00%	37.63%	0.70%	1.79%	5.51%
36.70%	36.00%	35.00%	0.70%	1.94%	4.86%	% Insurance Revenue	37.43%	36.00%	37.25%	1.43%	3.96%	0.47%
4.00%	5.00%	4.80%	-1.00%	-20.00%	-16.67%	% Self-Pay Revenue	4.03%	5.00%	4.83%	-0.98%	-19.50%	-16.58%
144.1	152.0	142.5	(7.9)	-5.2%	1.1%	Productive FTE's	144.97	150.8	141.7	(5.8)	-3.9%	2.3%
163.1	168.8	164.2	(5.6)	-3.3%	-0.6%	Total FTE's	163.93	167.5	164.2	(3.5)	-2.1%	-0.2%

CFO REPORT for

December 2019 Finance Committee and Board Meetings

TruBridge – Accounts Receivable Management

Accounts Receivable days (Gross) were 60.6 as of the end of October 2019. Graphs of trends in Accounts Receivable Days and Dollars are in the Financial Report.

FTE Report

Attached is a report showing FTE by Department and comparing year-to-date FTE for the Fiscal Year through the pay period ending October 26, 2019 & FY 2020 Budget & recommendations from the Productivity Assessment. 16 or 30 departments are at or below the number indicted in the Productivity Assessment. Overall FTE are running under the budgeted number.

IT Strategic Plan Update

In the first quarter of 2019 Dell-Secureworks performed an external Network Penetration Test (PEN Test) on the BVCHD network. The test was highly successful as Dell engineers could not successfully penetrate our network in any phase of their test. In their conclusions Dell engineers offered several system configuration change recommendations to further strengthen our external security that have all been implemented at this time.

Dell Secureworks performed a HIPAA Risk assessment and provided the final draft of their findings at the end of the 2nd quarter. In the final report's "Summary of Findings" Dell discovered that "the majority of sections pertaining to HIPAA Security Rules were substantially fulfilled." They stated that the "key areas of concern were weak process documentation" and policies to support those processes. They concluded the findings summary by saying that "as a whole, BVCHD's security program appears well-organized with a staff that is very knowledgeable of HIPAA requirements and industry security

practices.” Their advice was to fully document our processes to complete our program. The Executive Summary is attached.

In June, a HIPAA security workgroup was established to focus on HIPAA practices, cybersecurity and training. This workgroup distilled the HIPAA Risk Assessment final report down into a manageable action plan, which is currently being worked primarily by the IT team. The core of this work involves writing new and/or updating policies/procedures and drafting long term plans identified by the HIPAA Risk Assessment report.

IT Cyber Security Insurance

We continue to evaluate Cyber Insurance. We are finding that premiums are quite high and policies have a lot of exclusions. We continue to review.

Policy & Procedure Department Update

As noted above, IT policies are under review and development based on assessments

Bear Valley Community Healthcare District

FTE (Full Time Equivalents)

	Dept	FY 2020 through 26 Oct 2019	FY 2020 Budget	Prod Assess	ytd actual vs Prod Assess	ytd actual vs budget
Acute	006170	5.5	6.6	5.3	(0.2)	1.1
SNF	006582	22.2	22.3	18.1	(4.1)	0.1
ER	007010	21.2	19.4	18.5	(2.7)	(1.8)
Risk / Compl	008754	1.0	1.0	1.0	0.0	0.0
RHC	007181	2.6	2.6	1.7	(0.9)	(0.0)
OR	007420	2.0	2.1	2.0	(0.0)	0.0
DISASTER	008490	0.2	0.2	0.2	0.0	0.0
LAB	007500	10.2	9.9	9.9	(0.3)	(0.4)
XRAY	007630	6.7	6.6	6.1	(0.6)	(0.2)
US	007670	1.3	1.3	1.5	0.2	(0.0)
PHARM	007710	1.1	1.1	1.5	0.4	0.0
RT	007720	2.4	2.3	2.1	(0.3)	(0.1)
PT	007770	5.7	6.0	5.3	(0.4)	0.3
DIETARY	008340	7.8	8.1	7.3	(0.5)	0.3
PURCH	008400	1.5	1.4	1.7	0.2	(0.1)
HSKPG	008440	9.5	9.3	8.1	(1.4)	(0.2)
PLANT	008460	3.2	3.1	3.1	(0.1)	(0.1)
IS	008480	4.6	4.3	4.3	(0.3)	(0.3)
ACCTG	008510	3.0	3.0	3.0	0.0	0.0
PT.ACCTG	008530	3.7	4.0	4.0	0.3	0.3
ADMTG	008560	10.2	10.1	8.9	(1.3)	(0.1)
ADMIN	008610	1.7	1.7	1.7	0.0	0.0
DISTRICT	008620	-			0.0	0.0
HR	008650	3.0	3.0	2.3	(0.7)	(0.0)
HIM	008700	4.7	5.8	5.0	0.3	1.1
MD.STAFF	008710	0.8	0.8	0.9	0.1	0.0
N.ADMN	008720	2.9	3.0	3.2	0.3	0.1
FHC	008760	17.4	18.3	19.5	2.1	0.9
MOMS	008770	4.6	5.1	5.3	0.7	0.5
PRIME		2.8	3.2	3.2	0.4	0.4
		163.7	165.3	154.70	(9.0)	1.6

