

SUPPLEMENTAL

**BOARD OF COMMISSIONERS' SPECIAL MEETING**

**December 29, 2016 – 5:00 p.m.**

**KVH Conference Rooms A/B**

**AGENDA**

1. **Call Regular Meeting to Order**
2. **\*\*Approval of Agenda:** (1-2)
  - (Items to be pulled from the Consent Agenda)
3. **\*\*Consent Agenda:**
  - a. Minutes of Board Meetings: December 1, 2016 (3-6)
  - b. Approval of Checks (7)
  - c. Report: Foundation (8)
  - d. Minutes: Finance Committee (9)
4. **Quality:**
  - a. Mande Olsen, Director of Quality Assurance:
    - Patient Story: Mark Andrew, Supply Chain & Procurement (10)
    - QI Council Committee (11-12)
    - QI Council Dashboard
5. **Public Comment/Announcements (5:15 p.m.)**
6. **Emerging Healthcare Topic:** None
7. **Chief Executive Officer's Report:**
  - a. Julie Petersen, CEO Report (13)
    - HR Dashboard (14-15)
8. **Chief of Staff Report:**
  - a. Dr. Timothy O'Brien, Chief of Staff
    - \*\*Medical Staff Exec. Committee Report (16)
    - Amy Diaz, Director of Marketing & Communications: New Provider Introduction
9. **Financials:**
  - a. Libby Allgood, CFO: Treasurer's Report (17)
  - b. Finance Committee
    - \*\*2017 Budget (18)
    - \*\*Resolution No. 16-17: Check Cancellations (19-20)
    - \*\*Resolution No. 16-18: Amendment to 2016 Budget (21)
10. **Clinic Operations:**
  - a. Carrie Barr, Interim Chief of Clinic Operations: Clinic Operations Report (22-23)
11. **Education:**

12. **Public Policy:**
13. **Old Business:**
  - a. Board Meeting Evaluation Summary (24-25)
  - b. \*\*WSNA Contract
  - c. \*\*Update on Cerner EHR Project (25a-c)
  - d. \*\*Board Consultants for Board Governance Education (26-44)
  - e. CEO Selection Process
  - f. \*\*2017 Board Calendar (45)
14. **New Business:**
  - a. Rhonda Holden: Recognition for Years of Service for Sharon Davis, Director of Imaging Services
  - b. New IT Infrastructure Strategy (46-56)
    - \*\*Capital Expenditure Requests (57)
15. **Articles and Communications:** (58-60)
16. **Completion of Board Meeting Evaluation Summary** (61-62)
17. **Recess to Executive Session:** Real Estate; Personnel  
RCW 42.30.110(b)(g)
18. **Convene to Open Session**
19. **Adjournment**

Kittitas Valley Healthcare  
Board of Commissioners  
December 1, 2016  
KVH Conference Rooms A/B

BOARD MEMBERS PRESENT: Matt Altman, Liahna Armstrong, Bob Crowe (by telephone), Bob Davis, Erica Libenow

KVH STAFF PRESENT: Julie Petersen, Libby Allgood, Randi Christensen, Rhonda Holden, Mandee Olsen, Amy Diaz, Carrie Youngblood

MEDICAL STAFF PRESENT: Dr. Timothy O'Brien

1. At 5:00 p.m., President Liahna Armstrong called the special Board meeting to order. Bob Crowe was in attendance at the meeting by telephone.

2. **Approval of Agenda:**

**ACTION:** On motion of Bob Davis and second of Erica Libenow, the Board members unanimously approved the agenda.

3. **Consent Agenda:**

**ACTION:** On motion of Matt Altman and second of Erica Libenow, the Board members unanimously approved the Consent Agenda.

4. **Quality:**

Mandee Olsen presented the third quarter 2016 Safe Catch Awards as follows: Annie Stingley, RN, Kayse Bruno, RN, Jodi Huschka, RN, Joan Bennett, MT/MLT and Debbie Lawson, RN were winners of the clinical award; and Karen Green was the non-clinical winner.

Mandee presented Part 2 of her Quality Department presentation regarding Just Culture noting how this has improved patient-centered care by allowing hospital employees to not be afraid to admit to errors and to seek solutions and higher standards of care. She also discussed how Lean and Quality processes complement each other and reduce waste and streamline problem solving through the A-3 process.

The Board members reviewed the QI Council summary and dashboards noting that 92% of hospital employees have received the flu vaccination.

5. **Public Comment/Announcements:**

Dr. Paul Farris, Superintendent of the Ellensburg School District, gave a short update of school district activities noting that the remodeling of the Morgan Middle School is going very well. He reported that the school district along with community members is developing a 40 year building maintenance plan. He stated that the passing of the technology levy has provided chrome books for all middle school students to enhance their learning process. The chrome books will be taking the place of the textbooks in the future.

6. **Emerging Healthcare Topic:**

Ben Lindekugel, Executive Director of the Association of Washington Public Hospital Districts, gave a PowerPoint presentation regarding what the role of the Board of Commissioners is in the governance

of public district hospitals. Topics covered were the powers and duties of Board members, the benefits of a hospital having public status, the open public meetings act and the public records disclosure act. He also reported that in January public hospitals will be meeting to discuss best practices regarding providing reproductive services as a result of a recent ACLU ruling.

7. **Chief Executive Officer's Report:**

Julie Petersen reported that the state auditors are auditing Public Hospital District No. 1 and will also be auditing Public Hospital District No. 2. She announced that there are leadership changes noting that Sharon Davis, Director of Imaging, will be retiring effective December 31, 2016, with Jim Roberts, Director of Information Systems, and Arla Dunlop, Director of Staff Development, leaving at the end of the year. Julie announced that the WSNA negotiations were completed in only four and a half negotiation meetings. The final contract will be brought to the Board members for approval once it is ratified by WSNA.

The Board members reviewed the Human Resources Dashboard.

8. **Chief of Staff Report:**

**ACTION:** On motion of Matt Altman and second of Bob Davis, the Board members unanimously approved the reappointments for Dr. Abel Li, Dr. Daniel Pak and Dr. Arthur Chen as recommended by the Medical Executive Committee.

9. **Financials:**

Libby Allgood presented a short financial summary for the month of October noting that operations for the month resulted in an operating loss of \$722,000 due to low patient volume and increased operating expenses. The Board members expressed concern over the loss with Julie Petersen stating that one of the main focuses will be to increase patient access in the clinics to increase revenue.

Liahna Armstrong reported that at the last Finance Committee the members reviewed the budget and recommended approval of the capital expenditure requests.

**ACTION:** On motion of Erica Libenow and second of Matt Altman, the Board members unanimously approved the selection of the Cerner Company for the purchase and installation of the new electronic health record (EHR) system.

Bob Crowe expressed concern regarding staff and administration taking enough time to evaluate the new EHR system purchase to ensure that the hospital will be successful in the installation and implementation of the system. Bob Davis requested that information is provided at the next Board meeting regarding a "what business are we in?" pie chart.

**ACTION:** On motion of Matt Altman and second of Bob Crowe, the Board unanimously approved the capital expenditure request for the network core replacement for Information Systems.

**ACTION:** On motion of Matt Altman and second of Bob Davis, the Board members unanimously approved the capital expenditure request for the Storage Area Network (SAN) solution for Information Systems.

The Board members reviewed the clinic operations report.

10. **Education:**

It was noted that the American Hospital Association annual meeting will be held in Washington, D.C. on May 7-11, 2017. Julie Petersen and Liahna Armstrong expressed interested in attending the meeting.

11. **Public Policy:**

None.

12. **Old Business:**

a. **Board Meeting Evaluation Summary:**

The Board members reviewed the Board meeting evaluation form and agreed that Question number four can now be eliminated.

13. **New Business:**

a. **Board Consultants for Board Governance Education:**

After some discussion regarding two proposals submitted by consulting firms to provide Board governance education, it was agreed that Julie Petersen would ask the two firms to each provide a bid proposal by December 29th in order for the Board members to make a final selection.

14. **Clippings, Articles, Correspondence and Board Meeting Evaluation Form:**

The Board members reviewed the various clippings and correspondence items.

At 8:20 p.m., President Armstrong announced that there would be a 10 minute recess followed by a 30 minute executive session regarding personnel and real estate. RCW 42.30.110(b)(g)

With no further action and business, the meeting was adjourned at 9:00 p.m.

**CONCLUSIONS:**

1. Motion passed to approve the Board agenda.
2. Motion passed to approve the Consent Agenda.
3. Motion passed to approve the medical executive committee reappointments as recommended by the Medical Executive Committee.
4. Motion passed to approve the selection of the Cerner Company for the purchase and installation of the new electronic health record (EHR) system.
5. Motion passed to approve the capital expenditure request for the network core replacement for Information Systems.

6. Motion passed to approve the capital expenditure request for the Storage Area Network (SAN) solution for Information Systems.

Respectfully submitted,

Franki Storlie/Bob Davis  
Executive Coordinator/Secretary, Board of Commissioners

DATE OF BOARD MEETING: December 29, 2016

**ACCOUNTS PAYABLE CHECKS/EFTS TO BE APPROVED:**

#1	AP CHECK NUMBERS	<u>226506-227482</u>	NET AMOUNT:	<u>\$2,983,921.83</u>
#2	AP DIRECT DEPOSIT	<u>EFT</u>	NET AMOUNT:	<u>\$9,887.12</u>
		SUB-TOTAL:		<u>\$2,993,808.95</u>

**PAYROLL CHECKS/EFTS TO BE APPROVED:**

#1	PAYROLL CHECK NUMBERS	<u>*226509-226538</u>	NET AMOUNT:	<u>\$34,320.63</u>
#2	PAYROLL CHECK NUMBERS	<u>*226992-227022</u>	NET AMOUNT:	<u>\$31,073.92</u>
#3	PAYROLL DIRECT DEPOSIT	<u>EFT</u>	NET AMOUNT:	<u>\$1,048,658.32</u>
#4	PAYROLL DIRECT DEPOSIT	<u>EFT</u>	NET AMOUNT:	<u>\$976,725.73</u>
#5	PAYROLL TAXES	<u>EFT</u>	NET AMOUNT:	<u>\$410,295.01</u>
#6	PAYROLL TAXES	<u>EFT</u>	NET AMOUNT:	<u>\$389,590.21</u>
		SUB-TOTAL:		<u>\$2,890,663.82</u>

**OTHER ELECTRONIC FUNDS TRANSFERS TO BE APPROVED:**

#1	TRANSFER FUNDS FOR INVESTMENT	NET AMOUNT:	<u>\$2,002,330.00</u>
#2	TRANSFER FUNDS FOR INVESTMENT	NET AMOUNT:	<u>\$1,499,712.10</u>
#3	TRANSFER FUNDS FOR INVESTMENT	NET AMOUNT:	<u>\$1,762,675.44</u>
		SUB-TOTAL:	<u>\$5,264,717.54</u>

**TOTAL CHECKS & EFTs:** \$11,139,303.19

Prepared by

*Sharoll Cummins*

Sharoll Cummins  
Staff Accountant

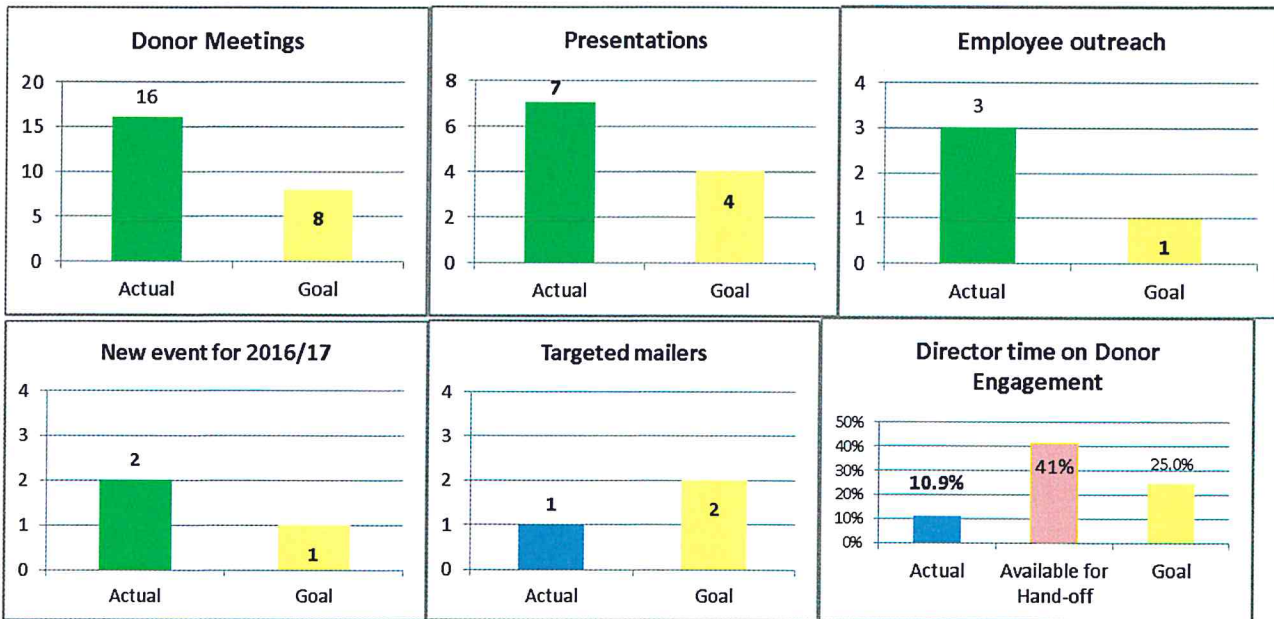
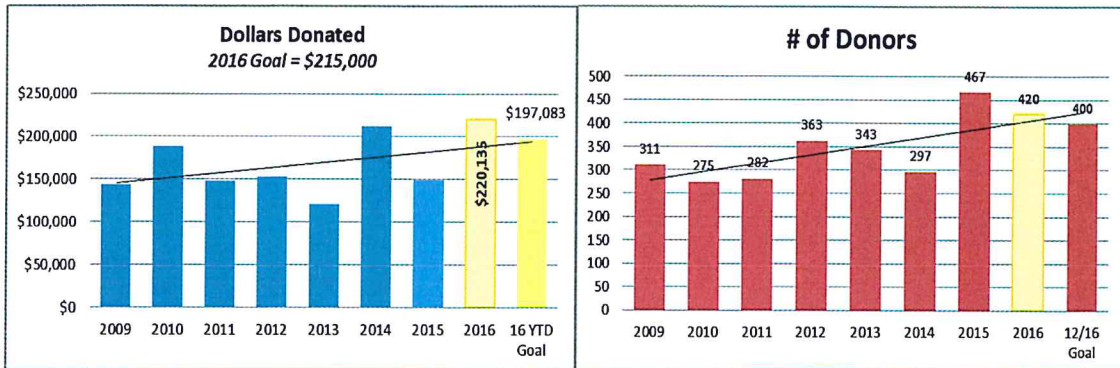
\*Note: Conversion from McKesson Payroll to API Payroll; used Accounts Payable check stock for payroll check dates 11/04/2016 and 11/18/2016.



Board of Commissioners Report, December 29, 2016

**2016 Goals/Metrics**

1. Develop and implement an effective communication strategy that involves leadership and Board members and incorporates outreach to donors, prospective donors and the community.
2. Enhance and sustain relationships with new and existing donor by tailoring outreach to meet their individual preferences.



Respectfully submitted,

*Michele Wurk*

Director, The Foundation at KVH



Kittitas Valley Healthcare  
Finance Committee Meeting Minutes  
November 29, 2016

Present: Liahna Armstrong, Paul Malinski, Libby Allgood, Julie Peterson, Kelli Goodian-Delys

The meeting was called to order by Liahna Armstrong at 7:33 am.

The agenda was amended to accommodate discussion on Information Systems infrastructure strategy.

The minutes and Agenda of the November 29, 2016 meeting were approved.

Libby presented the October financials with an operating loss of \$722,176. Except for rehab and outpatient surgery procedures, patient volumes were lower in October than the year to date averages. Employee benefits expense was higher than budget for the month and year to date, primarily due to health insurance claims. October's expense includes \$164,820 for ten months of under charged workers compensation insurance contribution, an error by the vendor. The day's cash on hand is still strong and has not been significantly impacted by the recent operating losses. As a result of efforts to work down the accounts receivable balances the AR Days statistic is lower in November.

There was open discussion on employee medical benefits as well as strategies to increase patient volumes.

Libby discussed the broader, long term approach that Information Systems is now using to build and replace infrastructure.

The Committee approved for recommendation to the Board of Commissioners two Information Systems capital investments. The first is to replace the Network Core with estimated cost of \$59,336 and the second is a Storage Area Network (SAN) solution estimated at \$173,790.

The meeting was adjourned at 8:30 am.

## **Data Summary – For use in December 2016**

### **Summary of Areas Meeting Goal or Showing Improvement**

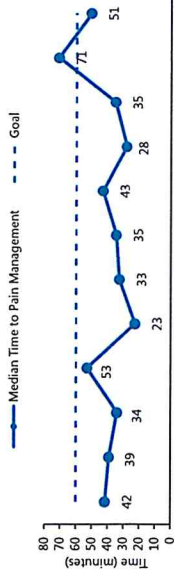
- Bar code scanning rate continuing to improve with an overall average rate of 95%.
- Median Time to Pain Management (Long Bone Fracture) back at goal.
- Median Time to ECG 1 minute.
- 100% Sepsis compliance.
- No Hospital Acquired Infections or Needlesticks in October.
- The number of elective deliveries before 39 weeks gestation continues to remain at zero.
- Zero Adverse Medication Events.
- Reports of Occurrences that require additional monitoring lowest in 12 months and a total of 4, which is only 3% of reported events. Event reporting did not decrease overall either.

### **Summary of Improvement Opportunities**

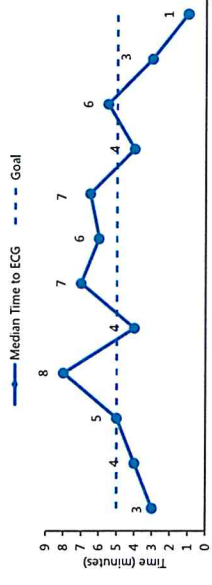
- A total of four falls in October, but no injuries reported.
- Readmissions Within 30 Days continues to be greater than 10% for the fourth month in a row.

# QI Council

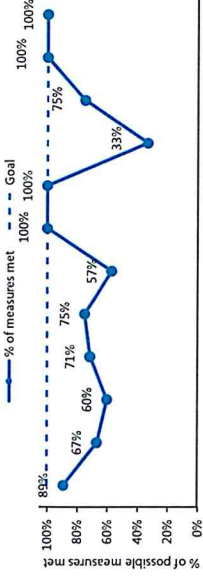
## Median Time to Pain Management (Long Bone Fracture) ↓