Secureworks

BEAR VALLEY COMMUNITY HEALTHCARE DISTRICT

HIPAA Gap Assessment Report

April 2, 2019

Presented To:

Jon Booth

Director of IT and Information Security

Bear Valley Community Healthcare District

41870 Garstin Dr.

Big Bear Lake, CA 92315

jon.booth@bvchd.com

909.878.8292

Submitted By:

Mike McKelvey

Sr Manager, IT Security

Secureworks

One Concourse Parkway

Suite 500

Atlanta, GA 30328

877.905.6661

mmckelvey@Secureworks.com

404.486.4424

1. Executive Summary

Bear Valley Community Healthcare District (BVCHD) engaged Secureworks to conduct a HIPAA Gap Analysis. Secureworks performed the assessment between 2/19/2019 and 2/21/2019. The goal was to assess the current state of the BVCHD security posture as compared to the standards found in the HIPAA Security Rule.

This section offers a broad overview of the engagement results and contains a summary of the findings. Subsequent sections contain the methodology used and detailed findings for all HIPAA safeguards, administrative requirements, and documentation, as well as the Secureworks recommendations.

Secureworks selectively reviewed BVCHD's documentation, interviewed employees, and conducted various technical reviews. Included in the scope of review were a wide range of physical, technical, and administrative security controls covered by the HIPAA Security Rule.

1.1 Summary of Findings

The HIPAA Security and Privacy regulations mandate that Covered Entities (healthcare providers, payers, and clearinghouses) take steps to maintain the confidentiality, integrity, and availability of Protected Health Information, and to prevent its disclosure to others except as permitted by law or as authorized by the patient.

Secureworks discovered that the majority of sections pertaining to the HIPAA Security Rules were substantially fulfilled. A partial policy set exists and some processes at least partially address the HIPAA standards and provide a base to fulfill the Security Rule. For a number of HIPAA sections, the key areas of concern were weak process documentation, partial implementation of processes within the organization, and the development and maturing of key security processes. As a whole, BVCHD's security program appears well-organized with a staff that is very knowledgeable of HIPAA requirements and industry security practices.

With the aid of this assessment and appropriate organizational support, BVCHD should be well-equipped to continue the evolvement of their security program and their journey toward HIPAA compliance.

1.2 Areas of Concern

Secureworks found that BVCHD, while having a small IT staff, has implemented an excellent security program. In discussions with staff, several new initiatives were mentioned that will further enhance BVCHD's security posture.

The primary area of concern bridges several control domains. Therefore, I will summarize the issues here.

1.2.1 CPSI issues

BVCHD uses a software product identified as CPSI, supplied by a company of the same name. This product operates most of the hospital functions and serves as a primary repository for electronic protected health information (ePHI). Secureworks did not note any insecure processes related to CPSI. However, BVCHD operates CPSI as a "black box", with an inability to assure critical information security protections and processes are being properly executed.

Specific concerns with CPSI identified include:

- The primary administrative functions within the CPSI product are performed by CPSI staff. BVCHD has limited input as to the execution and scheduling of these functions. Administrative tasks allowed to be conducted by BVCHD staff are limited to adding and deleting users and groups. While Secureworks saw no evidence that the CPSI staff is not performing this function well, the ultimate responsibility belongs to BVCHD. Secureworks recommends a formal risk assessment of this vendor be performed to provide mitigation where possible and informed risk acceptance by senior management of any residual risk. In addition, the BAA must be altered, if feasible, to include SLAs and metrics to assure compliance.
- Tracking of all functions within CPSI appears to be very granular, which could provide excellent alerting of harmful activity, and forensic evidence after an incident; however, no proactive monitoring of activity is taking place. BVCHD does perform regular audit reviews of these logs, but the lack of proactive review limits the ability to recognize some types of inappropriate behavior in a timely manner. Secureworks recommends consider some form of near-real-time log monitoring and alerting. Perhaps CPSI can provide this as an add-on service, or they can export the data in near-real-time to a SIEM or Managed Security Service (MSS).
- The CPSI staff has both access to and the ability to alter entries in the audit log. This violates separation of duties principles. Secureworks recommends that BVCHD review with CPSI the controls in place to prevent and/or detect such alterations. In addition, a coordinated alerting process between CPSI and BVCHD is recommended to respond to such incidents.
- The CPSI cloud is the secondary/tertiary fall back position in case of a disaster. As currently configured, the CPSI system can be brought up on a different local host in the case of hardware failure; however, both primary and secondary hosts are in the same server room. An incident that destroys the room (fire, water/sprinkler, vandalism) would require failing over to the cloud-based service as a tertiary processing location. Data is only backed up to the cloud every 24 hours, leaving a possibility of loss of up to 24-hours of data. Secureworks recommends investigating the movement of one processing server to another building on the campus, to limit the types of events that could make both devices unavailable. In addition, engage CPSI to investigate the possibility of reducing the 24 hour gap in backups. Any solution agreed to by the parties must be codified in a BAA, with an SLA and metrics in place to assure compliance. If the gap cannot be closed completely, a risk assessment must be performed to allow senior management to make informed risk acceptance decisions.

1.2.2 Policy and Procedure Issues

BVCHD staff is in the process of revising policies and procedures to meet industry best practice and HIPAA requirements. Some policies have been revised, while others are in a much simpler format. Procedures, where present, are imbedded into polices, making it difficult to obtain the proper approvals when processes change. There are recommendations for policy and process improvement throughout Section 3 of this report.

1.2.3 Lack of a Formal Information Security Risk Assessment Process

The risk management processes within BVCHD are primarily compliance based. No formal process to assess information security risk at either the change or annual level is in place. Risk is determined by an ad-hoc process by relevant staff, with no formal documentation of the result, and only verbal reports to senior management for risk mitigation and residual risk acceptance. Secureworks recommends development of a formal process, with formal workflows and criteria pre-defined to determine the proper level of assessment in each occurrence. Workflow tools, a ticketing system, and/or a formal risk tracking product can greatly assist in this process.

1.2.4 Lack of a Formal Incident Response Process

BVCHD uses an informal ad-hoc process for incident response. Secureworks recommends development of a formal incident response process, which is required by policy, that includes criteria for determining the severity of an event, a method to track incidents, pre-defined response scenarios, and a formal post-mortem/lessons learned process.

1.2.5 Ad-hoc and Undocumented Disaster Recovery and Business Continuity

BVCHD staff has a plan for recovery from most disaster scenarios. This is made possible by the fact that the vast majority of the processing for the hospital is done in CPSI. However, this plan for recovery is not staff independent, relying on the knowledge of current staff for execution. Secureworks recommends that the DR/BC and backup plans be formally documented and tested to assure they can be executed without current staff. In addition, inclusion of all critical systems in the plan is recommended.

1.2.6 Business Associate Agreements Do Not Contain Explicit Information Security Requirements or Service Level Agreements (SLAs).

The current BAAs were developed without information security in mind. Secureworks recommends that all BAAs be reviewed, and any that have information security exposure be revised, if feasible. The risk assessment process noted above can be used to perform these evaluations.