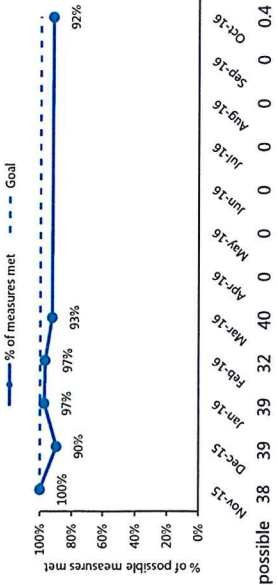
## Median Time to ECG (Chest Pain) ↓



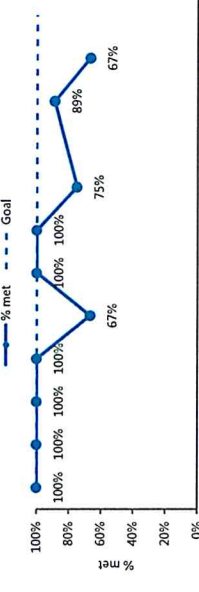
## Sepsis Bundle ↑



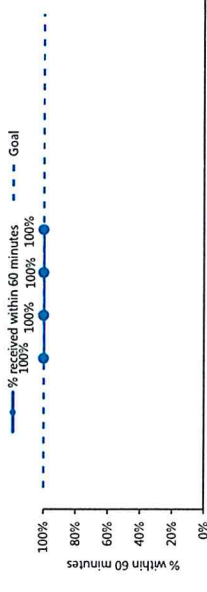
## Immunizations Bundle ↑



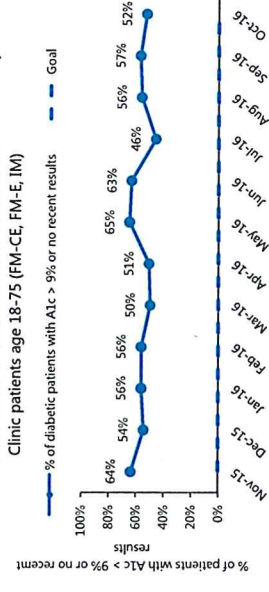
## Stroke Dysphagia Screening ↑



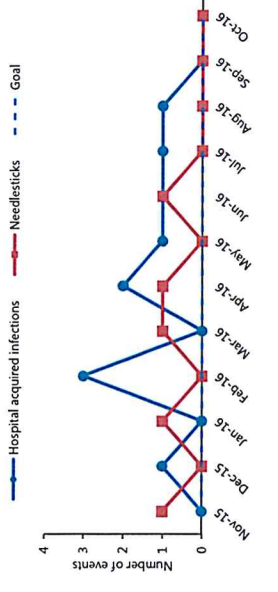
## Stroke IV Thrombolytics ↑



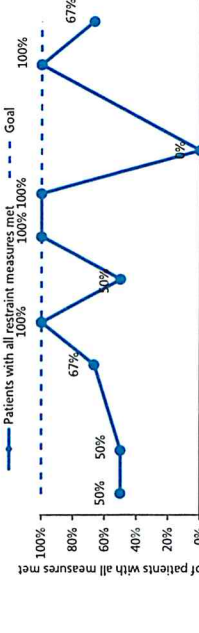
## A1c in Diabetic Patients



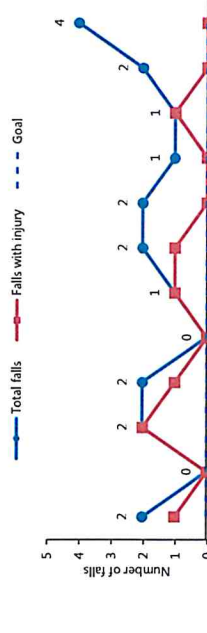
## HAIs and Needlesticks ↓



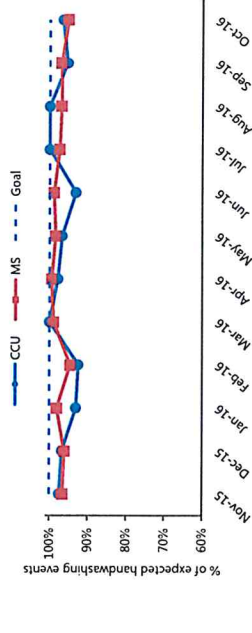
## Restraints ↑



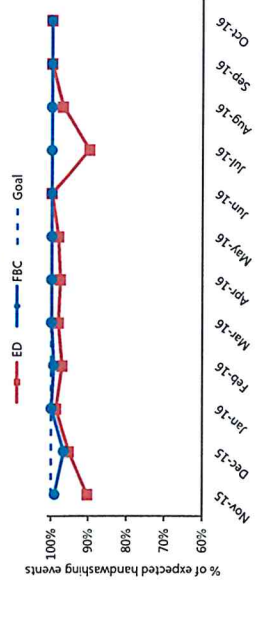
## Falls ↓



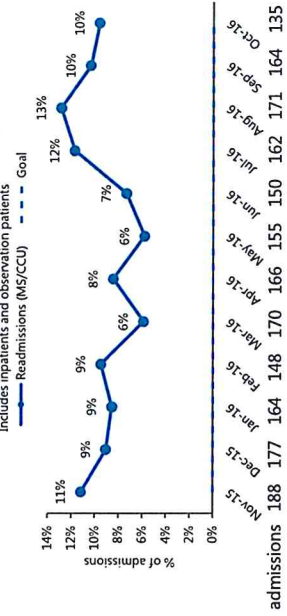
## Hand Hygiene ↑



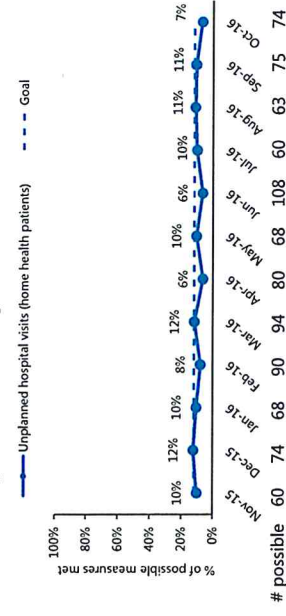
## Hand Hygiene ↑



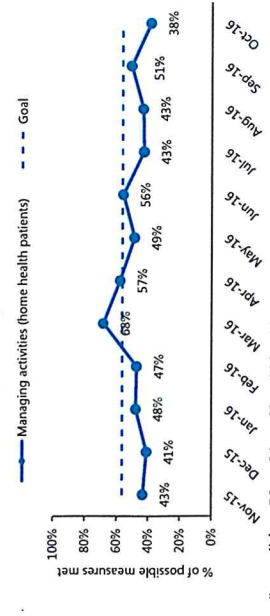
### Readmissions Within 30 Days



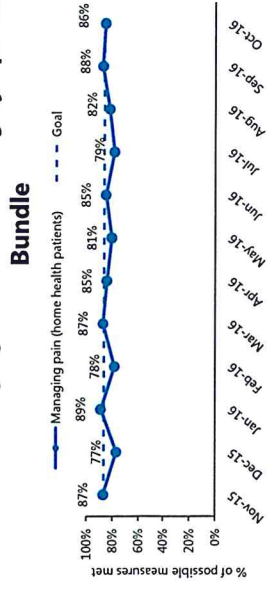
### Unplanned Hospital Care Bundle



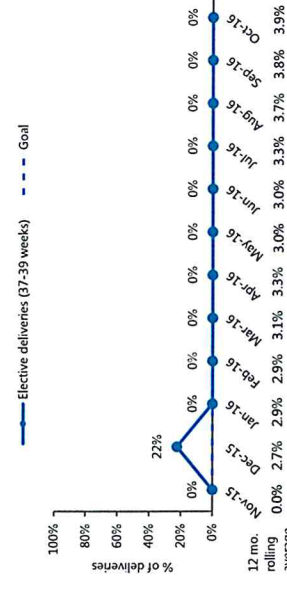
### Managing Daily Activities Bundle



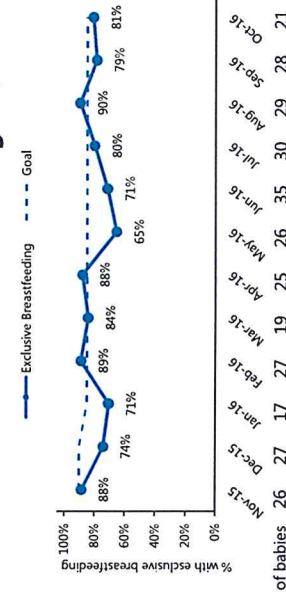
### Managing Pain and Treating Symptoms Bundle



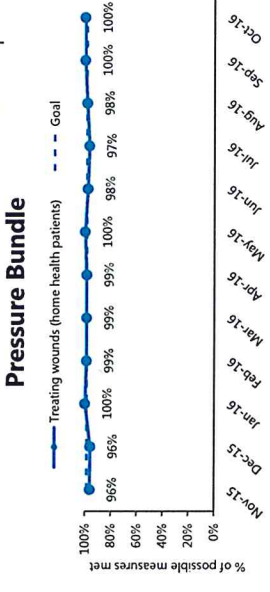
### Elective Deliveries



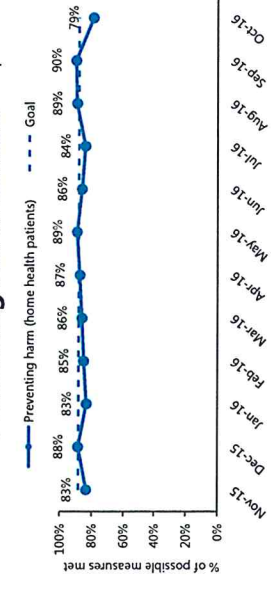
### Exclusive Breastfeeding



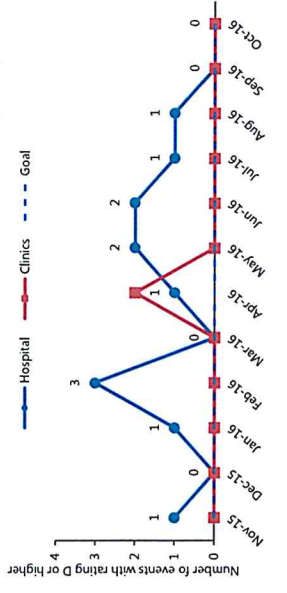
### Treating Wounds and Preventing Pressure Bundle



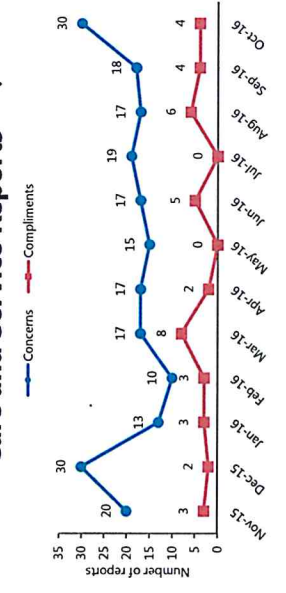
### Preventing Harm Bundle



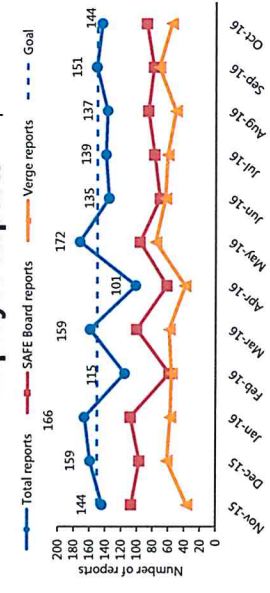
### Adverse Medication Events



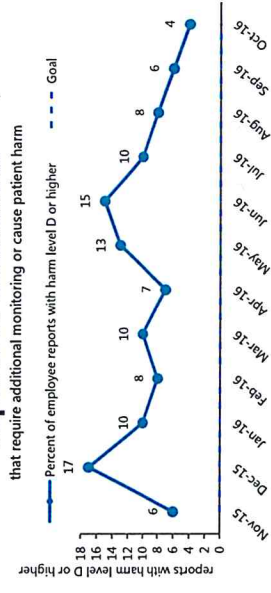
### Care and Service Reports



### Employee Reports



### Reports of occurrences



## CEO Report – December 2016

**Outpatient Pharmacy Project:** We continue to struggle with getting all of the approvals, licenses and federal billing numbers necessary to open our outpatient pharmacy services. We were hoping for a soft opening in December but that will be delayed until the beginning of February. Once open we will be the only 24/7 outpatient pharmacy in Kittitas County. I will keep you posted on our progress.

**WSNA Contract Ratified by Membership:** Despite uncooperative weather, WSNA was able to conduct a successful contract ratification vote on December 19<sup>th</sup>. I will be asking the Board to approve the contract as proposed. Again, thank you to all of the people who participated in the negotiation process. Our patients are in very good hands.

**Finance:** The financial impact of continuing low volumes is masked somewhat this month by a year-to-date Medicare cost and rate update.

**Information Systems:** I don't want to steal Libby's thunder but we are hopeful that we will have secured a Director for Information Technology by year end. With a new leader in place we plan to begin preparing to implement Cerner as our network-wide EHR. We engaged Charles River Advisory to assist with the selection of the new EHR and also to negotiate the contract. We have been proceeding with contract negotiations with Cerner and will be asking for the Board's approval to move forward with the agreement. Our goal is to hit the ground running in 2017 with a planned go live in February 2018.

**Employee Forums:** On December 6<sup>th</sup> I held my second round of Employee Forums. About 70 people turned out to the three Ellensburg sessions to discuss medical staff development, the medical office building, 2014 – 2016 trends in patient volumes, financials, wellness and EHR implementation. I was also able to meet with 10+ members of the Cle Elum staff December 19<sup>th</sup> for the same conversation. These forums are a great opportunity to dispel misinformation, share priorities and exchange ideas. There is a lot of enthusiasm around physician recruitment and wellness. While most staff is dreading the actual implementation, everyone agrees we need to move forward with a new EHR and the selection of Cerner is being well received.

**Senior Leadership Changes:** I am very pleased with the reception that the new Chief Ancillary Officer position is receiving. I sent a fairly wordy message about the benefits of the change so suffice it to say that Vicky Machorro and Rhonda Holden are working closely together to make the transition as smooth as possible.

**Community Providers:** Several of us will be meeting with the clinic leadership of Swedish/Providence to explore ways that we can partner to provide clinic and community based services in our communities. These conversations include both Kittitas Hospital Districts and are focused on building productive relationships between our providers, minimizing duplication and improving communication to best serve our communities. This meeting will occur after the packet is distributed so I will have more to report on this at the Board meeting.

Our physician leaders and key administrators also had an opportunity to sit down with their counterparts from Virginia Mason Memorial (formerly Yakima Valley Memorial). It was a very productive meeting about complimentary services, referrals and communication. Virginia Mason Memorial, we learned, will be implementing Cerner in their hospital in October of next year with the clinics to follow in 2018. We hope to learn from their process.

DeDe Utley and our Emergency Department will be supporting data collection for the KVFR Community Paramedic Program. KVFR wants to quantify the benefits and incremental costs of the program throughout the community.

**State Auditor:** The 2015 State Compliance Audit has been concluded with no findings and no significant concerns. I want to thank Libby, Kelly Goodian Delys, Sharoll Cummins and the entire staff of Fiscal Services for their hard work.

**Recycling Arrives at KVH:** Our Hospital-wide recycling program will begin in January of 2017. Hospital grade recycle bins are being distributed early in the month. More to follow at the January meeting but we are very excited to be getting this program started as an early commercial Ellensburg recycler.

**Humidity Control Project:** The C-Section LDRP Humidity Control project approved by the Board in August for a net amount of approximately \$225,000 is complete. We are now able to regulate humidity within a specified range in our C-Section Surgical Suite and LDRPs. Humidity control during a surgical procedure reduces the risk of infection as well as fire.

HR Dashboard

Standard  
(start/target)

Measurement

Dec-16 Nov-16 Oct-16 Sep-16 Aug-16 Jul-16 Jun-16 May-16 Apr-16 Mar-16 Feb-16 Jan-16 Dec-15

Rolling 12  
Variance

Employee Population	Dec-16	Nov-16	Oct-16	Sep-16	Aug-16	Jul-16	Jun-16	May-16	Apr-16	Mar-16	Feb-16	Jan-16	Dec-15
Full-time	330	332	332	326	325	312	318	315	312	310	308	307	307
Part-time	165	170	174	167	164	160	163	160	160	163	163	163	162
Per Diem	88	89	92	89	90	85	81	84	82	82	83	83	83
Total Employees	586	591	598	582	579	557	553	559	554	555	554	553	552

Rolling 12  
Total

Turnover	Dec-16	Nov-16	Oct-16	Sep-16	Aug-16	Jul-16	Jun-16	May-16	Apr-16	Mar-16	Feb-16	Jan-16	Dec-15
Voluntary/Neutral (includes per diems)	71	3	5	3	6	6	9	9	2	8	7	5	6
Involuntary	9	2	0	1	1	0	0	1	1	0	0	3	0
Employees Separated	84	5	4	5	7	7	9	10	3	8	7	8	6
Total Percentage	14.33%	0.85%	0.68%	0.84%	1.20%	1.21%	1.63%	1.79%	0.54%	1.44%	1.26%	1.45%	1.09%

Rolling 12  
Total

General Recruitment	Dec-16	Nov-16	Oct-16	Sep-16	Aug-16	Jul-16	Jun-16	May-16	Apr-16	Mar-16	Feb-16	Jan-16	Dec-15
Open Postings	275	15	12	14	16	28	36	25	14	27	25	14	24
Unique Applications Received	2460	66	231	200	215	212	225	263	185	205	155	121	120
Employees Hired	128	3	4	2	24	9	27	13	8	7	8	9	11
Time to Fill (Average)	40	58.7	59.4	50.2	51.5	52.2	44.5	Data tracked beginning 07/16, data unavailable for months prior					

Rolling 12  
Total

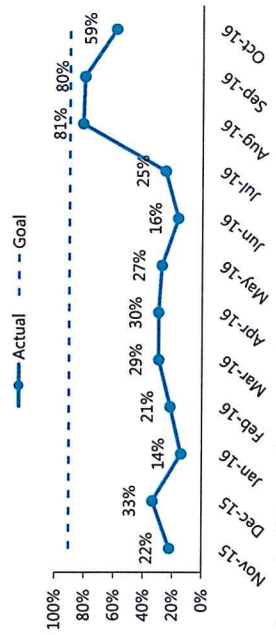
Provider Recruitment	Dec-16	Nov-16	Oct-16	Sep-16	Aug-16	Jul-16	Jun-16	May-16	Apr-16	Mar-16	Feb-16	Jan-16	Dec-15
Open Postings	7	10	13	13	12	12	11	11	11	10	9	9	8
Current Slots	10	6	12	3	3	5	5	4	4	4	7	5	5
Unique Applications Received	59	1	4	5	1	3	2	0	2	0	0	3	1
Candidates Interviewed	25	1	4	1	2	0	2	1	1	0	0	0	1
Employees Hired	16	1	0	1	2	0	2	1	1	0	0	1	1
Time to Fill (Average)	80	55.08	0	92.3	128	Data tracked beginning 09/16, data unavailable for months prior							

Rolling 12  
Total

Benefits	Dec-16	Nov-16	Oct-16	Sep-16	Aug-16	Jul-16	Jun-16	May-16	Apr-16	Mar-16	Feb-16	Jan-16	Dec-15
Workers Comp Claims	36	4	3	4	2	1	3	2	5	0	2	1	4
Time Loss Days	28	0	18	2	1	0	0	0	2	0	0	2	0
Employee Population on Medical Benefits	65%	64%	64%	64%	Data tracked beginning 11/16, data unavailable for months prior								

# Workforce Development

## Timely evaluations ↑



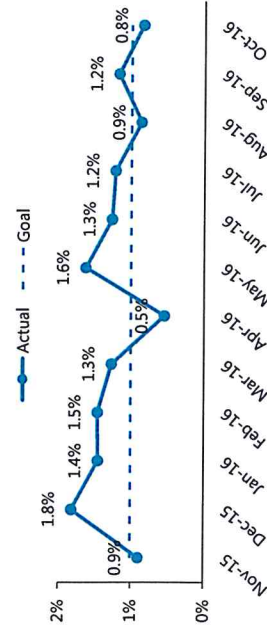
By month of hire, employees receiving an evaluation in or up to three months before their annual anniversary month.

## Up-to-date evaluations →

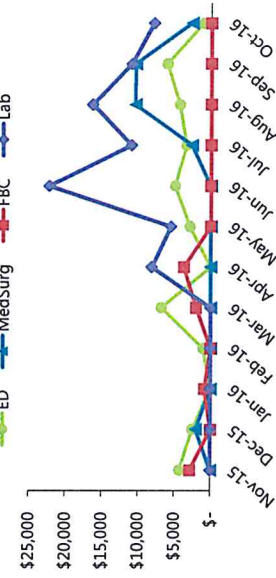


Jan-16 through Oct-16

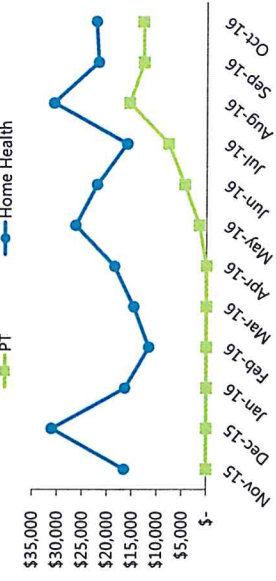
## Separation rate ↓



## Contractual labor - hospital ↓



## Contractual labor - non-hospital ↓



## Non-standard productive pay

(call back, double time, overtime meeting)  
These 10 departments represent 73.6% of the non-standard pay for the payroll period ending on 10/29/2016

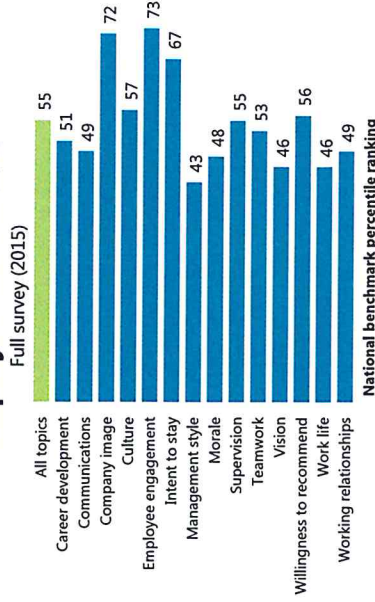
1 EMERGENCY SERVICE	\$ 5,189.15
2 HOME HEALTH SERVICE*	\$ 3,145.70
3 SURGICAL SERVICE*	\$ 1,826.53
4 MED SURG	\$ 1,664.76
5 KVH URGENT CARE CENTER - CLE E	\$ 1,415.37
6 FAMILY BIRTHING CENTER	\$ 1,174.42
7 KVH FAMILY MEDICINE -ELLENSBUJ	\$ 1,122.94
8 HOSPICE*	\$ 859.82
9 PATIENT FINANCIAL SERVICES	\$ 782.77
10 INFORMATION SYSTEMS	\$ 712.99

These 10 departments represent 72.8% of the non-standard pay for the last year of payroll.

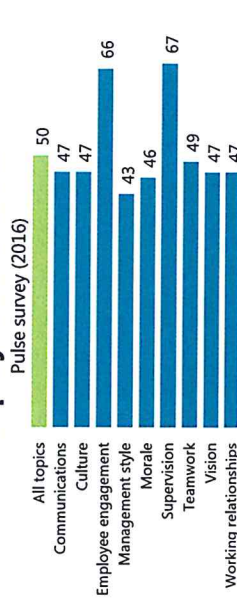
1 EMERGENCY SERVICE	\$ 120,654.00
2 HOME HEALTH SERVICE*	\$ 98,308.50
3 MED SURG	\$ 80,436.77
4 FAMILY BIRTHING CENTER	\$ 70,450.42
5 ICU CCU	\$ 34,939.09
6 LABORATORY	\$ 28,753.65
7 SURGICAL SERVICE*	\$ 23,077.49
8 PHARMACY	\$ 22,890.22
9 KVH FAMILY MEDICINE -ELLENSBUJ	\$ 21,343.74
10 KVH URGENT CARE CENTER - CLE E	\$ 18,568.27

\*Call back pay excluded

## Employee satisfaction



## Employee satisfaction



### National benchmark percentile ranking

The full survey and pulse survey percentile rankings should not be compared. Focus areas contained different questions in the full survey and the pulse survey.

Last updated 12/02/2016





**NOTIFICATION OF CREDENTIAL FILES  
FOR REVIEW**

Date: December 21, 2016  
TO: Board of Commissioners  
FROM: Mandy Weed  
Medical Staff Services

The Medical Executive Committee has reviewed the applications for appointment or reappointment for the practitioners listed below. They recommend to the Board that these practitioners be granted appointment and privileges. Please stop by Franki's office prior to the next Board meeting if you wish to review these credentials files.

<u>PRACTITIONER</u>	<u>STATUS</u>	<u>APPT/REAPPT</u>
Alfred Hand, MD	Provisional/Associate	Initial Appointment
Daniel Baker, MD	Provisional/Associate	Initial Appointment
Norman Wood, DO	Provisional/Ambulatory	Initial Appointment
Andrew Peet, MD	Associate	Reappointment
Robert Ortiz, MD	Associate	Reappointment
David Krueger, MD	Associate	Reappointment
William Glenski, MD	Associate	Reappointment
Thomas Mirich, MD	Active	Reappointment
Kevin Martin, MD	Active	Reappointment
Richard Vaughan, MD	Active	Reappointment

## November 2016 Financial Summary

### Key Metrics:

1. Operating Margin: November 2.6%, YTD 0.94%
2. Days Cash on Hand: 174.7
3. AR Days (Hospital Only): 45.6

### Operating Highlights:

Total Operating Revenue for the month was over budget by \$320,365 and above the year to date average by \$429,823. The interim Medicare Cost Report resulted in a net receivable of \$688,000 which was recognized in November. Operating expenses were over budget for the month by \$405,829 resulting in an operating gain of \$166,669.

Excluding the interim Medicare Cost Report settlement of \$688,000, Total Operating Revenue would have been under budget by \$367,635 and below the year to date average by \$326,997. This would have resulted in an operating loss of \$521,331.

Other Allowances is high in November due to a write off totaling \$143,165 for long term patient stays that were charged to inpatient revenue and will not be collected. The remainder of \$213,151 expensed to Other Allowances are administrative write offs including minimum balances, non-covered charges, and care and services.

The outpatient percent of total revenue is up for November at 84.8% compared to budget of 77.8%. The year to date outpatient percent of total revenue is 82.0%, up from the 79.6% in 2015 through November demonstrating the continued shift to outpatient services.

Patient volumes in Rehab, outpatient surgery, and clinic visits were higher in November than the January to October averages. Admissions were 25 below the average and patient days were 63 below average. There were 18 Inpatient surgery procedures in November compared the January through October 10 month average of 25 per month There were 26 deliveries which is the ten month average but 5 below budget.

Outpatient Volumes for Physical Therapy in Ellensburg have increased in October and November compared to prior months as the new director has been working to enhance operational efficiencies. From January through September the volumes averaged 2,453 RVUs compared to October and November RVUs of 2,776 and 2,981, respectively.

Paid Full Time Equivalent (FTEs), a measure to track total paid labor, is up in November at 464 FTEs compared to the January through October average of 446 FTEs. The employment of the emergency providers make up 4.3 FTEs of the total increase. FTEs have trended up over the prior four years. For 2013, 2014, 2015, and 2016 YTD the FTEs are 423, 437, 438, and 448, respectively, and 464 for November only.

Net Employee medical benefits in November are \$164,203 over the January through October average of \$297,951 per month. For November the expense is over budget by \$173,616 which brings the year to date negative budget variance to \$584,895.

**Kittitas Valley Healthcare**  
**Key Statistics and Indicators**  
 November 2016

Activity Measures	Current Month			Year to Date			Prior YTD	
	Actual	Budget	Var. %	Actual	Budget	Var. %	Actual	Var. %
	01 Admissions	65	116	-44.0%	964	1,301	-25.9%	1,204
02 Patient Days - W/O Newborn	196	311	-37.0%	2,786	3,474	-19.8%	3,129	-11.0%
03 Avg Daily IP Census	6.5	10.4	-37.0%	8.3	10.4	-19.8%	9.4	-11.2%
04 Average Length of Stay	3.0	2.7	12.5%	2.9	2.7	8.2%	2.6	11.2%
05 Deliveries	26	31	-16.1%	290	349	-16.9%	338	-14.2%
06 Case Mix	1.03	0.98	5.1%	1.03	0.98	5.0%	0.97	6.1%
07 Surgery Minutes - Inpatient	2,684	4,708	-43.0%	33,525	52,573	-36.2%	39,083	-14.2%
08 Surgery Minutes - Outpatient	8,467	6,828	24.0%	77,352	76,245	1.5%	66,107	17.0%
09 Surgery Procedures - Inpatient	18	45	-60.0%	267	498	-46.4%	382	-30.1%
10 Surgery Procedures - Outpatient	158	107	47.7%	1,423	1,200	18.6%	1,056	34.8%
11 ER Visits	905	1,164	-22.3%	12,636	12,999	-2.8%	12,459	1.4%
12 Laboratory	37,541	38,670	-2.9%	417,632	431,814	-3.3%	420,289	-0.6%
13 Radiology	23,956	24,985	-4.1%	279,573	279,004	0.2%	276,714	1.0%
14 Rehab	3,877	3,391	14.3%	36,416	37,873	-3.8%	33,304	9.3%
15 Outpatient Visits	6,322	6,344	-0.3%	69,177	70,844	-2.4%	69,596	-0.6%
16 Outpatient Percent of Total Revenue	84.8%	77.8%	9.0%	82.0%	77.9%	5.3%	79.6%	3.0%
17 Clinic Visits	5,187	5,167	0.4%	54,393	60,191	-9.6%	55,482	-2.0%
18 Adjusted Patient Days	1,293	1,401	-7.7%	15,489	15,730	-1.5%	15,345	0.9%
19 Equivalent Observation Days	97	79	23.2%	794	879	-9.7%	856	-7.2%
20 Avg Daily Obs Census	3.2	2.6	23.2%	2.4	2.6	-9.7%	2.6	-7.2%
<b>Financial Measures</b>								
21 Salaries as % of Net Pt Revenue	49.8%	49.1%	-1.3%	52.2%	49.6%	-5.3%	50.1%	-4.1%
22 Salaries/Bene as % of Net Pt Revenue	64.3%	60.9%	-5.6%	64.9%	60.8%	-6.8%	62.0%	-4.7%
23 Revenue Deduction %	36.7%	44.8%	18.3%	43.6%	44.8%	2.6%	44.7%	2.5%
24 Operating Margin	2.6%	4.2%	-37.2%	0.9%	3.6%	-73.9%	3.1%	-69.6%
<b>Operating Measures</b>								
25 Productive FTE's	399.7	409.8	2.5%	397.5	409.8	3.0%	386.7	-2.8%
26 Non-Productive FTE's	64.2	48.6	-32.3%	51.0	48.6	-5.1%	50.9	-0.2%
27 Paid FTE's	464.0	458.4	-1.2%	448.5	458.4	2.2%	437.7	-2.5%
28 Operating Expense per Adj Pat Day	\$ 4,771	\$ 4,113	-16.0%	\$ 4,183	\$ 4,143	-1.0%	\$ 3,906	-7.1%
29 Net Revenue per Adj Pat Day	\$ 4,900	\$ 4,293	14.1%	\$ 4,222	\$ 4,297	-1.7%	\$ 4,031	4.8%
30 A/R Days-Hospital Only	45.6	50.0	8.7%	45.6	50.0	8.7%	48.8	6.5%
31 Days Cash on Hand	174.7	170.0	2.8%	174.7	170.0	2.8%	191.1	-8.6%

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**Kittitas Valley Healthcare**  
Income Statement  
November 2016

	Current Month			Year-to-Date			Prior Y-T-D Actual	
	Actual	Budget	Variance	Variance %	Actual	Budget		Variance
<b>Patient Services Revenue:</b>								
Inpatient Revenue	1,487,312	2,372,628	(885,316)	-37.31%	20,419,625	26,494,347	(6,074,722)	-22.93%
Outpatient Revenue	8,325,053	8,317,069	7,984	0.10%	93,102,186	93,468,315	(366,129)	-0.39%
Total Patient Services Revenue	\$ 9,812,365	\$ 10,689,697	\$ (877,332)	-8.21%	\$ 113,521,811	\$ 119,962,662	\$ (6,440,851)	-5.37%
<b>Deductions from Revenue:</b>								
Contractual Adjustments	3,210,908	4,530,040	1,319,131	29.12%	46,257,052	50,746,755	4,489,703	8.85%
Provision for Bad Debts	107,145	184,426	77,281	41.90%	2,078,094	2,059,426	(18,668)	-0.91%
Charity and Uncompensated Care	65,926	57,377	(8,549)	-14.90%	523,436	640,710	117,275	18.30%
Prior Yr Cost Rep Settle	-	-	-	-	-	-	-	-
Other Allowances	213,151	21,981	(191,170)	-869.72%	635,924	245,452	(390,472)	-159.08%
Total Deductions from Revenue	\$ 3,597,131	\$ 4,793,824	\$ 1,196,693	24.96%	\$ 49,494,506	\$ 53,692,343	\$ 4,197,837	7.82%
<b>Net Patient Services Revenue</b>	6,215,234	5,895,874	319,361	5.42%	64,027,305	66,270,319	(2,243,015)	-3.38%
Other Operating Revenue	120,674	119,669	1,005	0.84%	1,369,457	1,316,362	53,095	4.03%
Total Operating Revenue	\$ 6,335,908	\$ 6,015,543	\$ 320,365	5.33%	\$ 65,396,762	\$ 67,586,682	\$ (2,189,920)	-3.24%
<b>Operating Expenses:</b>								
Salaries & Wages	3,092,501	2,894,605	(197,896)	-6.84%	33,432,603	32,857,203	(575,400)	-1.75%
Employee Benefits	902,840	693,784	(209,056)	-30.13%	8,136,286	7,415,887	(720,399)	-9.71%
Professional Fees	192,340	315,783	123,443	39.09%	2,813,422	3,259,909	446,487	13.70%
Supplies	812,423	749,716	(62,707)	-8.36%	7,956,359	8,884,344	927,986	10.45%
Utilities	68,380	72,086	3,707	5.14%	748,021	827,523	79,501	9.61%
Purchased Services	528,875	489,110	(39,765)	-8.13%	5,845,167	5,825,765	(19,401)	-0.33%
Depreciation	266,735	227,284	(39,452)	-17.36%	2,457,358	2,500,121	42,763	1.71%
Rent/Lease	91,365	84,705	(6,660)	-7.86%	986,434	919,014	(67,420)	-7.34%
Insurance	40,238	52,996	12,759	24.07%	492,419	597,129	104,710	17.54%
Travel & Education	24,605	34,611	10,006	28.91%	317,644	470,045	152,401	32.42%
Licenses & Taxes	81,145	78,880	(2,265)	-2.87%	851,719	818,983	(32,736)	-4.00%
Interest	24,204	24,214	10	0.04%	269,287	266,352	(2,936)	-1.10%
Other Direct Expenses	43,589	45,637	2,048	4.49%	477,452	519,383	41,932	8.07%
Total Operating Expenses	\$ 6,169,239	\$ 5,763,411	\$ (405,829)	-7.04%	\$ 64,784,172	\$ 65,161,659	\$ 377,488	0.58%
<b>Operating Income</b>	\$ 166,669	\$ 252,132	\$ (85,463)	-33.90%	\$ 612,590	\$ 2,425,022	\$ (1,812,432)	-74.74%
Operating Margin %	2.63%	4.19%			0.94%	3.59%		
<b>Non-Operating Revenue/Exp</b>	(43,829)	130,000	(173,829)	-133.71%	1,309,162	1,430,000	(120,838)	-8.45%
<b>Net Income</b>	\$ 122,840	\$ 382,132	\$ (259,292)	-67.85%	\$ 1,921,752	\$ 3,855,022	\$ (1,933,270)	-50.15%
<b>Unit Operating Income</b>								
Hospital	455,986	534,612	(78,627)	-14.71%	4,151,938	5,531,287	(1,379,349)	-24.94%
Clinic Group	(71,738)	(219,645)	147,907	67.34%	(2,028,796)	(2,332,683)	303,886	13.03%
Home Care Grp	(21,573)	8,087	(29,660)	-366.75%	(127,750)	95,293	(223,043)	-234.06%
Hospitalist	(159,793)	(73,610)	(86,183)	-117.08%	(1,393,372)	(865,195)	(528,177)	-61.05%
Urgent Care	(36,213)	2,688	(38,900)	-1447.33%	10,570	(3,680)	14,250	387.26%
Totals	\$ 166,669	\$ 252,132	\$ (85,463)	-33.90%	\$ 612,590	\$ 2,425,022	\$ (1,812,432)	-74.74%
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Totals	\$ 166,669	\$ 252,132	\$ (85,463)	-33.90%	\$ 612,590	\$ 2,425,022	\$ (1,812,432)	-74.74%

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Balance Sheet  
November 2016

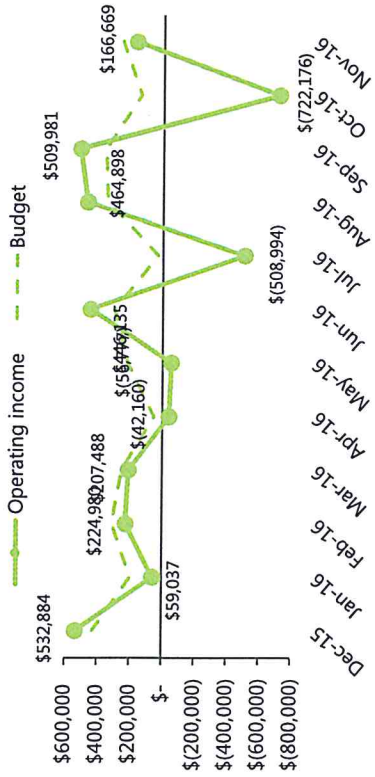
<b>Current Assets:</b>		<b>Current Month</b>	<b>Prior Year End</b>	<b>Change</b>	
1	Cash	7,158,359	7,562,435	(404,076)	1
2	Patient Accounts Receivable	8,382,392	7,079,248	1,303,144	2
3	Other Receivable	837,256	496,462	340,794	3
4	Inventories	1,099,227	910,035	189,192	4
5	Prepaid Expenses and Deposits	795,426	579,944	215,481	5
6	<b>Total Current Assets</b>	<b>18,272,660</b>	<b>16,628,124</b>	<b>1,644,536</b>	6
<b>Assets Whose Use is Limited:</b>					
7	Investments	25,351,084	25,253,677	97,407	7
8	<b>Total Assets Whose Use Is Limited</b>	<b>25,351,084</b>	<b>25,253,677</b>	<b>97,407</b>	8
<b>Property, Plant &amp; Equipment:</b>					
9	Property, Plant and Equipment	60,403,162	54,926,987	5,476,176	9
10	Less Accumulated Depreciation	35,296,064	32,843,586	2,452,478	10
11	<b>Net Property, Plant &amp; Equipment</b>	<b>25,107,098</b>	<b>22,083,400</b>	<b>3,023,698</b>	11
<b>Other Assets</b>					
12	Bond Issue Costs, Less Amortization	0	0	0	12
13	<b>Total Other Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	13
14	<b>Total Assets</b>	<b>68,730,843</b>	<b>63,965,202</b>	<b>4,765,640</b>	14
<b>Current Liabilities:</b>					
15	Accounts Payable	1,901,169	1,806,265	94,904	15
16	Cost Reimbursement Payable	690,383	(996,662)	1,687,046	16
17	Accrued Salaries	535,136	603,984	(68,848)	17
18	Accrued Employee Benefits	1,029,355	675,991	353,364	18
19	Accrued Vacations	2,081,976	1,713,651	368,325	19
20	Current Maturities of Long-Term Debt	1,424,558	1,424,558	0	20
21	Current Maturities of Capital Leases	0	0	0	21
22	<b>Total Current Liabilities</b>	<b>7,662,577</b>	<b>5,227,787</b>	<b>2,434,790</b>	22
<b>Other Liabilities:</b>					
23	Accrued Interest 2008 UTGO & 2009 LTGO B	166,247	27,708	138,539	23
24	2008 UTGO Refunding Bonds Premium	58,239	96,782	(38,543)	24
25	Deferred Revenue - Home Health	135,411	201	135,210	25
26	<b>Total Other Liabilities</b>	<b>359,897</b>	<b>124,692</b>	<b>235,205</b>	26
<b>Long-Term Debt &amp; Capital Leases:</b>					
27	Long-Term Debt - 2008 UTGO Bonds	2,260,442	2,260,442	0	27
28	Long-Term Debt - 2009 LTGO Bonds	3,397,887	3,397,887	0	28
29	Long-Term Debt - Energy Project	(0)	(0)	0	29
30	Long-Term Debt - Dell	(0)	(0)	0	30
31	Long-Term Debt - PACS System	0	0	0	31
32	<b>Total Long-Term Debt &amp; Leases</b>	<b>5,658,329</b>	<b>5,658,329</b>	<b>0</b>	32
<b>Fund Balances:</b>					
33	Equity - Hospital Operations	53,128,288	47,859,832	5,268,456	33
34	Income (Loss) Year-to-Date	1,921,752	5,094,564	(3,172,811)	34
35	<b>Total Fund Balance</b>	<b>55,050,040</b>	<b>52,954,395</b>	<b>2,095,645</b>	35
36	<b>Total Liabilities &amp; Fund Balance</b>	<b>68,730,843</b>	<b>63,965,202</b>	<b>4,765,640</b>	36

Cash Flow  
Year to Date, November 2016

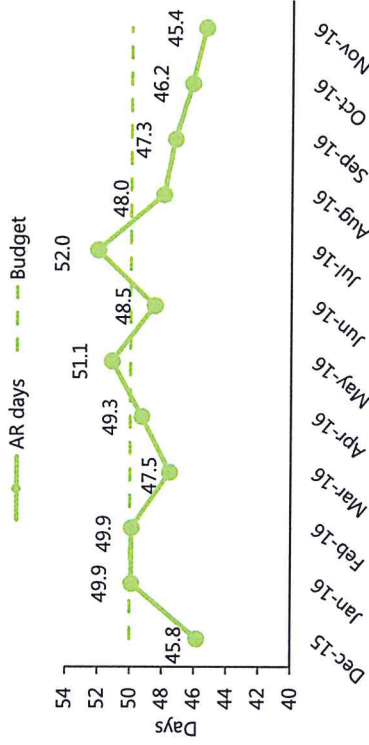
	Cash	Add	Subtract
<b>1 Net Book Income</b>	<b>1,921,752</b>	<b>1,921,752</b>	
<b><u>Add Back Non Cash Expenses</u></b>			
2 Depreciation	2,452,478	2,452,478	
3 Provision For Bad Debt			
4 Loss on Sale of Assets			
<b>5 Net Cash From Operations</b>	<b>4,374,230</b>		
<b>Increase in Current Assets = ( )</b>			
6 Patient Accounts & Other Receivables	(1,303,144)		(1,303,144)
7 Other Receivables	(340,794)		(340,794)
8 Inventories	(189,192)		(189,192)
9 Prepaid Expenses & Deposits	(215,481)		(215,481)
<b>10 Total Current Assets</b>	<b>(2,048,612)</b>		
11 Investments	(97,407)	0	(97,407)
<b>Purchase of Property, Plant &amp; Equipment:</b>	<b>(5,476,176)</b>		<b>(5,476,176)</b>
<b>12 Net Property, Plant &amp; Equipment</b>	<b>(5,476,176)</b>		
13 Bond Issue Costs, Less Amortization	<b>0</b>		
<b>14 Total Assets</b>	<b>(3,247,964)</b>		
<b>Decrease in Current Liabilities: = ( )</b>			
15 Accounts Payable	94,904	94,904	
16 Cost Reimbursement Payable	1,687,046	1,687,046	
17 Accrued Salaries	(68,848)		(68,848)
18 Accrued Employee Benefits	353,364	353,364	
19 Accrued Vacations	368,325	368,325	
21 Current Maturities of Long-Term Debt	0		
22 Current Maturities of Capital Leases	0		
<b>23 Total Current Liabilities</b>	<b>2,434,790</b>		
<b>Decrease in Other Liabilities: = ( )</b>			
24 Accrued Interest on 1998, 1999 UTGO Bonds	138,539	138,539	
25 2008 UTGO Refunding Bonds Premium	(38,543)		(38,543)
26 Deferred Revenue - Home Health	135,210	135,210	
<b>27 Total Other Liabilities</b>	<b>235,205</b>		
<b>Decrease in LT Debt &amp; Cap Leases: = ( )</b>			
28 Long-Term Debt - 2008 UTGO Bonds	0		
29 Long-Term Debt - 2009 LTGO Bonds	0		
30 Long-Term Debt - Energy Project	0		
31 Long-Term Debt - Dell	0		
32 Long-Term Debt - PACS System	0		
<b>32 Total Long-Term Debt &amp; Leases</b>	<b>0</b>		
<b>33 Total Liabilities</b>	<b>2,669,995</b>		
<b>34 Net Change in Cash</b>	<b>(577,969)</b>	<b>7,151,617</b>	<b>(7,729,586)</b>
35 Beginning Cash On Hand	7,562,435		
<b>36 Ending Cash On Hand</b>	<b>6,984,466</b>		

# Financial Stewardship

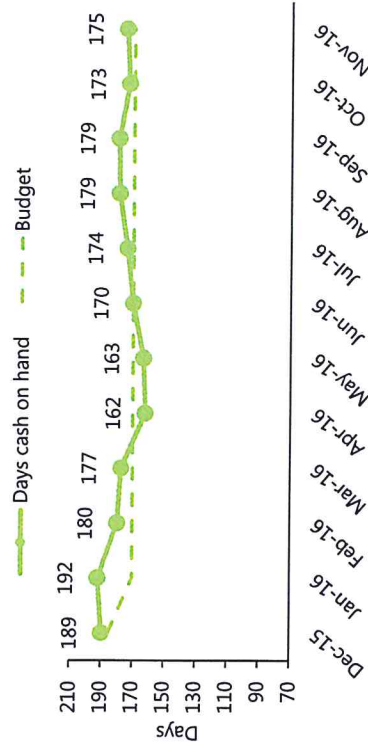
Operating income ↑



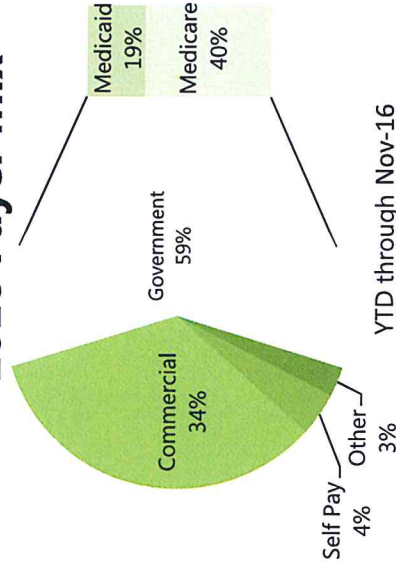
Accounts receivable days ↓



Days cash on hand ↑



2016 Payer Mix



17e

# Kittitas Valley Healthcare 2017 Budget Summary

## Focus Areas for 2017

- Medical Staff development
- Increase access to care
- Develop understanding of and improve referral base
- Manage incremental cost through program growth with special emphasis on labor hours
- Implementation of integrated electronic health record system

## 2017 Budget Assumptions

### **Volume and Revenue**

- Budgeted volume is based on rolling 12 months of volume through July adjusted to recognize current volume trends. We have not anticipated any significant changes to patient admissions, patient days or overall surgery cases.
- No change to current payer mix.
- Average charge increase of 4% for all services.
- Slight increase in Financial Assistance and Bad Debt write-offs based on trend in 2016.