1.2.7 Not All Mobile Devices are Encrypted.

Lost or stolen unencrypted mobile device are a prime vector for data breach. Secureworks recommends a process to encrypt all mobile devices, and that this requirement be defined in policy.

1.3 Overview of Maturity Levels and Risk

Secureworks groups the HIPAA Security Rule into 22 main HIPAA sections, which generally aligns with the Security Standards. The Security Standards and Specifications are further broken down to a granular level that consists of more than 45 individual safeguards.

1.3.1 HIPAA Maturity Levels

This section summarizes the overall maturity ranking of the individual HIPAA safeguards. This generally includes a ranking for each applicable standard and implementation specification. The Secureworks methodology considers both process maturity and documentation maturity when determining an overall maturity ranking for the individual safeguard.

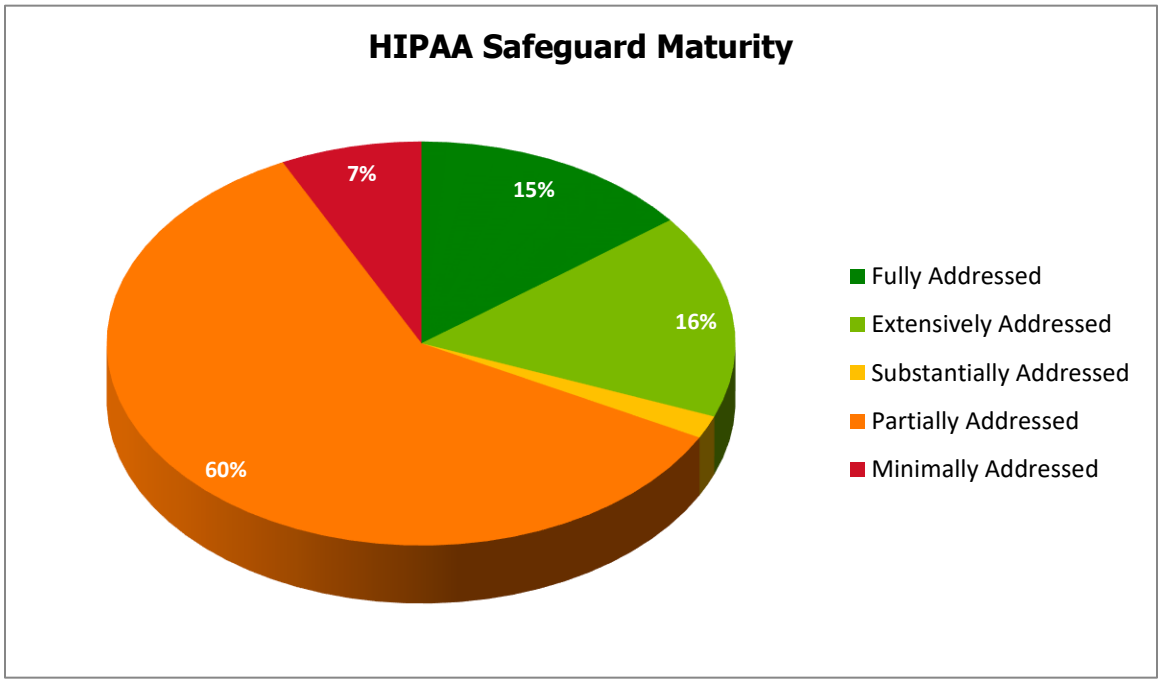


Figure 1 –HIPAA Safeguards by Maturity.

1.3.2 HIPAA Maturity by Standard

The following table shows the average Maturity Level for each HIPAA Standard. The scores are presented in the terms of Overall Percentage, as well as individual percentages for both the maturity of processes and the maturity of documentation. The percentages provided are an average of the scores for both the individual standards and any applicable implementation specifications.

For a description and example of how the Overall Maturity is determined, refer to the Methodology section.

Table 1 – Standard HIPAA Maturity by Standard.