### **Expense Assumptions**

- General salary and wage increases between 1.75% and 2% based on contractual agreements. General salary and wage increase for other employees is 1%.
- Step increases between 1 and 3% for eligible employees.
- Increase in employee benefit expense of 10% primarily due to increased enrollment in employer sponsored medical plans and anticipated medical claims expense.
- General inflation assumptions:
  - Supplies 3-8%
  - Utilities 2 - 14%
  - Professional liability insurance 2%
  - Increase in lease/rental expense reflecting movement toward leasing vs purchasing imaging equipment
  - Reduction in Professional fees due to employment of Emergency Department physicians and general consulting expenses

### **Routine Capital Requests**

• Equipment Replacement	\$531,515
• Facilities	\$406,754
• Information Systems	\$660,900
• Other Miscellaneous	<u>\$238,017</u>
	<u>\$1,837,185</u>



## Kittitas Valley Healthcare

### 2017 Budget for Key Volumes

Activity Measures		2016 Forecast	2017 Budget
01	Admissions	1,052	1,170
02	Patient Days - W/O Newborn	3,039	3,113
03	Avg Daily IP Census	8.3	8.5
04	Average Length of Stay	2.9	2.7
05	Deliveries	316	320
06	Case Mix	1.01	1.00
07	Surgery Minutes - Inpatient	36,573	35,905
08	Surgery Minutes - Outpatient	84,384	81,815
09	Surgery Procedures - Inpatient	291	293
10	Surgery Procedures - Outpatient	1,552	1,448
11	ER Visits	13,785	13,158
12	Laboratory	455,599	452,348
13	Radiology	304,988	302,511
14	Rehab	39,727	42,760
15	Outpatient Visits	75,466	74,754
16	Outpatient Percent of Total Revenue	82.01%	81.72%
17	Clinic Visits	59,338	68,864
18	Adjusted Patient Days	16,897	17,027
<b>Financial Measures</b>			
21	Salaries as % of Net Pt Revenue	52.22%	53.14%
22	Salaries/Bene as % of Net Pt Revenue	64.92%	66.48%
23	Revenue Deduction %	43.60%	43.49%
24	Operating Margin	0.94%	2.85%
<b>Operating Measures</b>			
25	Productive FTE's	387.50	406.39
26	Non-Productive FTE's	51.00	52.71
	Overtime	11.50	10.01
<b>27</b>	<b>Paid FTE's</b>	<b>450.00</b>	<b>469.10</b>
28	Operating Expense per Adj Pat Day	4,198.85	4,325.20
29	Net Revenue per Adj Pat Day	4,234.08	4,452.21
30	A/R Days-Hospital Only	46.00	50.00
31	Days Cash on Hand	174.00	190.00

# Kittitas Valley Healthcare

## 2017 Budget

<b>Patient Services Revenue:</b>	2016 Forecast	2017 Budget
1 Inpatient Revenue	22,275,954	24,021,985
2 Outpatient Revenue	101,566,021	107,369,532
<b>3 Total Patient Services Revenue</b>	<b>123,841,976</b>	<b>131,391,517</b>
<b>Deductions from Revenue:</b>		
4 Contractual Adjustments	50,262,239	53,535,760
5 Provision for Bad Debts	2,267,012	2,500,000
6 Charity and Uncompensated Care	571,021	750,000
7 Prior Yr Cost Rep Settle	-	-
8 Other Allowances	693,735	358,536
<b>9 Total Deductions from Revenue</b>	<b>53,794,007</b>	<b>57,144,297</b>
10 Net Patient Services Revenue	70,047,969	74,247,221
11 Other Operating Revenue	1,493,953	1,560,442
<b>12 Total Operating Revenue</b>	<b>71,541,922</b>	<b>75,807,663</b>
<b>Operating Expenses:</b>		
13 Salaries & Wages	36,655,104	39,452,894
14 Employee Benefits	8,989,126	9,910,343
15 Professional Fees	3,005,762	1,060,762
16 Supplies	8,679,664	8,723,877
17 Utilities	816,023	882,944
18 Purchased Services	6,376,546	6,623,781
19 Depreciation	2,720,754	2,725,820
20 Rent/Lease	1,076,110	1,384,537
21 Insurance	537,184	608,762
22 Travel & Education	346,521	514,565
23 Licenses & Taxes	929,148	944,228
24 Interest	293,768	231,029
25 Other Direct Expenses	520,856	581,550
<b>26 Total Operating Expenses</b>	<b>70,946,567</b>	<b>73,645,092</b>
<b>27 Operating Income</b>	<b>595,355</b>	<b>2,162,570</b>
Operating Margin %	0.83%	2.85%
28 Non-Operating Revenue/Exp	1,428,177	1,700,264
29 Net Income	2,023,532	3,862,834

**RESOLUTION 16-17  
CHECK CANCELLATIONS**

A RESOLUTION of the Commission of Public Hospital District No. 1, dba Kittitas Valley Healthcare, Kittitas County, State of Washington,

HEREBY, declare the following stale dated checks canceled.

<u>CHECK DATE</u>	<u>CHECK #</u>	<u>PAYEE</u>	<u>AMOUNT</u>
01/28/2015	206850	ARIC H WALKER	5.60
01/28/2015	206866	BOBBY CUMMINGS	13.90
01/28/2015	206874	COURTNEY STRONG	10.00
01/28/2015	206887	HANNAH TOZER	25.00
01/28/2015	206903	LINDA ANN RAUBESON	20.00
02/04/2015	207024	LAURA BROWNELL	42.80
02/11/2015	207289	DEMI FERREN	20.00
02/11/2015	207328	PAUL MORTON	46.98
02/18/2015	207416	LORI SKOV	15.00
02/18/2015	207425	RICHARD BOWMAN	10.00
03/11/2015	208129	BRYTTENY N THOMPSON	75.00
03/11/2015	208132	CHRISTOPHER KOPPL	5.00
04/15/2015	208910	BRUCE A KENOYER	12.49
04/15/2015	208997	BREANNA DOYLE	20.00
04/15/2015	209007	DONALD LENNON	62.80
04/15/2015	209011	DOUGLAS BARNHART	5.90
04/15/2015	209012	EARL COLSON	48.62
04/15/2015	209017	ESTHER WALL	19.93
04/15/2015	209038	KRISTI CUSACK	30.00
04/15/2015	209052	MICHELE BROWN	20.00
04/15/2015	209054	MILDRED OSBORN	13.50
04/15/2015	209062	PAULETTE BEAL	6.39
04/15/2015	209080	SUSAN FOURNIER	10.00
04/22/2015	209332	CINDA SMAAGAARD	6.00
04/22/2015	209346	JAMIE KIRKPATRICK	35.00
04/22/2015	209347	JENNE JONES	10.00
04/22/2015	209354	KARI CUSHING-OSCIADACZ	24.00
04/22/2015	209358	KIM BERGER	10.00
04/22/2015	209384	ORALYNN MANWELLER	10.00
04/22/2015	209399	SARAH PASCHEN	10.00
04/22/2015	209410	VANCE STROBEL	30.00
05/06/2015	209780	DEMEREY MOORE	15.00
05/06/2015	209787	ELLIS MCVEA	15.00
05/06/2015	209812	JUSTINE CALL	117.87
05/06/2015	209821	KENT SHERWOOD	35.00
05/06/2015	209832	MARILEE SHERWOOD	66.92
05/06/2015	209858	REBECCA FAUBION	30.00
05/06/2015	209868	TERRAN CLARK	20.00
05/08/2015	209908	ACCOUNT CONTROL TECHNOLOGY, INC	203.10
05/26/2015	210272	BODI D LANE	42.98
05/26/2015	210323	NICHOLAS SCOTT TERREL	7.63
05/26/2015	210348	CHARLES REASONS	6.00
06/19/2015	211139	WENDY SMITH	17.25
06/24/2015	211168	CORIE L STANFORD	10.00
08/12/2015	212441	JASON BARROM	2.52
08/12/2015	212460	CAITLIN RAINSBERRY	75.00
08/19/2015	212812	ASURIS	6.40

<u>CHECK DATE</u>	<u>CHECK #</u>	<u>PAYEE</u>	<u>AMOUNT</u>
08/19/2015	212833	DSHS	125.00
08/19/2015	212841	DSHS	37.80
08/19/2015	212856	L&I	122.41
08/19/2015	212862	L&I	34.00
08/19/2015	212864	L&I	124.52
08/19/2015	212881	PREMERA BLUE CROSS	7.20
08/26/2015	213106	RAY LINDBERG	20.00
09/02/2015	213306	AETNA	38.18
09/02/2015	213311	AETNA	53.13
09/02/2015	213313	AMY ANDERSON	5.00
09/02/2015	213321	CHELSEA ENGLAND	101.22
09/02/2015	213324	COMMUNITY HLTH PLAN	2.37
09/02/2015	213343	JUDY BAILEY	3.80
09/23/2015	213950	AETNA	45.41
09/23/2015	213968	DELORIS LARSON	15.00
09/23/2015	214011	NATALIE LUPTON	14.38
10/07/2015	214431	ANALILIA MARTINEZ	50.00
10/07/2015	214445	ALLISON DANIELS	39.00
10/07/2015	214454	DOROTHY WINES	5.94
10/07/2015	214460	FIRST CHOICE NETWORK	6.46
10/07/2015	214463	FIRST CHOICE NETWORK	28.93
10/07/2015	214464	FIRST CHOICE NETWORK	144.72
10/07/2015	214500	SANDRA LOHNES	25.00
10/08/2015	214518	ABRA KELSON	93.15
10/14/2015	214683	BRIAN P RUNBERG	35.66
10/14/2015	214708	PAULINE I WELLS	25.00
10/14/2015	214748	HEALTHSMART	111.58
10/14/2015	214784	SANDRA LOHNES	30.00
10/23/2015	215048	ANN COLE	34.50
10/28/2015	215179	LINDA ANN RAUBESON	8.21
10/28/2015	215188	ROGER W CANTERBERRY	45.05
10/28/2015	215193	AETNA	136.76
11/04/2015	215374	JULIA ROSE RAIBLE	71.24
11/04/2015	215405	LINDA RAUBESON	20.00
11/04/2015	215407	MAX HEDRICK	8.78
11/18/2015	215764	FAHAD ALYMANI	32.60
11/18/2015	215833	JESSICA KIES	25.00
11/25/2015	216069	SEATTLE CHILDRENS HOSPITAL	339.67
11/25/2015	216070	SEATTLE CHILDRENS HOSPITAL	278.78
12/02/2015	216096	AMBER FARTHING	20.00
12/09/2015	216329	PENSER NORTH AMERICA	94.30
12/16/2015	216756	THOMAS BURNETT	8.39
12/17/2015	216834	KRYSTA M TEKER	20.00
12/17/2015	216855	SEATTLE CHILDRENS HOSPITAL	339.67
12/31/2015	217278	JULIE JOHNSON	30.00
07/24/2015	075566	HEATHER STERMETZ (PAYROLL)	89.62
09/25/2015	075716	HALEY V ELLIS (PAYROLL)	278.07
		TOTAL	<u>4,570.08</u>

DATED: This 29<sup>th</sup> day of December, 2016.

\_\_\_\_\_  
Liahna Armstrong, President  
Board of Commissioners

\_\_\_\_\_  
Bob Davis, Secretary  
Board of Commissioners

**KITTITAS VALLEY HEALTHCARE**

**RESOLUTION NO. 16-18**

A resolution amending the budget for Kittitas County Public Hospital District No. 1, dba Kittitas Valley Healthcare, for the calendar year 2016.

WHEREAS the Board of Commissioners of Public Hospital District No. 1, Kittitas County, is responsible for adopting an appropriate operating budget for 2016 and did approve said final operating budget for 2016 on December 17, 2015.

WHEREAS, the Board of Commissioners of Public Hospital District No. 1, Kittitas County, now needs to amend the final 2016 operating budget as follows: See Exhibit A attached to this resolution.

THEREFORE, BE IT RESOLVED, by the Board of Commissioners of Public Hospital District No. 1, Kittitas County, to amend the 2016 operating budget per Exhibit A attached to this resolution.

APPROVED and ADOPTED at a regular meeting of the Commission this 29th day of December, 2016.

\_\_\_\_\_  
Liahna Armstrong, President

\_\_\_\_\_  
Matt Altman, Vice-President

\_\_\_\_\_  
Bob Davis, Secretary

\_\_\_\_\_  
Bob Crowe, Commissioner

\_\_\_\_\_  
Erica Libenow, Commissioner

**Kittitas Valley Healthcare**

**Resolution No. 16-18**

**Exhibit A**

**2016 Budget Amendment**

2016 Approved Operating Expense	\$71,313,687
Additional Employee Benefit Expense	<u>500,000</u>
Amended 2016 Operating Expense	<u>\$71,813,687</u>

Interim Chief of Clinic Operations report to the Board of Commissioners  
December 29, 2016

**Operations Data:**

The clinics were above their budgeted visits for the month of November by 20 visits. The year to date is 9.63% below budget.

New patient appointments for November were below budget by 17%, for a total of 259 new patients for the month.

Average charge per visit is \$246.64 which is above budget by \$7.48. The year to date is 3.66% above budget.

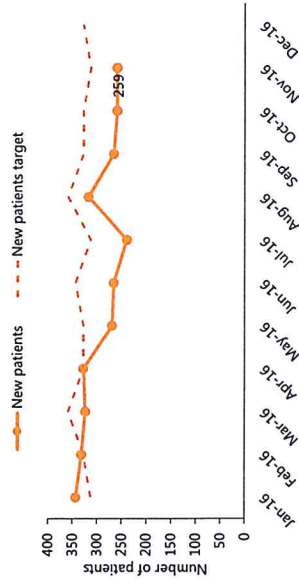
**Patient Access update:**

- Scribe has been interviewed. Training plan is being created and looking forward to implementation in January.
- A new physician accepted a job offer in Cle Elum-pending board approval. Reminder that this is a full time provider replacing a part-time (.6) provider.
- Lori Drews, ARNP started seeing patients on Dec 1<sup>st</sup>. We continue to work on operational workflow for full integration.
- Kittitas Valley Urgent Care Center opened their doors on December 14<sup>th</sup>. KVH made a nice showing of leaders and staff at the open house on the 12<sup>th</sup>.
- Family Healthcare of Ellensburg has recruited a new family physician – Dr. Druschel beginning July 2017 with KVH support/partnership.
- KVH current recruiting efforts are in these areas for 10 providers
  - 4 Family Medicine positions (3-Ellensburg; 1-Cle Elum)
  - 2 Pediatrics (MD/DO, APC)
  - 1 Orthopedic (MD/DO)
  - 1 General Surgery
  - 1 OB GYN
  - 1 Internal Medicine
- Anita Schiltz, ARNP opened her practice to new patients on December 20<sup>th</sup>, 2016.
- Working on standard rooming criteria for MA's and scope of responsibilities for RN's/LPN's that we are beta testing in Women's Health this week.

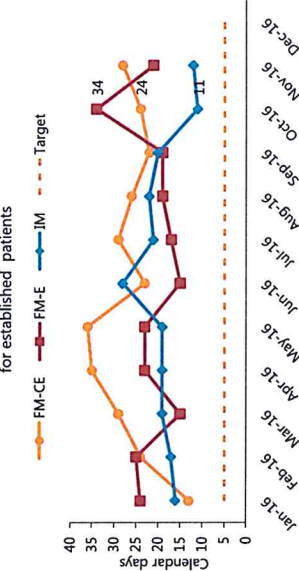
Thank you ~ Carrie Barr

# Clinic Operations Dashboard

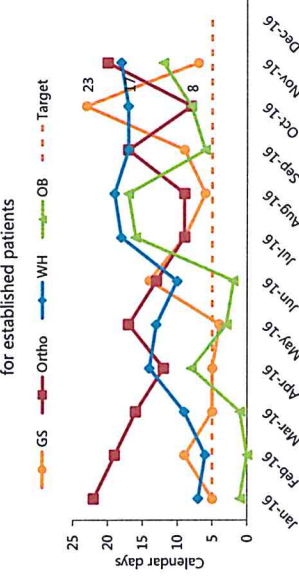
### New patients



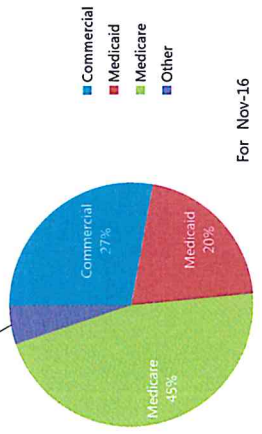
### Third available appointment for established patients



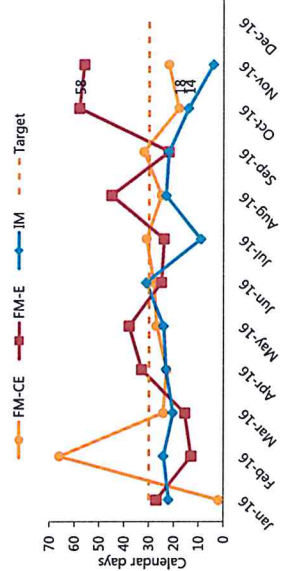
### Third available appointment for established patients



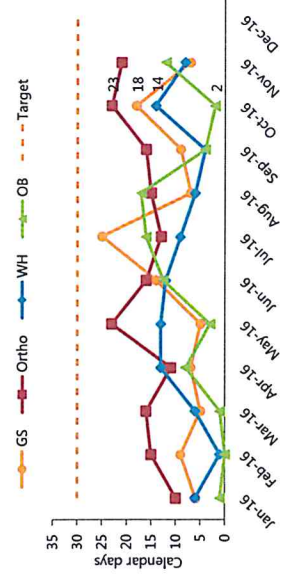
### Payor Mix



### Third available appointment for new patients



### Third available appointment for new patients





**Kittitas County Public Hospital District #1  
Kittitas Valley Healthcare**

**Board Meeting Evaluation Summary**

**December 1, 2016**

1. Rate the overall effectiveness of the meeting. (Rate questions 1-5 on a scale of 1 to 5 with 5 being the highest rating)

Rating of "4" by 2 Board Members; Rating of "5" by 3 Board Members

**Comments:** *I would have liked to spend more time on the quality metrics, not just the Safe Catch awards. Also, we should have spent more time on the financials, and the SLT's specific ideas for correcting the budget shortfall.*

*Considering I participated by phone, I thought it went well.*

2. Rate the clarity, cogency, and usefulness of the reports and information provided by staff and presenters.

Rating of "5" by 4 Board Members; rating of "4.5" by 1 Board Member

**Comments:** *Lindekugel's report was excellent; Mande Olsen's report was also excellent and the CEO report was clear, short, candid, just the right amount of information.*

*Good, but due to nature of my participation, not sure a relevant question.*

3. Was the ratio of discussion to reportage appropriate? (The Board has tried to reduce reportage and maximize discussion of issues.)

Rating of "4" by 1 Board Member; Rating of "5" by 4 Board Members

**Comments:** *I would have liked more discussion of some key topics that arose during the reporting: quality metrics and financial budget shortfalls especially. However, I would have liked less discussion of the capital expenditure requests. That didn't seem like the place to discuss internal report and our overall IT strategy, especially since the results of that discussion didn't affect whether we should make those purchases.*

*Information technology discussion was useful.*

*From my point of view, yes.*

4. Rate the new room and table layout.

Rating of "5" by 5 Board Members

**Comments:** *It is okay.*

*We don't really need to ask this question anymore, do we? I think we all like it.*

5. Were you able to speak and have your points heard?

Rating of "5" by 5 Board Members

**Comments:**

*I always feel like my comments are welcomed. When discussion was curtailed, it seemed more because of the speed at which we were covering some of the material.*

*Yes, as necessary, I was able to speak.*

6. What topics addressed needed more coverage/discussion?

*Quality metrics, and financial challenges and how to address them.*

*We must address feasibility of MOB plans especially in light of declining revenues.*

*I always enjoy emerging health topics. Would like more.*

*Board Governance*

*None, but several are on-going.*

7. What topics should be addressed in future?

*We should probably talk about where we are on the CEO search.*

*Hospital: Strengths; Weaknesses; Opportunities; Threats*

*Long-term projects, issues, budgets and such*

8. Other comments or suggestions?

*Phone conversation with Bob Crowe was very good and he was audible.*

**Kittitas Valley Healthcare**  
**Cerner EHR Replacement Proposal**

December 27, 2016

**Objective:**

To obtain an integrated suite of clinical and financial software applications across the Kittitas Valley Healthcare continuum of care in support of high quality patient care and business processes of the hospital, clinics and medical staff.

**Process:**

Kittitas Valley Healthcare engaged Charles River Advisory to assist in the evaluation, selection and contract negotiation of an EHR replacement, the project timeline is outlined below:

- Request for Information (RFI) sent to 9 vendors January 2016
- RFIs returned, evaluated based on minimum requirements February 2016
- Selection Team membership determined
- Software Demonstrations schedule with vendors
  - Allscripts April 26th and 27<sup>th</sup>
  - McKesson May 3 and 4<sup>th</sup> (cancelled, no ambulatory solution)
  - Evident May 25<sup>th</sup> and 26<sup>th</sup>
  - Cerner June 21<sup>st</sup> and 22<sup>nd</sup>
  - Meditech June 28<sup>th</sup> and 29<sup>th</sup>
  
- Selection Team debrief after each demo, narrowed down choice to 3 semi-finalists with which to conduct telephone reference checks July 2016
- Reference checks conducted by departmental system users July – September 2016
- Selected re-demos October 2016
- Selection Team recommendation to schedule site visit for Cerner November 2016
- Site visit completed December 2016
- Cerner Contract negotiations December 2016
- Request authorization to execute contract with Cerner December 2016

**Proposal and Cost:**

Kittitas Valley Healthcare recommends the purchase and implementation of the Cerner integrated suite of applications based on demonstrations, references and first hand observation of use of the system. KVH encouraged and achieved significant employee involvement including staff, management and providers in the selection process. We are confident that Cerner is the right solution for us and that Cerner will be a committed partner in the future.

25a

The Cerner implementation is a 12 month process which would begin early in 2017 with a tentative go live date of February 2018. This will be KVH's major project in 2017 and in recognition of the resources involved we have anticipated consulting expenditures to augment staff as necessary.

We are requesting authorization to execute a contract with Cerner for implementation of the system with a project start date of January 2017. Proposed costs are listed below:

Implementation Costs	\$3,481,554
Year 1 Operating Costs	<u>\$595,679</u>
Total Year One Costs	<u>\$4,077,233</u>

We propose to finance the implementation from our reserves.

#### Operating Costs

Operating Cost Year 2	\$976,206
Operating Cost Years 3-7 annual	\$1,047,839

The annual operating expense in 2016 for current systems was \$1,452,687; the total is expected to be \$1,495,327 in 2017. Cerner will not replace all of KVH systems but the annual operating expense for the remaining applications will be reduced to approximately \$578,000 in 2018. These applications will continue to see annual increases while Cerner has contracted for no annual increases for the 7 years of our contract once we are fully operational in early 2018. In addition, we have been required to upgrade systems to obtain necessary updates to software often with significant cost. That will not be the case with Cerner.

The attached Exhibit A provides more detailed information on the 7 year cost of Cerner.

**Exhibit A**

**Kittitas Valley Healthcare  
Cerner Contract Proposal  
7 Year Cost**

	Implementation							Total
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
<b>Cerner</b>								
Licensed Software	254,593	-	-	-	-	-	-	254,593
Implementation Services	2,034,910	-	-	-	-	-	-	2,034,910
Application Management Services	-	137,130	164,556	164,556	164,556	164,556	164,556	959,910
Sublicensed Software, Hardware and Maintenance	257,945	29,082	29,082	29,082	29,082	29,082	29,082	432,437
Licensed Software Support	-	33,940	40,728	40,728	40,728	40,728	40,728	237,580
Subscription Services	24,975	63,004	75,605	75,605	75,605	75,605	75,605	466,004
Managed Services	589,700	564,000	564,000	564,000	564,000	564,000	564,000	3,973,700
Transaction Services	16,570	77,600	93,120	93,120	93,120	93,120	93,120	559,770
Application Services	63,000	46,490	55,788	55,788	55,788	55,788	55,788	388,430
<b>Total Cerner</b>	<b>\$ 3,241,693</b>	<b>\$ 951,246</b>	<b>\$ 1,022,879</b>	<b>\$ 1,022,879</b>	<b>\$ 1,022,879</b>	<b>\$ 1,022,879</b>	<b>\$ 1,022,879</b>	<b>\$ 9,307,334</b>
<b>Non-Cerner</b>								
Multiview Software	30,000							30,000
Multiview Annual Maintenance		24,960	24,960	24,960	24,960	24,960	24,960	149,760
Hardware	99,000							99,000
Data Conversion/Archive	175,000							175,000
Interfaces	175,000							175,000
Travel and Training	156,540							156,540
Miscellaneous Consulting	200,000	-	-	-	-	-	-	200,000
<b>Total Non Cerner</b>	<b>\$ 835,540</b>	<b>\$ 24,960</b>	<b>\$ 24,960</b>	<b>\$ 24,960</b>	<b>\$ 24,960</b>	<b>\$ 24,960</b>	<b>\$ 24,960</b>	<b>\$ 985,300</b>
<b>Grand Total</b>	<b>\$ 4,077,233</b>	<b>\$ 976,206</b>	<b>\$ 1,047,839</b>	<b>\$ 1,047,839</b>	<b>\$ 1,047,839</b>	<b>\$ 1,047,839</b>	<b>\$ 1,047,839</b>	<b>\$ 10,292,634</b>
<b>Less Year 1 operating costs included above:</b>								
Managed Services - Monthly	\$ 564,000							
Maintenance - Monthly	31,679							
	<u>\$ 595,679</u>							
<b>Net Capital Costs</b>	<b>\$ 3,481,554</b>							

25c



**PROPOSAL FOR CONSULTING SERVICES**

**Kittitas Valley Healthcare**

*Board Development and Education  
& Strategic Planning*

**December 20, 2016**



Julie Petersen, CPA  
Interim Chief Executive Officer  
Kittitas Valley Hospital  
603 South Chestnut Street  
Ellensburg, Washington 98926

Dear Julie:

We appreciate the opportunity to provide you with further detail related to working with Kittitas Valley Healthcare (KVH) on Board Development and Education, as well as Strategic Planning. As you requested, the attached proposal lays out the timing and work plan for each segment of the project, and separately identifies hours and fees associated with each of the major components.

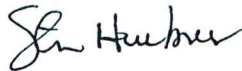
Your Commissioners' desire to move forward with Board Development and Education, deferring much of the Strategic Planning effort until after a permanent CEO is in place, makes good sense. This approach offers us a great opportunity to begin addressing key governance issues with the KVH Board, while building relationships with and among Commissioners that will carry over into the strategic planning process. The permanent CEO is a critical link to the strategic plan and should be an integral part of its development. As you have proposed, we can efficiently engage KVH administration in gathering the internal and external data—including survey results and market information—to embark upon the strategic planning process once the permanent CEO is named. Our proposal incorporates this into the process.

We look forward to the opportunity to work with you and the KVH Commissioners on both segments of this project.

Sincerely,



Sarah H. Cave, MHA  
Sarah Cave Consulting



Steve Huebner, CPA  
Huebner Advisory, LLC

**PROJECT OVERVIEW – Board Development and Education**

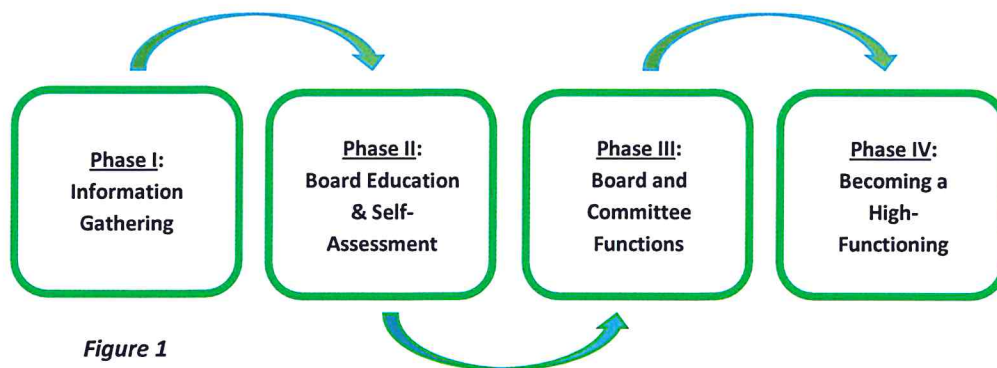
***Scope of Work & Approach***

The first part of this project relates to Board Development and Education. We will work proactively with you and your Board Chair and Vice Chair to develop an interactive approach to Board Development and Education. We will gather input from individual Commissioners and the Board as a whole to gain an understanding of the current state of governance; understand current Board norms and procedures; and work toward common objectives. Our goal is to put processes in place for the Board to become a high-functioning governing body dedicated to a shared KVH Mission, Vision and Values, and focused on providing oversight for the implementation of KVH strategic priorities. Developing effective board dynamics takes considerable time, effort, and commitment. We will make the upfront investment to design a process that works for you.

The KVH Board has stated the following objectives related to Board Development and Education:

1. Establish standards and a shared understanding around the role of governance with regard to confidentiality, communication and authority.
2. Establish a shared commitment to continuing education and advocacy 3) Establish a process for establishing and evaluating CEO performance.
3. Obtain a general understanding of how the Board conducts business, including committee structure, assignments and participation; periodic evaluation and assessment of Board progress; and periodic assessment of Board tools, agenda, minutes, etc.

To address this scope of work, we propose a four-phase approach, described below. Our proposed hours and fees, along with the required time commitment of KVH Commissioners and leadership are outlined on Page 9.



*Figure 1*

<b>Phase I</b>	<ul style="list-style-type: none"> <li>• Interview KVH Commissioners to identify issues and individual expectations/outcomes</li> <li>• Clarify the “starting point”: Identify extent and nature of board development to-date</li> <li>• Summarize overall goals, objectives and desired outcomes</li> <li>• Refine Board Development and Education plan</li> </ul>
<b>Phase II</b>	<ul style="list-style-type: none"> <li>• Facilitate initial KVH Board Education and Development session</li> <li>• Administer Board self-assessment</li> <li>• Summarize Board self-assessment results and observations</li> </ul>



<b>Phase III</b>	<ul style="list-style-type: none"> <li>• Review current KVH Board and Committee charters, and other board tools</li> <li>• Develop overall KVH Board/Committee roles and responsibilities matrix</li> <li>• Work with Board and Committee Chairs to enhance leadership practices</li> <li>• Establish process for setting CEO expectations and performance evaluation</li> </ul>
<b>Phase IV</b>	<ul style="list-style-type: none"> <li>• Agree on a six-month, 12-month and two-year plan for ongoing board development</li> <li>• Develop periodic assessment/follow-up plan</li> <li>• Complete internal and external assessment to inform Strategic Planning</li> </ul>

**Phase I:** Phase I is focused on identifying and establishing the starting point from which to develop a tailored and effective Board Development and Education plan. We will do that by interviewing KVH Commissioners, identifying issues and expectations, and gaining insights into the current state of governance.

From our initial information-gathering process, we will summarize issues and propose objectives and desired outcomes to incorporate into the Board Development and Education plan. This plan must be responsive to your needs and expectations, so it is embraced by individual Commissioners and the Board as a whole.

**Phase II:** The second phase will lay the groundwork for good governance. Phase II will include board education, focusing on the role and responsibilities of the Board, including its fiduciary role in overseeing the assets of the District (e.g., physical assets, financial assets, human capital, and intangible assets accruing to the District). Interactive educational activities will reinforce Board members’ duties of care and loyalty, and address potential conflict of interest situations that can arise with the Board and management. These activities will also distinguish the governance role of the Board from the management role of the executive team.

To gain a better understanding of areas of governance that may need further attention, we propose that Commissioners complete a board “self-assessment.” The tool will allow us to gather feedback on overall Board effectiveness in the areas of leadership, resources, controls, communication, community involvement and management interaction. It will also assess the Board’s level of attention to strategy, risk mitigation, operational oversight, and potential conflicts of interest, as well as its commitment to the KVH Mission, Vision, Values and policies. The survey results will help determine overall Board engagement and effectiveness and identify opportunities for improving governance functions.

**Phase III:** Once we have established a baseline of current Board practices, as well as Board expectations and outcomes, Phase III will focus on helping the Board and management implement the right tools and processes to support governance. We will develop decision matrices, committee charters, agenda formats, committee and board calendars, and other tools to make governance more effective. We will use the results of our interviews from Phase I and the Board self-assessment from Phase II to identify areas of focus, and work with the KVH Board and Committee Chairs to better understand their respective leadership roles.

**Phase IV:** The process of becoming a high-functioning board takes time, commitment, and effort. We do not anticipate this will be achieved over the span of this project, and propose continued follow-up with KVH Board leadership to further achieve this objective. Some of Phase IV will coincide with the Strategic Planning process, as Board interface and involvement will be necessary to complete an initial SWOT analysis in coordination with KVH Administration. This will be the appropriate time to acquaint the new permanent CEO with the governance goals and objectives the KVH Board has adopted in Phases I-III. We will also assist the Board in developing longer-term governance goals in the form of six-month, 12-month and two-year plans for governance.

Our proposal for the Board Development and Education component of the project is based on our understanding of your objectives, as well as our experience working with boards. One of our most important roles as your consultants is to

listen, understand your needs, and design a process that works for you. We will use the initial stages of the project to further refine our approach.

## PROJECT OVERVIEW – Strategic Planning

### Scope of Work & Approach

The second component of the project is to work with the KVH Board to develop a Strategic Plan for the next three to five years. To accomplish this, we will engage KVH stakeholders to:

- Understand the healthcare environment, competitive landscape, and pace of change;
- Confirm KVH’s strengths and weaknesses, as well as external opportunities and threats;
- Articulate a compelling desired future state for KVH, aligned with the Mission, Vision and Values adopted by the KVH Board and leadership;
- Develop strategic priorities that will move the organization toward its desired future state; and
- Lay the foundation for an operational plan with clear metrics and targets for successfully implementing its priorities.

The KVH Board has stated the following objectives related to Strategic Planning:

- 1) Establish a baseline for Strategic Planning (local and national environmental assessment, market assessment and assessment of community expectations)
- 2) Establish a vision for Kittitas County (care expectations)
- 3) Establish a vision for KVH (role in the market as a provider, partner, employer, community member and financial steward), taking into consideration values and measurable objectives).

To address this scope of work, we propose a three-phase approach, described below. We believe that we could work with KVH Administration to complete Phases I prior to naming the new CEO which will set the stage for timely completion of a revised strategic plan. We will plan to work with the KVH Board and Administration throughout the strategic planning process, but propose that a Core Team, representing both the Board and Administration, be appointed to oversee the strategic planning process. Our proposed hours and fees, along with the time commitment of Commissioners and management, are outlined on Page 10.

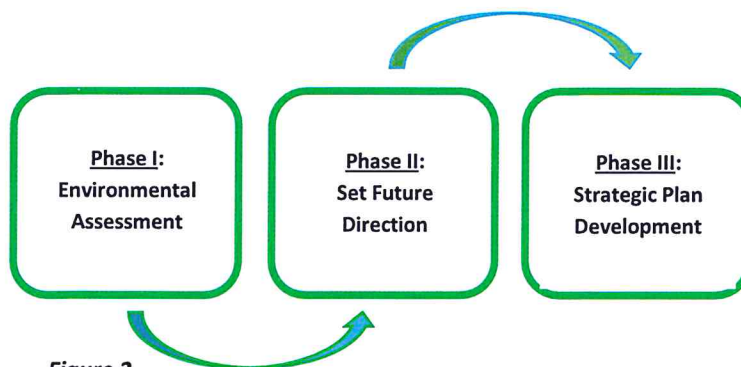


Figure 2

<b>Phase I</b>	<ul style="list-style-type: none"> <li>• Individual interviews with KVH Administrators and other selected KVH stakeholders</li> <li>• Complete more in-depth SWOT analysis and market assessment</li> <li>• Complete organizational assessment in coordination with KVH Administration</li> </ul>
<b>Phase II</b>	<ul style="list-style-type: none"> <li>• Visioning and strategic goal-setting</li> <li>• Board strategic formulation session:                             <ul style="list-style-type: none"> <li>✓ Refine directional strategies (Mission, Vision, Values)</li> <li>✓ Develop strategies for achieving strategic goals</li> </ul> </li> <li>• Prioritize and sequence strategies</li> </ul>
<b>Phase III</b>	<ul style="list-style-type: none"> <li>• Scenario planning session to test potential strategic alternatives</li> <li>• Draft “straw man” strategic plan</li> <li>• Strategic plan endorsement</li> </ul>

**Phase I:** Phase I will involve gathering information, broadly, on KVH and the surrounding environment. We will review market data, financial information, operating and programmatic issues, quality data, patient satisfaction results, and facilities and organizational performance. We will interview a subset of KVH Administrators, Commissioners, and other selected stakeholders to identify strategic concerns and priorities.

In Phase I, we will work with Administration to clarify key issues surfaced in the individual interviews. In coordination with KVH Administration, we will analyze existing data, summarize existing survey results, and gather additional data (as needed) to inform a more detailed SWOT analysis (building on the preliminary SWOT conducted in Phase IV of the Board Development and Education segment). Our goal will be to rely on existing information to the greatest extent possible.

**Phase II:** Phase II will begin once the new CEO has been named and is in place. Phase II will build on the issues and opportunities identified in the preliminary SWOT analysis and the preliminary work completed by Administration. As part of this phase, we will conduct a Visioning and Strategic Goal-Setting session with the KVH Board to revisit/refine the KVH Mission and Values and set a clear future direction for KVH. It is important that both the Board and Administration embrace these directional strategies, which define KVH’s role in the service area as a provider, partner, employer, community member and financial steward.

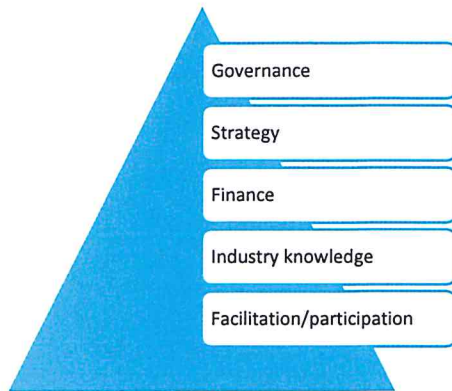
We will work with the Strategic Planning Core Team to identify core strategies (including enabling/support strategies) for aimed at closing gaps, seizing opportunities, and achieving strategic goals. These will serve as the basis for a strategic session in which the Board will validate and further articulate proposed strategies, and provide input on the prioritization and sequencing of strategies.

**Phase III:** Together with the Core Team, in Phase III we will develop alternative scenarios mapped to strategic objectives such as serving the patient and family; providing the highest quality of care; becoming the employer of choice; practicing financial responsibility; effective branding; appropriate use of facilities; and the role of tax levies in capital financing. The Board will evaluate and validate the effectiveness of various scenarios in driving future strategic direction which will serve as the basis for our draft strategic plan.

We will take the results from the Board’s Visioning and Goal-Setting session, and the ideas from the Scenario Planning exercise, to refine strategies and build a “straw man” strategic plan. We will facilitate a final KVH Board session to evaluate and the “straw man,” finalize the strategic plan, and seek the Board’s endorsement and approval.

**TEAM QUALIFICATIONS AND EXPERIENCE**

Sarah and Steve have strong backgrounds and skills that will bring value to KVH. They are both experienced consultants and have participated in, or led, a number of relevant healthcare engagements. Both have worked closely with boards and management teams to address governance, strategic, operational and financial opportunities.



**Figure 3**

**Project Team**

- Deep consulting, management, and board experience
- Strong backgrounds in governance, strategy, planning, finance, medical staff relations and operations
- Knowledge of marketplace, providers, management teams and relationships
- Understanding of value and attributes of community health systems, CAH and district hospitals
- Involved in local, regional, and national healthcare activities
- Committed to solid governance, management, boundaries and accountability
- Excellent facilitation skills with emphasis on participation and communications

Throughout the course of his healthcare career, Steve has worked with most of the health systems in the Pacific Northwest. His participation on two significant health system boards keeps him connected to regional and national health issues. Steve also sits on the KPMG National Healthcare Advisory Board, which keeps him connected to national health systems, issues, and trends. Sarah’s appointment with the University of Washington and her consulting practice have enabled her to interact with healthcare leaders at a local, state and national level.