Section	Security Standards and Specifications	Overall Maturity
§164.308(a)(1)	Security Management Process	**Partial**
§164.308(a)(2)	Assigned Security Responsibility	**Partial**
§164.308(a)(3)	Workforce Security	**Partial**
§164.308(a)(4)	Information Access Management	**Partial**
§164.308(a)(5)	Security Awareness and Training	**Partial**
§164.308(a)(6)	Security Incident Procedures	**Partial**
§164.308(a)(7)	Contingency Plan	**Partial**
§164.308(a)(8)	Evaluation	**Partial**
§164.308(b)	Business Associate Contracts and Other Arrangements	**Partial**
§164.310(a)	Facility Access Controls	**Partial**
§164.310(b)	Workstation Use	**Fully**
§164.310(c)	Workstation Security	**Partial**
§164.310(d)	Device and Media Controls	**Partial**
§164.312(a)	Access Control	**Partial**
§164.312(b)	Audit Controls	**Partial**
§164.312(c)	Integrity	**Fully**
§164.312(d)	Person or Entity Authentication	**Fully**
§164.312(e)	Transmission Security	**Partial**
§164.314(a)	Business Associate Contracts and Other Arrangements	**Partial**
§164.314(b)	Requirements for Group Health Plans	Not Applicable

Section	Security Standards and Specifications	Overall Maturity
§164.316(a)	Policy and Procedures	**Partial**
§164.316(b)	Documentation	**Partial**

1.3.3 Severity of Findings

Secureworks assigns severity ratings to all negative findings, which enable BVCHD to prioritize remediation efforts based on the severity and the corresponding level-of-effort. The severity rating is a subjective measure of the potential negative consequence to the business that could result if a vulnerability were exploited prior to its remediation. The following graph summarizes the severity of findings for all applicable HIPAA controls.

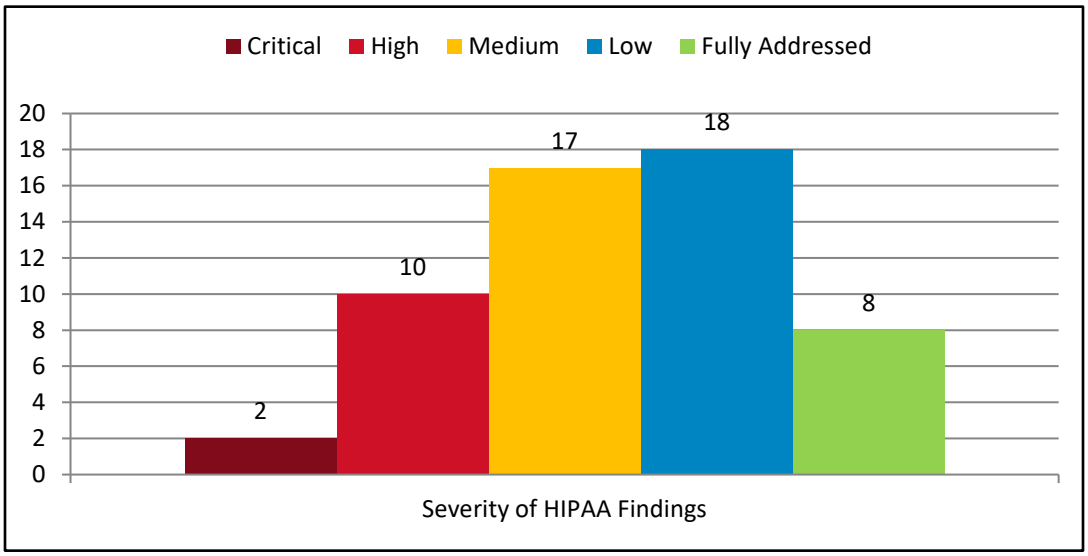


Figure 2 - Findings by Severity.

1.3.4 Remediation Matrix

The following matrix depicts the Critical and High severity level of findings for each security control area, and it provides the estimated degree of effort required for each based on Secureworks' subjective assessment. This matrix supports an effort-based approach to remediation. The reference number in the matrix cross references the Detailed Findings pertaining to each control in the Detailed Findings section.

Table 2 – Control Item Severity and Effort Matrix

xRef	Finding	Severity	Effort
3.1.1.1 3.1.1.2 3.1.1.3	**Security Management Process** **Risk Analysis** **Risk Management** Various enhancements are necessary for the overall security management process.	**High**	**Medium**