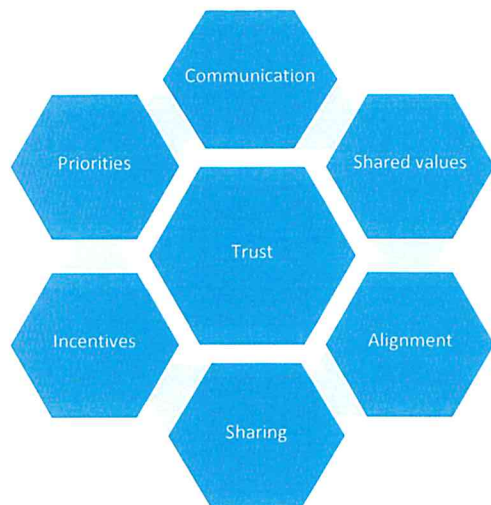
**Past and Present Engagements**

What follows is a summary of some of the relevant engagements in which we have been involved. Attached for your reference are our resumes. We would be glad to provide references upon your request. Sarah and Steve have:

- Led several strategic planning processes at the system, regional and local levels.
- Worked with a local community hospital committee and public hospital district to plan and develop a Critical Access Hospital and integrated medical clinic.
- Negotiated and implemented a management agreement between a health system and a local community hospital.
- Co-led the development and implementation of a collaborative venture between a community health system and a regional academic medical center which required certificate of need approval as well as other regulatory considerations.
- Developed a shared vision and framework for coordinating services and consolidating assets to create a patient and community centered joint venture.
- Partnered to develop an integrated service line across a regional health network which included medical neurology, stroke, neurosurgery and physical medicine and rehabilitation.
- Developed a strategic plan for the for-profit subsidiary of a state hospital association.
- Facilitated a range of strategic opportunities among three health care provider organizations. Established criteria and a framework for future service line cooperation and participation.

**Critical Success Factors**

When we met with you previously, we shared a graphic of success factors we believe apply equally to both governance and strategic planning. We have expounded on them further on the following page.



**Figure 4**

**Success Factors**

- High degree of trust among board, management, medical staff and community
- Board and management shares and embraces adopted mission, vision and values
- Clearly defined roles and responsibilities on part of board and management
- Clearly aligned strategy, goals, objectives and incentives with board, management, medical staff and community
- Shared priorities in executing key strategic initiatives
- Open communication channels among board, management medical staff and community

These critical success factors are based on our experience in working with boards, management, physicians and community representatives on projects of this nature. At the heart of this diagram is trust, since—whether you’re addressing board governance issues or defining a path forward through strategic planning, trust is the essential. Without a high degree of trust among all parties, it is very difficult to work through the many challenges that arise and build the necessary consensus to move forward.

Since so much of the organization’s future direction is driven from a clear sense of Mission, Values and Culture, alignment of these factors among all parties is critical. Without such alignment, it is difficult to reach agreement on the future direction, nor do you have solid guiding principles to refer to when there is disagreement or uncertainty which sometimes arise during these processes. The KVH Board and Administration must be totally aligned since both play different, but equally important roles in leading the organization’s long-term success.

KVH Health has a long history of successfully serving Kittitas County and the surrounding area. It is guided by a clear mission “to provide a system of high quality healthcare that meets community needs through excellent patient and family-centered service,” and vision “to lead the transformation of rural healthcare quality, access and delivery.” Mission, Vision, and Values provide the foundation on which the organization is built. Strategy is executed by adopting related goals and objectives, and strategies are further defined by specific tactics. Alignment of all constituents around both Mission, Vision, and Values, and strategic goals and objectives, is paramount. Strategy provides the framework for setting operational and financial priorities, and provides direction for all levels of management within the organization. Without a clear sense of direction, it is difficult to drive responsibility and accountability and to create the proper incentives for optimal performance.

Strategic plans inherently have multiple objectives and implementation requirements. Resources are often limited, so it’s necessary to establish shared priorities—adopted and embraced by both the Board and Administration—and agree on the proper sequencing of strategies.

The last critical success factor is open communication, which is important for every aspect of the Board Development and Education and Strategic Planning processes. This can be challenging at times, since different parties have different ways of communicating. One of our roles, as your consultants, will be to work closely with all parties to enhance communications efforts.

**PROPOSED HOURS AND FEES – Board Development and Education**

Following is a summary of hours and fees by project phase:

**Hourly Rate:**

Steve Huebner \$250  
Sarah Cave \$175

<b>Phase 1 (January 2017)</b>						
<b>Consultant &amp; KVH Board Activities/Deliverables</b>	<b>Time Commitment (Hours)</b>				<b>Proposed Fees</b>	
	<b>Board</b>	<b>Admin</b>	<b>Huebner</b>	<b>Cave</b>	<b>Huebner</b>	<b>Cave</b>
<b>Phase I Meetings with Board leadership:</b>						
1. Clarify "starting point"						
2. Interview KVH Commissioners						
3. Summarize overall goals, objectives, and desired outcomes						
4. Refine Board Development and Education plan						
	10	6	6	6	\$1,500	\$1,050
<b>Phase 2 (February-March 2017)</b>						
<b>Consultant &amp; KVH Board Activities/Deliverables</b>	<b>Time Commitment (Hours)</b>				<b>Proposed Fees</b>	
	<b>Board</b>	<b>Admin</b>	<b>Huebner</b>	<b>Cave</b>	<b>Huebner</b>	<b>Cave</b>
<b>Phase 2 Board Meetings:</b>						
1. Initial Board Education and Development session						
2. Complete Board self-assessment						
3. Summarize and address Board self-assessment results and observations						
	20	10	10	20	\$2,500	\$3,500
<b>Phase 3 (April-May 2017)</b>						
<b>Consultant &amp; KVH Board Activities/Deliverables</b>	<b>Time Commitment (Hours)</b>				<b>Proposed Fees</b>	
	<b>Board</b>	<b>Admin</b>	<b>Huebner</b>	<b>Cave</b>	<b>Huebner</b>	<b>Cave</b>
<b>Phase 3 Meetings:</b>						
1. Review current KVH Board and Committee charters, and other board tools						
2. Develop overall KVH Board/Committee roles and responsibilities matrix						
3. Work with Board and Committee Chairs to enhance leadership practices						
4. Establish process for setting CEO expectations and performance evaluation						
	10	4	5	5	\$1,250	\$875
<b>Phase 4 (June-July 2017)</b>						
<b>Consultant &amp; KVH Board Activities/Deliverables</b>	<b>Time Commitment (Hours)</b>				<b>Proposed Fees</b>	
	<b>Board</b>	<b>Admin</b>	<b>Huebner</b>	<b>Cave</b>	<b>Huebner</b>	<b>Cave</b>
<b>Phase 4 Meeting:</b>						
1. Agree on 6-mo, 12-mo, 2-year plans						
2. Periodic assessment/follow-up plan						
3. Complete SWOT analysis to inform Strategic Planning						
	10	4	6	10	\$1,500	\$1,750

Total Steve: \$6,750    Total Sarah: \$7,175    Total Fees: \$13,925

**Project Lead:** Steve Huebner

**Project Start Date:** January 9, 2017

**Project Duration:** Primary project 4 months with follow-up in June/July

Steve Huebner will be the project lead on the Board Development and Education component. He will be involved in all aspects of the project and will take a lead role in planning and leading all related meetings with Commissioners and the

Board. Sarah will be involved in planning and co-leading the Board Education session, administering the board self-evaluation, summarizing issues and developing plans. Sarah will actively participate in all Board meetings. She will perform any support functions that will allow us to minimize fees.

**PROPOSED HOURS AND FEES – Strategic Planning**

**Hourly Rate:**  
 Steve Huebner \$250  
 Sarah Cave \$175

<b>Phase 1 (June-July 2017)</b>						
<b>Consultant &amp; KVH Board Activities/Deliverables</b>	<b>Time Commitment (Hours)</b>				<b>Proposed Fees</b>	
	<b>Board</b>	<b>Admin</b>	<b>Huebner</b>	<b>Cave</b>	<b>Huebner</b>	<b>Cave</b>
<b>Phase I Meeting with Core Team:</b>						
1. Refine approach and frame "big picture" issues						
2. Review results of individual stakeholder interviews						
3. Assess existing data and identify additional data needs						
4. Complete more in-depth SWOT analysis and market assessment						
5. Complete organizational assessment in coordination with KVH Administration	5	16	16	30	\$4,000	\$5,250
<b>Phase 2 (August 2017)</b>						
<b>Consultant &amp; KVH Board Activities/Deliverables</b>	<b>Time Commitment (Hours)</b>				<b>Proposed Fees</b>	
	<b>Board</b>	<b>Admin</b>	<b>Huebner</b>	<b>Cave</b>	<b>Huebner</b>	<b>Cave</b>
<b>Phase 2 Meetings with Core Team and Board:</b>						
1. Board visioning and strategic goal-setting						
2. Board strategy formulation session						
3. Initial prioritization and sequencing of strategies with Core Team	8	30	24	50	\$6,000	\$8,750
<b>Phase 3 (September-October 2017)</b>						
<b>Consultant &amp; KVH Board Activities/Deliverables</b>	<b>Time Commitment (Hours)</b>				<b>Proposed Fees</b>	
	<b>Board</b>	<b>Admin</b>	<b>Huebner</b>	<b>Cave</b>	<b>Huebner</b>	<b>Cave</b>
<b>Phase 3 Meetings with Board:</b>						
1. Board scenario planning session						
2. Refine prioritization and sequencing of strategies						
2. Draft "straw man" strategic plan						
3. Strategic plan endorsement	8	20	24	50	\$6,000	\$8,750

Total Steve: \$16,000    Total Sarah: \$22,750    Total Fees: \$38,750

**Project Lead:** Sarah Cave

**Project Start Date:** June 1, 2017 (or at the time the permanent CEO begins employment)

**Project Duration:** Preliminary work in June-July with KVH Administration. Board involvement June-October.

Sarah Cave will be the lead on the Strategic Planning Component. Both Sarah and Steve will be involved in key meetings with the KVH Board and Administration, and bring their collective skills and experience to the process.

Project fees for the Board Development and Education component of the project are estimated to be \$13,925. Fees for the Strategic Planning component are estimated at \$38,750, with total project fees at \$52,675. As with any project of this nature, there is some uncertainty as to effort and hours. We will commit to a "not-to-exceed" amount of \$60,000 for both components of the project. We anticipate there will be some synergies between the governance and strategic planning processes and will attempt to take advantage of the time we have the board together to accomplish objectives of both projects.

We will bill monthly for project fees, and invoice you separately for expenses related to travel, hotel, meals and other costs directly associated with the project. We estimate project expenses to be about \$3,500.

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### 1. Biographical Information

Sarah H. Cave  
Magnuson Health Sciences, H664  
Office: (206) 221-5251; Mobile: (206) 310-0177  
[scave@uw.edu](mailto:scave@uw.edu) / [shcave69@gmail.com](mailto:shcave69@gmail.com)

### 2. Education

- Mills College, Bachelor of Arts / Sociology & Communication (1991)
  - Mills College Tennis Team (1987 - 1991) / Team Captain (1998 - 1991)
  - Editor-in-Chief, *Mills College Weekly* (1989 - 1990) / Sports Editor (1988 - 1989)
- University of Washington, Master of Health Services Administration (1999)
  - Graduate Student Board, School of Public Health (1998 / 99)
  - Project Manager (Graduate School Residency), Care Management Institute, Kaiser Permanente (1998)
  - Research Assistant, Evaluation of AHA's Community Care Network Demonstration Project (1997 - 1999)

### 3. Professional Positions

Role	Organization	Years of Service
<i>Education Manager</i>	Healthier Communities Fellowship Program, The Health Forum (San Francisco, CA)	1995-1997
<i>Associate/Consultant</i>	ECG Management Consultants (Seattle, WA)	1999-2000
<i>Manager of Planning &amp; Business Analysis</i>	Providence Health & Services (Seattle, WA)	2000-2002
<i>Director of Strategic Development</i>	PeaceHealth (Bellevue, WA)	2002-2008
<i>Regional Vice President of Strategy, Innovation, and Development</i>	PeaceHealth (Longview, WA)	2008-2012
<i>Network Vice President of Strategy, Innovation, and Development</i>	PeaceHealth (Vancouver, WA)	March 2012-February 2014

<b>Role</b>	<b>Organization</b>	<b>Years of Service</b>
<b>Chief Operating Officer</b>	School of Public Health, University of Washington (Seattle, WA)	March 2014 - August 2015
<b>Senior Lecturer/Associate Program Director</b>	Graduate Program in Health Services Administration, Department of Health Services, University of Washington (Seattle, WA)	September 2015-Present
<b>Principal</b>	Sarah Cave Consulting	December 2015-Present

#### 4. Certifications/Training

- ICS 300 / Washington Emergency Management Division (2009)
- Leadership in Ministry / PeaceHealth (2009)
- Crucial Conversations / VitalSmarts (2010)
- UW Strategic Leadership Program / University of Washington (2015)

#### 5. Honors, Awards, Scholarships

- a. National Scholar Athlete Award, ITA (1991)

#### 6. Professional Activities (outside of UW)

- UW MHA Program Admissions Committee, Alumni Representative (2006, 2007, 2008)
- American College of Healthcare Executives (2008 - 2014)
- Board of Directors, Pathways 2020 (2009 - 2011)
- Board of Directors, Kelso-Longview Chamber of Commerce (2009 - 2013)
- Board of Directors, ABC Dental/Head Start, an early childhood dental prevention and health program (2011 - 2013)
- Board, Southwest Washington Regional Health Alliance Board (2013 - 2014)
- Member, AHA Society for Healthcare Marketing and Strategic Development (2016)

#### 7. Bibliography (numbered)

- a. Med Care Res Rev. 2003 Dec;60(4 Suppl):95S-129S. Community care networks: linking vision to outcomes for community health improvement. Conrad DA1, Cave SH, Lucas M, Harville J, Shortell SM, Bazzoli GJ, Hasnain-Wynia R, Sofaer S, Alexander JA, Casey E, Margolin F.

#### 8. Public Health Practice & Consulting Activities

- Collaborative Cardiovascular Services Venture: Co-led development and implementation of a collaborative venture between PeaceHealth St. John and Oregon Health Sciences University, including approval of a Certificate of Need for St. John to provide interventional cardiology procedures without cardiac surgery back-up. PeaceHealth (2008 - 2010)
- Management Services Agreement: Negotiated and implemented a management agreement between PeaceHealth and Ocean Beach Hospital on the Long Beach Peninsula. PeaceHealth (2012)
- Sales Account Management Strategy: Partnered with employers and health insurance brokers to create “value offerings” (e.g., wellness, advanced access) to convert business to health plan products that supported PeaceHealth’s mission to serve their local communities. PeaceHealth (2012 - 2014)
- Cancer Center of Excellence: Vision and framework for coordinating services and consolidating assets to create a patient-centered cancer joint venture serving Clark County. PeaceHealth (2013 - 2014)

- Integrated Neurosciences Service Line: Partnered to develop an integrated service line across the PeaceHealth Columbia Network, including medical neurology, stroke, neurosurgery, and physical medicine and rehabilitation. PeaceHealth (2014)
- New Building Visioning & Program Planning Study and South Campus Master Plan Study, UW School of Public Health in partnership with the Office of the University Architect and two architectural firms (March 2014 - August 2015)
- Integrated Medicine Center, Bonnie McGregor/FHCRC, Project Manager (December 2015 - Present)
- Board Strategic Planning Retreat, Ocean Beach Hospital, Facilitator (January 2016)
- Joint Coordinating Council, Ocean Beach Hospital-Providence Health & Services-PeaceHealth, Facilitator (January - March 2016)
- Organizational Mission-Vision-Values Refresh, Pacific Medical Centers, Facilitator (January-March 2016)

**9. University Service**

- UW School of Public Health Emergency Preparedness Committee, Chair (March 2014 - August 2015)
- UW Graduate Program in Health Services Administration Strategic Plan, Lead Faculty (November 2015 - Present)
- UW Department of Health Services “Be Boundless” Ad Hoc proposal work group (January 2015)
- UW Graduate Program in Health Services Administration Scholarship Review Committee, Member (January 2015)
- UW School of Public Health Equity Task Force, Member (commencing February 2016)

**10. Professionally-Related Community Service**

- Cancer Leadership Council, American Cancer Society, Great Northwest Division (2003 - 2005)
- Co-Chair, Good Times for Goodtimes Wine Auction, American Cancer Society, Great Northwest Division (2006 / 2007)
- Gala Committee Member, Discovery Gala, Northwest Kidney Centers / Kidney Research Institute (2014 - Present)
- Chair, Northwest Kidney Center Discovery Gala (2016)
- University Sunrise Rotary (2015 - Present), University District Rotary (2014 - 2015), Longview Noon Rotary (2010 - 2013) and Longview Early Edition Rotary (2008 - 2009)

**11. Teaching History**

Course Title	Students	Credits	Role	Percent Responsibility	Dates
HSMGMT 505A: Managing Healthcare Organizations	26	3	Primary Instructor	100%	Fall 2015 & 2016
HSMGMT 505B: Managing Healthcare Organizations	34	3	Primary Instructor	100%	Fall 2015 & 2016
HSMGMT 505C: Managing Healthcare Organizations	15	3	Primary Instructor	100%	Fall 2015 & 2016
HSMGMT 562C: Strategic Management of Healthcare Organizations	16	3	Primary Instructor	100%	Fall 2015 & 2016
HSMGMT 545B: Capstone Seminar	28	4	Primary Instructor	100%	January 2015 - Summer 2016

## 12. Advising and Formal Mentoring

- UW MHA Program Mentor (2005 - 2007)
- Jennifer Mullins, March 2015 - Present, UW MHA Program Mentor
- UW MHA Student Team Advisor / UAB Healthcare Administration National Case Competition, December 2015 - February 2016
- UW MHA Student Team Advisor (2<sup>nd</sup> Place Overall, Best Presenter, Best Q&A) / Robbins Case Competition in Healthcare Administration, Baylor University, October 2016
- Ashlee Plowman, September 2015 - Present, UW MHA Faculty Advisor
- Amy Ven, September 2015 - Present, UW MHA Faculty Advisor



STEVE HUEBNER

## OBJECTIVE

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To utilize my financial expertise and industry skills to advise management and boards on governance, financial, operational and risk management issues.

## CLIENTS

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Mr. Huebner has served a broad range of clients in higher education, healthcare and not-for-profit sectors, a sample of which are listed below:

- Asante Health Services
- Bill & Melinda Gates Foundation
- City University of Seattle
- Fred Hutchinson Cancer Research Center
- Harborview Medical Center
- Intermountain Healthcare
- National University
- Oregon Health & Sciences University
- Providence Health & Services
- Seattle Cancer Care Alliance
- Seattle Children's Hospital
- Seattle University
- Space Needle
- Swedish Medical Center
- University of Puget Sound
- University of Washington & UW Medicine
- Virginia Mason Medical Center
- World Vision

## EDUCATION AND PROFESSIONAL

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**Certified Public Accountant** – Licensed in the state of Washington with reciprocal arrangements in other states

**University of Washington**, BA Business Administration (Accounting), 1974

- Member – American Institute of Certified Public Accountants
- Member – Washington Society of CPAs
- Member – Healthcare Financial Management Association

## OTHER PROFESSIONAL RESPONSIBILITIES

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- **Board member – Sisters of Charity of Leavenworth Health System**
  - Executive Committee – Member
  - Audit Committee – Chair
  - Finance Committee – Member
  - Investment Committee – Member
  
- **Board member – Intermountain Healthcare**
  - Executive Committee – Member
  - Investment Committee – Chair
  - Physician Compensation Committee – Chair
  - Executive Compensation Committee – Member
  - Audit Committee – Member
  - Finance Committee – Member
  - Intermountain Insights – Board member (Innovations Company)
  
- **Member - KPMG Healthcare Advisory Board**
  
- **Past Board Member - Wasatch Academy**
  - Executive Committee – Past President
  - Finance Committee – Past Chair
  - Headmaster Committee
  
- **Past President and Board Member of Washington Society of CPAs**
  - 2012 recipient of WSCPA lifetime achievement award
  
- **Past Board member - Northwest Kidney Center**
  - Executive Committee – Past President
  - Finance & Audit Committee Chair
  - Governance Committee Chair
  - Compensation Committee Chair
  - Strategic Planning Committee Chair
  - Co-chair – Capital Campaign

## EXPERIENCE

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Self-Employed Consultant  
**Huebner Advisory**  
 Bellevue, Washington  
 2012-present

Providing consultation to clients in the following areas:

- Advising on financial reporting matters. Working with boards and management to develop and improve financial reporting systems and processes.
  
- Effective problem solving in areas of finance, operations and governance.
  
- Advising boards and management of healthcare institutions on financial health, liquidity and capital-related issues.
  
- Advising higher education, healthcare and other not-for-profit organizations on broad accounting, regulatory, litigation, contractual and reimbursement issues.

- Facilitating the assessment of and providing due diligence with respect to potential mergers, acquisitions and joint ventures.
- Advising boards and management of higher education and healthcare institutions in identifying, reporting and communicating enterprise-wide risks. Advising on risk management and mitigation strategies.
- Assisting healthcare, higher education and other not-for-profit organizations in identifying and executing on strategic initiatives.
- Advising boards of directors in the areas of governance, financial oversight, risk management and organizational performance.
- Mentoring professionals to further develop professional and personal goals and skills.

Audit Partner (retired)

**KPMG, LLP**

Seattle, Washington

2002-2012

- Partner in charge of the Pacific Northwest Health Care and Higher Education Practice for KPMG.
- Partner in charge of the Western Region Health Care Practice of KPMG.
- Member of the Firm-wide Health Care Industry Leadership Team.
- Responsibilities include development of firm-wide strategy, development of audit approach and client marketing.
- Served as client engagement partner for health care, higher education and other not-for-profit clients (see representative clients above).
- Extensive interaction with management, boards and audit committees.
- Excellent problem solving skills, risk management and strategic thinking.

Audit Partner

**Arthur Andersen, LLP**

Seattle, Washington

1974-2002

- Firm-wide responsibility for Andersen's Health Care Industry Audit Practice.
- Partner in charge of Andersen's Western Region Health Care Practice.
- Partner in charge of Pacific Northwest Health Care Practice.
- Responsible for firm-wide health care training development.
- Promoted to partner in 1984.



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3142 Tiger Run Court • Suite 113 • Carlsbad, CA 92010

December 21, 2016

*Transmitted via e-mail to: [jpetersen@kvhealthcare.org](mailto:jpetersen@kvhealthcare.org)*

Julie Petersen, CPA  
Chief Executive Officer, Interim  
Kittitas Valley Healthcare  
603 S. Chesnut Street  
Ellensburg, WA 98926

Dear Julie:

Thank you for inviting Via Healthcare Consulting (Via) to submit a proposal to assist Kittitas Valley Healthcare (KVH) in a Board Development and Education Process. This letter outlines the proposed project scope, the project team, a preliminary work plan, and an estimate of professional fees and expenses. We have provided this information as a starting point for what we hope will be additional discussions to further clarify your and the board's expectations of the process and its outcomes. We look forward to further discussions and are happy to adjust this to better suit you and your board.

#### **Background and Proposed Approach**

As we understand it, KVH is a Public Hospital District with five commissioners elected to six year terms. The board has experienced a fair amount of board member turn-over the past few years so that four of the five commissioners have been on the board less than a year. In order to improve its effectiveness, the board is interested in establishing agreement on governance standards and the board's role and developing a plan for ongoing board education and development.

We suggest KVH consider conducting a board self-assessment (BSA) process in early 2017 with a 6-hour retreat sometime in March or April. The retreat could serve as an opportunity to review the current board functioning, identify areas for enhancement, and engage in some just-in-time education for newer board members on healthcare industry trends and hospital governance best practices.

If engaged, I will serve as Via Healthcare Consulting's lead consultant and facilitator on this project. Erica Osborne, my fellow principal at Via Healthcare Consulting will serve as a senior advisor working seamlessly with me to ensure a successful engagement. Erica and I are both recognized for our work in governance assessment, improvement and education. Please see the consultant biographies in the appendix for more on our backgrounds.

#### **Proposed Objectives**

The following objectives are proposed as a starting point for this project:

- Facilitate a common understanding of the fundamental fiduciary responsibilities and governance best practices for hospital district boards;
- Consider and discuss ways to develop a strong and healthy board culture;
- Reach agreement on governance standards and a board compact; and
- Discuss board meeting effectiveness and identify opportunities for improvement.

These objectives will be refined and finalized as a result of the interviews described in step three of the work plan that follows.



Proposal to Julie Petersen  
Kittitas Valley Healthcare  
December 21, 2016

### Proposed Work Plan

In order to achieve the project objectives, Via Healthcare Consulting will take the following steps.

1. Prepare for and facilitate a conference call to clarify the project objectives, agree on the project deliverables, develop a final project approach, and finalize a project schedule.
2. Review various documents to ensure a thorough grounding in KVH's current situation, especially regarding its governance structures and functioning (e.g., enabling legislation and/or bylaws, strategic plan, governance documents, recent board agendas and minutes).
3. Conduct key informant interviews with each of the 5 board members and the interim CEO. An interview guide will be developed in advance to gather crucial input into the board's current functioning, specific areas for enhancement, and potential topics of discussion.
4. Prepare a BSA Summary Report with customized charts, graphs, and feedback specific to the KVH Board's findings.
5. Develop objectives and an agenda for a board retreat at which the issues identified in the board interviews and document review will be discussed and addressed. We will prepare a draft packet of materials to be distributed to the board members in advance of the retreat, including:
  - Draft Cover Memo (from the Board Chair)
  - Retreat Objectives
  - Retreat Agenda
  - BSA Summary Report
  - Consultant's Background and Bio
  - Pre-reading Articles

The pre-reading materials will be drawn from our extensive library and resource network, according to the identified issues. We will rely on you and your staff to distribute these preparation materials approximately one week prior to the retreat.

6. Develop PowerPoint slides that include a presentation of educational topics including fundamental fiduciary duties and governance best practices in not-for-profit health care governance specific to a not-for-profit critical access, rural hospital. The presentation will also include a brief summary of preliminary conclusions about the KVH's governance strengths and weaknesses as well as areas for enhancement. We will pay special attention to including best practices for the areas in which the KVH's governance most needs improvement.
7. Facilitate a 6-8 hour Board Retreat (e.g., from 8:00 am – 4:00 pm) in which we will:
  - a. Conduct an interactive presentation of fundamental fiduciary duties and governance best practices in governance specific to an elected public hospital district board;
  - b. Present the results of the BSA and share Via Healthcare Consulting's summary observations regarding the KVH's governance strengths, areas of concern, and possible actions for improvement; and
  - c. Facilitate an open discussion regarding the gap between the board's current situation and the advanced practices and reach agreement on actions for enhancing KVH's governance in the next year

Proposal to Julie Petersen  
Kittitas Valley Healthcare  
December 21, 2016

8. Provide a brief report and action plan of the decisions made during the board retreat. This will identify the priority actions the board can pursue for governance enhancement in the coming year as well as a recommended timeline and suggested responsible parties.

#### **Proposed Time Frames and Availability**

Via Healthcare Consulting is available to begin this engagement in February. Because we estimate that steps 1-5 of the work plan will take between 4-6 weeks to complete, the retreat (step 6) could be scheduled as early as mid-March if we can find a date that is mutually available.

#### **Professional Fee Estimate**

In order to complete the above work plan successfully, we anticipate \$19,000-21,000 in professional fees will be required. Once we have agreed on a final work plan and budget, we will not exceed our estimate unless the scope of work has been changed and approved by you. If you believe we have over- or under-estimated the scope of this project, we would be happy to modify the work plan and revise the associated professional fees estimate. In addition, our out-of-pocket expenses (e.g., travel expenses, copies, administrative assistance preparing retreat materials, etc.) will be passed along to KVH with no markup. These expenses are generally 10-15% of the professional fees.

On an engagement of this size and duration, we request payment for one half of the lower end of the fee estimate upon project initiation. We require payment on this invoice in order to commence work. The remaining professional fees along with all expenses will be submitted following the project's conclusion. If Via Healthcare Consulting is engaged for this project, KVH can terminate the engagement at any time and for any reason. In the event of termination, KVH would be obligated only for professional fees and expenses incurred through the date of termination.

Thank you for considering Via Healthcare Consulting for this important project.

Sincerely,

A handwritten signature in black ink that reads "Karma Bass".

Karma Bass  
Principal

Proposal to Julie Petersen  
Kittitas Valley Healthcare  
December 21, 2016

#### **APPENDIX: CONSULTANT BIOGRAPHIES**

##### **Karma Bass, MPH, FACHE**

Over her 20-year career, Karma Bass has been a sought-after speaker, facilitator, and consultant with deep knowledge and experience in governance, strategic planning, philanthropy, health care policy, and board effectiveness.

Before joining Via Healthcare Consulting, she worked with ACCORD LIMITED, a Chicago-based consulting firm. She also spent two years as president and CEO of Alliance Healthcare Foundation in San Diego, California where she reported to an independent, eleven-person not-for-profit board.

Notably, Ms. Bass spent 10 years at The Governance Institute holding various positions including Vice President of Membership Services and Director of Research & Publications. During her time at The Governance Institute, she oversaw the prestigious biennial hospital governance practices survey tracking trends in nearly 5,000 US hospitals and health systems.

During three years at the Hospital Council of San Diego and Imperial Counties, she facilitated the first-ever collaborative community health needs assessment for San Diego's 32 hospitals, responding to the then-newly-implemented California Hospital Community Benefit law. Her experience gives her a uniquely valuable perspective as a consultant to hospital and health systems boards today.

Ms. Bass is board-certified in healthcare management and holds a master's degree in public health with a focus in health services administration from San Diego State University. She received her bachelor's degree from the University of California, San Diego. She lives in Carlsbad, California with her husband and two children.

##### **Erica Osborne, MPH**

Erica Osborne has over 15 years' experience in the healthcare field. Her areas of expertise include health services research, governance education, philanthropy, and project management.

Prior to joining Via Healthcare Consulting she spent two years at Alliance Healthcare Foundation managing and administering the foundation's \$1 Million Innovation Initiative and was responsible for overseeing the redesign of the grant making process including the transition to an online application.

She also worked at The Governance Institute holding several positions in their Member Relations, Conference Services and Research and Publications departments. During her time there she was responsible for creating topical seminar brochures, engaging speakers for lecture series, and editing healthcare industry publications.

Ms. Osborne holds a master's degree in public health administration with a focus in health care services administration from San Diego State University and was a finalist for the Graduate School of Public Health's John J. Hanlon award. She received her bachelor's degree from the University of New Hampshire. She lives in Oceanside, California with her husband and four children.



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3142 Tiger Run Court • Suite 113 • Carlsbad, CA 92010

December 21, 2016

*Transmitted via e-mail to: [jpetersen@ealthcare.org](mailto:jpetersen@ealthcare.org)*

Julie Petersen, CPA  
Chief Executive Officer, Interim  
Kittitas Valley Healthcare  
603 S. Chesnut Street  
Ellensburg, WA 98926

Dear Julie:

Thank you for inviting Via Healthcare Consulting (Via) to submit a proposal to assist Kittitas Valley Healthcare (KVH) in the development of its strategic plan. This letter serves as our proposal and outlines draft objectives, a proposed work plan, and professional fee estimate. We consider this a starting point for further discussion and are happy to adjust this to better suit you and your board, if necessary. If you feel we have over- or under-estimated the scope of work required to complete this project, we'd be happy to revise it and the associated professional fee estimate.

**Current Situation**

As we understand it KVH is an independent, rural healthcare delivery system. It historically has been very financially strong and has been recognized nationally over the last 5 years as being a Top 100 hospital. It supports a strong culture of quality, patient satisfaction, and accountability.

Over the past few years the district has experienced a number of significant leadership changes. The public hospital's five member governing board has seen significant turnover, with four of the five members having served less than a year. An interim CEO was brought on board in July 2016 and the organization is currently engaged in a search for a permanent chief executive. Along with leadership changes, the hospital is currently experiencing a decreased inpatient census. This has led to concerns about the organization's financial future.

The Board would like to build on past successes and respond to changes in the healthcare industry to ensure that KVH continues to be a vibrant healthcare entity long into the future. You are counting on the strategic planning process to help accomplish this.

**Proposed Objectives/Deliverables**

- Strategic assessment of KVH's internal and external environments;
- Key assumptions about the future;
- Identification of critical strategic issues facing the district;
- Confirmation or revision of the existing Mission, Vision, and Values;
- Description of what KVH will "look like" (or have achieved) in five years;
- Strategic goals, or major areas of focus for the shorter term, with measurable indicators of success (metrics/milestones for a dashboard);
- Objectives, describing what will be done in the next 12-18 months to achieve the strategic goals (including lead responsibility, due date, and resources required); and
- A strategic dashboard that can be used to monitor progress towards implementation

These objectives would be refined and finalized as part of the work plan process described in this proposal.

Proposal to Julie Petersen  
Kittitas Valley Healthcare  
December 21, 2016

### **Our Qualifications and the Project Team**

If selected for this engagement, I will serve as lead consultant and facilitator. Erica Osborne, Via's other principal, would serve as a senior advisor working seamlessly with me to ensure a successful engagement. Erica and I are both recognized nationally for our work helping healthcare boards and organizations respond strategically to environmental imperatives. In recent years, we have worked across the country with non-profit hospitals, systems, and healthcare districts. We specialize in strategic planning, providing tailored guidance for high board engagement. Please see the consultant biographies in the appendix for more on our backgrounds. We believe we bring the skills, experience and qualifications required to successfully complete this engagement.

Additionally, Erica and I will work as an internal / external team with you, the Administrative Team, and the strategic planning task force (if one is appointed), as appropriate. Our firm's approach is collaborative; we work with your data, expertise and staff. As a result, we minimize the cost to you and increase the likelihood of successful implementation due to the active participation of those who will need to execute against the plan.

### **Optional Assistance with the Data Analysis and Strategic Assessment**

A strong strategic planning process depends on the gathering of solid, reliable data and an unbiased, well-grounded market assessment. Via does not provide the data collection and preliminary analysis necessary so we would look to KVH's internal resources or suggest an additional consulting firm be engaged. We would be happy to recommend an outside firm that specializes in this.

### **Proposed Work Plan**

Our initial thinking for the work plan is listed below. However, as each of our engagements are custom-designed, we anticipate that during the first meeting of the Strategic Planning Task Force (SPTF) we will revisit and either confirm or revise the assumptions made in this document about the planning participants and process.

1. ***Strategic Planning Project Oversight Conference Calls.*** Throughout the engagement, we will plan and facilitate regular conference calls with designated representative(s) of KVH to clarify the project scope, objectives, progress against timeline and goals as well as preview pieces of the strategic plan to ensure the ultimate deliverable – KVH's new strategic plan – meets your expectations.
2. ***Kick-off Educational Session.*** We recommend starting the process with a half- or full-day retreat for board, executive team leaders, and possibly, a few physician leaders to clarify and confirm project objectives, agree on project deliverables, discuss resources, develop the final project approach and confirm the project schedule. At this time, we would also determine the ideal composition for the SPTF.
3. ***Strategic Planning Task Force Project Initiation Conference Call.*** We will convene a conference call to clarify the project objectives, agree on the project deliverables, discuss KVH's internal capabilities and resources, develop a final project approach and project schedule. We will also begin to identify the critical strategic issues that will need to be addressed through the strategic planning process.
4. ***Oversight of Strategic Assessment Development.*** We will assist with organizing and facilitating the strategic assessment development by working closely with individuals responsible for the data collection and analysis. If an outside firm is not engaged, we will provide direction to your staff conducting the data analysis. We will review the information and suggest enhancements to ensure

Proposal to Julie Petersen  
Kittitas Valley Healthcare  
December 21, 2016

that all of the needed information is included; that the information provided was evaluated appropriately; and the information is presented in a format that will help the SPTF draw strategic-level conclusions.

5. **Interviews and Focus Groups.** We will conduct individual interviews and focus groups with key stakeholders. Each interview will require approximately an hour, and each focus group session will require two hours. We assumed that, at a minimum, the following key stakeholders would provide input:

- Board of Trustees (5 individual interviews);
- Administrative Team (6-9 individual interviews);
- Strategic Planning Task Force members (individual interviews);
- Medical Executive Committee (focus group);
- KVH Management Team (a single focus group during one large 3-4 hour meeting).

To keep professional fees reasonable and further engage your team in the process, we propose that you, your team and/or other members of the SPTF conduct additional interviews and focus groups (e.g., Foundation Board; Auxiliary Board; Employee Advisory Committee; Medical Staff; other community organization leaders). For that reason, those have not been included in the professional fee estimate below. However, we have included some time to draft interview guides and facilitation guides for your use during these interviews and focus groups.

We would suggest that input be obtained about the following issues. Other questions could also be added, depending on what issues need to be addressed. Topics for the individual interviews and focus groups include:

- Suggested revisions to the Mission, Vision and Values;
- Critical strategic issues facing KVH over next four years;
- Ideas for the longer-term vision (what KVH will look like at the end of five years);
- Strategic Goals for the short term, including measures or indicators of success;
- Expectations of the strategic planning process and its outcomes including information that might be useful to gather and analyze.

6. **Interview and Focus Group Summary.** We will summarize the input from the interviews and focus group sessions that we conducted for inclusion in the Strategic Assessment Retreat Preparation Package (see below). We assume that someone from your staff will provide written summaries of the interviews and focus groups that KVH conducted.
7. **Strategic Assessment Session Preparation.** We will participate in 1-2 conference calls with you to create the objectives and agenda for the Strategic Assessment Session (see below) and to determine what information will be included in the preparation package (e.g., community input summary, strategic assessment, relevant articles). We expect the package to be delivered to the session attendees at least one week prior to the session. We will develop PowerPoint slides and other handouts to guide the discussions during the meeting.
8. **Strategic Assessment Meeting Facilitation.** We will come on-site for a full-day session with the SPTF and, if desired, the Executive Leadership team. The specific objectives of this session will be determined as a result of any input received during our conference calls, but we anticipate that we will accomplish the following:

Proposal to Julie Petersen  
Kittitas Valley Healthcare  
December 21, 2016

- Answer questions about the strategic assessment and any community input received;
- Draw strategic-level conclusions from the information regarding KVH's current position and possible future;
- Identify and prioritize the key assumptions and critical issues facing KVH over the next three years;
- Discuss the next steps in the strategic planning process.

We will develop a summary report of significant discussions and decisions made during the Strategic Discussion Session.

9. **Leadership Work Session #1.** We will help you prepare for a full- or half-day executive leadership team meeting to begin development of the "View 2020" for KVH. At this meeting, the executive leadership team will also begin framing out the overarching strategic goals that might be presented to the SPTF as a straw man for its consideration. In preparation for this leadership work session, we will provide a detailed agenda, objectives and pre-reading/pre-work assignments.
10. **Strategic Planning Task Force – "View 2020" Session.** We expect to be on-site for a half-day session with the SPTF and Executive Leadership team where we will discuss and develop the high-level strategic planning objectives and "View 2020". Following this session we will write up the strategic goals identified and the "View 2020."
11. **Strategic Plan Framework Created.** We will develop a draft strategic plan framework, based on the strategic assumptions, intelligence gathering, and direction received from the SPTF.
12. **Board Review of Strategic Plan Framework.** We will prepare for and facilitate a 2 hour meeting with the Board to discuss the "View 2020" and the draft strategic plan framework and gather additional input to the process, if any. Following the meeting, we will make requested revisions or edits to the draft strategic plan framework.
13. **Leadership Work Session #2.** We will help you prepare for a full- or half-day executive leadership team meeting to begin development of management-level objectives, metrics, and timeframes. We will provide a detailed agenda, objectives and pre-reading/pre-work assignments. Meeting objectives might include:
  - a) Identify 3-4 Strategic Goals including the measurable indicators of success;
  - b) Develop 6-12 month objectives under each Strategic Goal; and
  - c) Develop plans for communicating, monitoring, and updating the strategic plan.
  - d) Following your administrative team's session, we will then draft the strategic plan by incorporating the framework, goals and metrics you have identified.
14. **Strategic Planning Task Force—Final Plan Review.** We will prepare for and facilitate a conference call for the SPTF to review the final draft strategic plan. Members will be invited to offer final comments, feedback, and input to the strategic plan. At the end of the conference call, the SPTF will finalize its recommendation to the full Board regarding the draft Strategic Plan.
15. **Board—Presentation of Final Report.** We will prepare for and present the final strategic plan document for board approval and adoption.

#### **Proposed Time Frames and Availability**

We anticipate this process taking between seven and nine months to complete. Via Healthcare Consulting is available to begin this engagement in February 2017.

Proposal to Julie Petersen  
Kittitas Valley Healthcare  
December 21, 2016

### Professional Fee Estimate

In order to complete the above work plan successfully, we anticipate \$114,000 – 126,000 in professional fees will be required. Once we have agreed on a final work plan and budget, we will not exceed our estimate unless the scope of work has been changed and approved by you. If you believe we have over- or under-estimated the scope of this project, we would be happy to modify the work plan and revise the associated professional fees estimate. In addition, our out-of-pocket expenses (e.g., travel expenses, copies, administrative assistance preparing retreat materials, etc.) will be passed along to KVH with no markup. These expenses are generally 10-15% of the professional fees.

On an engagement of this size and duration, we request 20% of our lower-end professional fee estimate prior to the commencement of work. We will then invoice monthly for the duration of the project. Expenses will be billed monthly as they are incurred. The remaining professional fees along with all final expenses will be submitted following the project's conclusion. If Via Healthcare Consulting is engaged for this project, KVH can terminate the engagement at any time and for any reason. In the event of termination, KVH would be obligated only for professional fees and expenses incurred through the date of termination.

Thank you for considering Via Healthcare Consulting for this important project.

Sincerely,



Karma Bass  
Principal



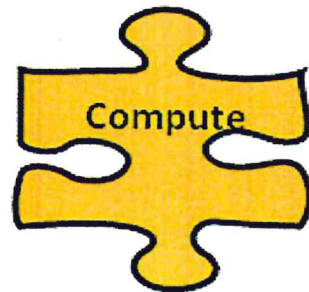
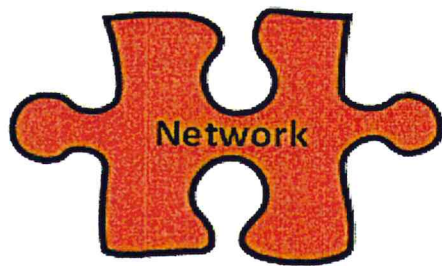
KVH

2017 BOARD AND COMMITTEE MEETINGS / EDUCATION CALENDAR

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
<b>Board of Commissioners</b>												
<b>5:00 p.m.</b>	26	23	30	27	25	22	27	24	28	26	16	14
											or 30	or 28
<b>Finance Committee</b>												
<b>7:30 a.m.</b>	24	21	28	25	23	20	25	22	26	24	14	12
											or 28	or 26
<b>QI Council</b>		9			11		13			12		
<b>4:00 p.m.</b>												
<b>Joint Districts Committee:</b>	TBA											
<b>Hosp. Districts #1 &amp; #2</b>												
<b>Strategic Planning</b>	TBA											
<b>Community Healthcare Roundtable</b>	TBA											
<b>Budget Study Session</b>										x		x
<b>MEC - 3rd Wednesday-12:30 p.m.</b>	18	15	15	19	17	21	19	16	20	18	15	20
<b>Foundation Bd.-5:30 p.m.</b>	24		28		23		25		26		28	
<b>Master Site &amp; Facilities Planning</b>	TBA											
<b>Compliance Committee</b>	TBA											
<b>Approve Corp. Comp. Plan</b>	x											
<b>CEO Evaluation</b>								x				
<b>Board Retreat/Evaluation</b>										x Self-Eval.		x Retreat
<b>Educational Meetings</b>	WRHA		AHA Annual		CEO/		WSHA Rural		Rural		WSHA Annual Mtg-Seattle	
	Spokane		Mtg-Wash, D.C.		Trustee		Conf Chelan-		Advocacy		Oct. 11-13	
	March 15-16		May 7-10		Summit		June 25-28		Days, Wash., D.C.			

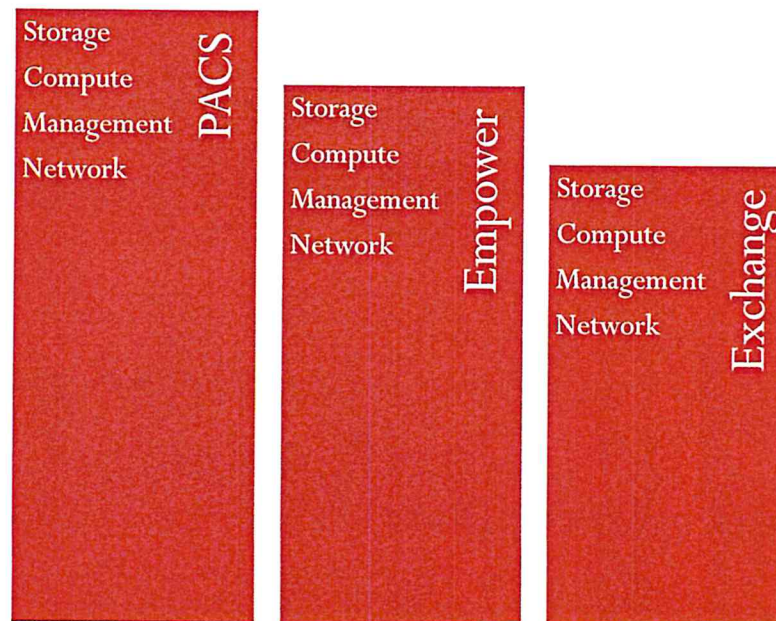
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# IT Infrastructure Planning for the Enterprise Kittitas Valley Healthcare



# Infrastructure Planning: The Siloed Approach

Compute, storage, network, and management are purchased for individual projects and applications, i.e., each project is planned in a silo and infrastructure is acquired for each individual project



# Infrastructure Planning: The Siloed Approach

## Challenges

- ***Inefficient***

- Systems are built with “just enough” resources to support the individual application and are rarely scalable, leading to resource shortages and delays when demands increase
- Siloed applications can rarely share hardware with other applications because they are built with “just enough” resources
- Require individual acquisition and planning of infrastructure

- ***Unpredictable***

- Impossible to predict and budget for future hardware needs to support both planned and unplanned projects
- Infrastructure sometimes assumed to be available and not planned or budgeted
- Places more responsibility on the application owners to plan infrastructure needs

# Infrastructure Planning: The Siloed Approach

## Challenges Continued ...

- ***Expensive***

- Hardware is purchased for individual applications and cannot be shared with other applications (“just enough”)
- “A la carte” hardware acquisition is more expensive than purchasing “the whole meal”
- Consumes significant planning time

- ***Increased Risks***

- Unnecessarily increases risks of loss due to device failures
- Increases potential for delay due to resource unavailability

- ***Complex***

- Multiple systems and hardware increases the complexity of monitoring capacity, patching, utilization, and hardware refresh cycles resulting in unplanned downtimes

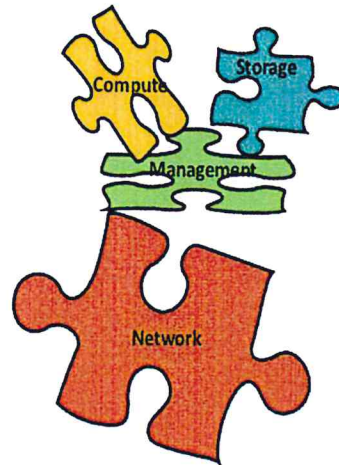
# Infrastructure Planning: Integrating with the Virtual Environment

The virtual environment does not lend itself to the siloed approach ...

- Requires balanced management of infrastructure: Storage, Compute, Network, and Management
- When planning individual projects in virtual environment, each has potential to impact others
- All applications share resources within virtual environment
- Makes it difficult to budget or quantify the specific virtual resources consumed by a single project

# Infrastructure Planning: Transitioning to a Virtual Environment

Managing the various pieces of a virtualized environment for each (siloed) individual project...



...results in mismatched pieces and wasted time trying to keep them working together

# Present – Recent Events

- 9/15 – disks failed resulting in loss of data, loss of 12 production servers, and 12 non-production servers
- 9/15 – production servers recovered using all of available disk space
- 10/16 – available disk space restored
- 1/16 – HRIS requires 5 new servers
- 3/16 – HVAC controls requires server with 12 databases
- 4/16 – PACS alerts to archive space constraints
- 8/16 – SAN expansion proposal to IT Steering Committee
- 8/16 – PACS alerts to primary storage constraints
- 10/16 – Digital mammography planned to double PACS storage needs



# Infrastructure Planning: The Enterprise Approach

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**Strategy** Plan for storage, compute, network, and management software across the entire enterprise to better position KVH for longer-term planning and predictable expenses

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This enterprise-wide approach encompasses all systems, where practical, and allows us to provide a solution that offers scalable and reliable infrastructure for current and future system needs for the next 5 years

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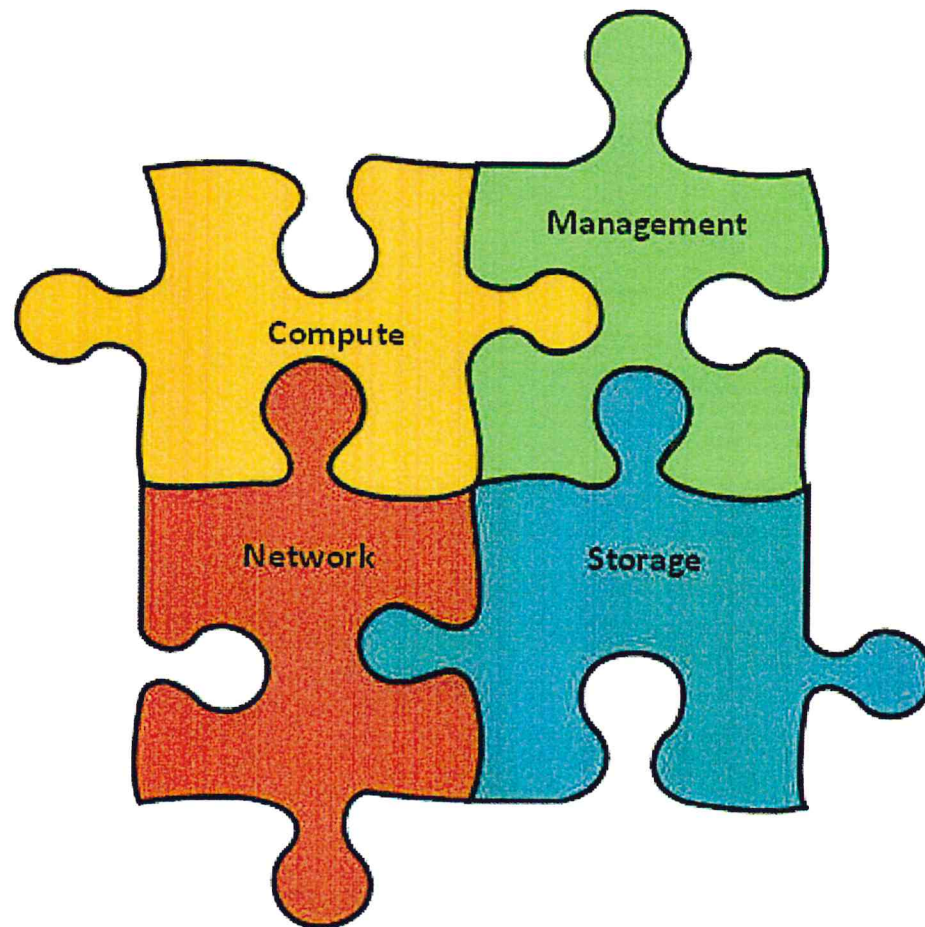
# Infrastructure Planning: The Enterprise Approach

## Enterprise Infrastructure Benefits

- ✓ Costs are predictable because hardware is refreshed every 5 years and management software is licensed every 3 years
- ✓ Scalable
- ✓ Reliable
- ✓ Schedules are not impacted by resource shortages
- ✓ Foundation for all current and future applications
- ✓ Resources are available on demand
- ✓ Risks are managed with built in redundancy
- ✓ Complexity is reduced by standardizing storage, compute, network, and management solutions across the infrastructure

# Infrastructure Planning: The Enterprise Approach

*A complete foundation for infrastructure*



# KVH Enterprise Infrastructure 2017 Planning

## Immediate Projects

<u>Cost</u>	<u>Description</u>	<u>Category</u>	<u>Pre-Req for Digital Mammo</u>	<u>Next Step</u>	<u>Comments</u>
\$174,000	SAN Expansion	Storage	X	Approved - Purchased	
\$59,000	Network Core	Network		Approved - Purchased	
\$120,000	Virtualization Environment Refresh	Compute	X	Finance Committee 12/27	Enterprise solution for compute and management infrastructure
\$170,000	Wireless Network	Network		Finance Committee 12/27	Has reached end of support
\$207,000	PACS Upgrade/Migration/ Re-Archive/Digital Mammo	Compute	X	Capital 1/10/2017	
\$24,000	Skype for Business/OCS/Instant Messaging	Storage		Finance Committee 12/27	Already approved. Price misquoted, requires \$18k additional funding
<b>\$754,000</b>					

## Critical Infrastructure Projects for 2017

<u>Cost</u>	<u>Description</u>	<u>Category</u>	<u>Comments</u>
\$30,000	Firewall	Network	
\$59,000	IDS/IPS	Network	Intrusion detection/Prevention
\$100,000	Network Switches	Network	
\$212,000	Data Center HVAC		Address humidity/redundant cooling
<b>\$401,000</b>			

**KITTITAS VALLEY HEALTHCARE  
Capital Expenditure Board Narrative**

**Requesting Department:** Information Systems

**Capital Item Requested:** Network Wireless Hardware Infrastructure Replacement

**Function of Project:** Many KVH devices used in the clinics and hospital require wireless connection as only means of communication.

**Reason Requested:** The Wireless Network Hardware is nearly 10 years old, beyond the manufacturer's service supported life and is at risk of failure. The wireless network is used more extensively than when initially installed including expanded use of clinic devices, and use by patients and guests. A new system will add better density, reliability, visibility and security to the KVH wireless network allowing more types of devices to connect at faster current technology speeds. Current wireless hardware allows limited visibility and monitoring capabilities decreasing KVH's network security posture.

**Budget:** \$150,000

**Actual Cost:** \$169,500

**Submitted By:** Jim Roberts, Director – Information Systems

**Date:** 12/4/2016

**KITTITAS VALLEY HEALTHCARE  
Capital Expenditure Board Narrative**

**Requesting Department:** Information Systems

**Capital Item Requested:** Virtualization Environment Hardware Refresh

**Function of Project:** Enterprise-wide computing structure to support both planned and unplanned projects requiring hardware.

**Reason Requested:** The current compute virtualization infrastructure is at capacity and expected end of life. In the past, requests for additional infrastructure resources has been planned to support specific projects. That approach resulted in just enough capacity, often resulting in higher risks of outages, delays to projects when resources hit capacity, and unpredictable costs. This proposal is for an enterprise-wide solution, encompassing systems where practical, allowing IT to provide reliable and scalable compute and management tools for the next 5 years.

**Budget:** \$ none

**Actual Cost:** \$77,500

**Submitted By:** Jim Roberts, Director – Information Systems

**Date:** 12/12/2016

**KITTITAS VALLEY HEALTHCARE  
Capital Expenditure Board Narrative**

**Requesting Department:** Information Systems

**Capital Item Requested:** AMENDED - Microsoft Exchange Server and Office Communication Server Upgrade

**Function of Equipment:** Used to provide email and office communication functions.

**Reason Requested:** Microsoft will end support of our current version of Exchange Service on 4/11/2017. Upgrade required mitigating risk of running unsupported software.

**Budget:** \$80,500

**Actual Cost:** \$51,600 Revised pricing  
\$32,990 Approved August 2016  
\$18,600 Additional Authorization Requested

**Original quote from vendor was pricing for charity organizations, KVH does not qualify. Revised quote results in additional cost.**

**Submitted By:** Jim Roberts, Director IS

**Date:** 8/8/2016

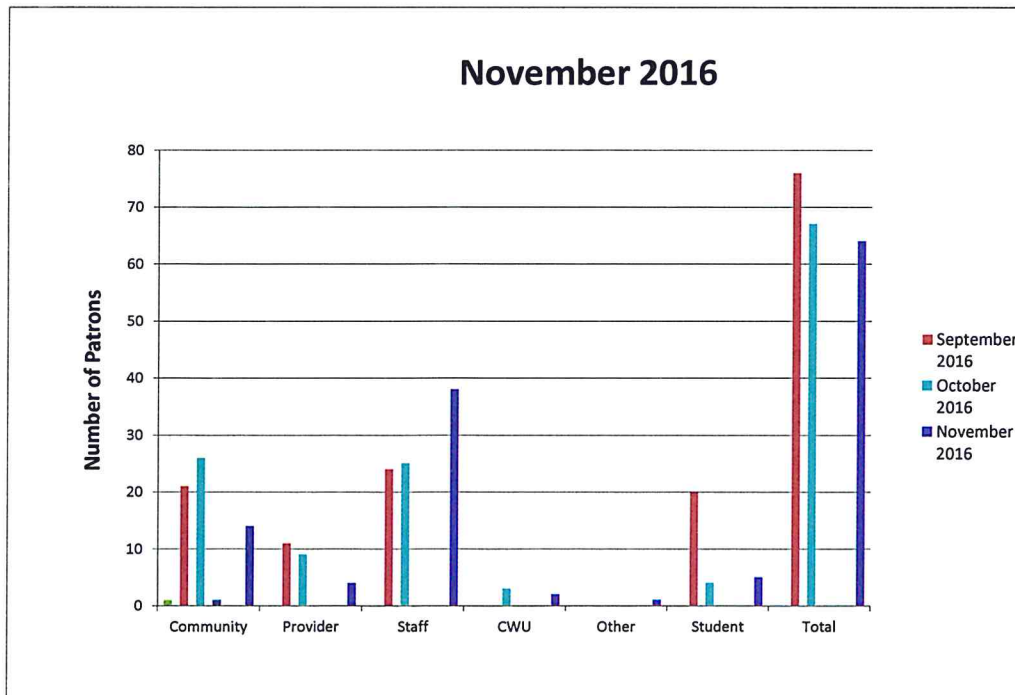
Kittitas Valley Healthcare  
Community Health Library  
Monthly Patron Statistics

	February			March		
	2015	2016	2017	2015	2016	2017
Community		35			32	
Provider		21			7	
Staff		24			14	
CWU		4			3	
Other		0			0	
Student		4			0	
<b>Total</b>		<b>88</b>	<b>0</b>		<b>56</b>	<b>0</b>

	May			June		
	2015	2016	2017	2015	2016	2017
Community		23		26	19	
Provider		9		30	2	
Staff		23		16	16	
CWU		0		1	0	
Other		0		1	0	
Student		0		0	0	
<b>Total</b>		<b>55</b>	<b>0</b>	<b>74</b>	<b>37</b>	<b>0</b>

	August			September			October			November		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Community	32	22		32	21		23	26		16	14	
Provider	22	4		12	11		20	9		21	4	
Staff	25	18		19	24		12	25		26	38	
CWU	0	0		1	0		0	3		3	2	
Other	0	1		0	0		0	0		0	1	
Student	0	0		0	20		0	4		1	5	
<b>Total</b>	<b>79</b>	<b>45</b>	<b>0</b>	<b>64</b>	<b>76</b>	<b>0</b>	<b>55</b>	<b>67</b>	<b>0</b>	<b>67</b>	<b>64</b>	<b></b>

	December		
	2015	2016	2017
Community			
Provider			
Staff			
CWU			
Other			
Student			
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>





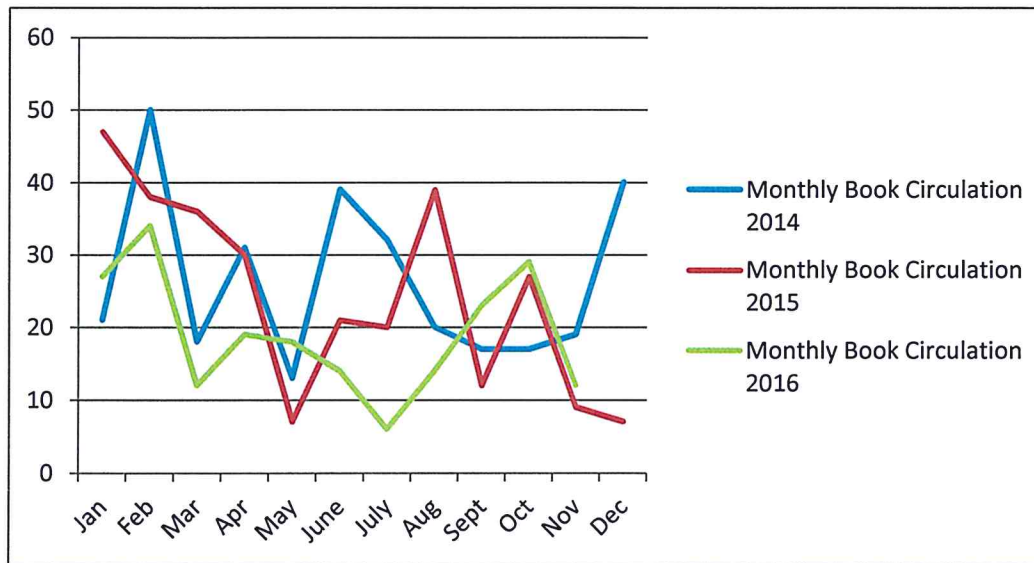
## Community Health Library Databases - Number of Searches

Database Name		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
UpToDate	2015	1063	1165	1407	1112	1154	1742	1288	1655	1814	1654	2025	1772	17851
	2016	1451	1810	1706	1202	1523	1751	1880	2051	1436	1683	1877		18370
ClinicalKey	2015	156	110	163	217	263	99	186	68	79	207	140	132	1820
	2016	442	167	174	108	157	105	36	93	206	120	n/a		1608
ClinicalKey for Nurses	2015											48	85	133
	2016	255	61	69	34	46	69	14	22	38	24	n/a		632
EBSCO Consumer Health Complete	2015	18	73	31	38	2	16	27	13	8	3	3	8	240
	2016	1	3	33	4	4	5	2	11	0	1	5		69
ProQuest	2015	14	15	0	0	1	1	3	2	1	1	1	0	105
	2016	13	14	2	3	0	2	0	2	1	4	4		45
New England Journal of Medicine Online	2016	0	31	29	54	19	25	42	17	24	72	20		333
Patron Services														
Articles & Newsletters Sent to Patrons & Providers	2015	8	36	10	28	4	15	6	2	64	48	71	43	287
	2016	42	117	50	52	41	16	32	34	30	65	40		519
Books Checked Out	2015	47	38	36	30	7	21	20	39	12	27	9	7	293
	2016	27	34	12	19	18	14	6	14	23	29	12		208
Inter-library Loan	2015								2			1		3
	2016	3	5	1	0	2	0	24	2	8	2	2		49

n/a = not available at the time this report was generated

Monthly Book Circulation

	<u>2014</u>	<u>2015</u>	<u>2016</u>					
Jan	21	47	27					
Feb	50	38	34					
Mar	18	36	12					
Apr	31	30	19					
May	13	7	18					
June	39	21	14					
July	32	20	6					
Aug	20	39	14					
Sept	17	12	23					
Oct	17	27	29					
Nov	19	9	12					
Dec	40	7						
YTD Total	317	293						



**Kittitas County Public Hospital District #1  
Kittitas Valley Healthcare**

**Board Meeting Evaluation Summary**

**December 29, 2016**

1. Rate the overall effectiveness of the meeting. (Rate questions 1-5 on a scale of 1 to 5 with 5 being the highest rating)

**Comments:**

2. Rate the clarity, cogency, and usefulness of the reports and information provided by staff and presenters.

**Comments:**

3. Was the ratio of discussion to reportage appropriate? (The Board has tried to reduce reportage and maximize discussion of issues.)

**Comments:**

4. Were you able to speak and have your points heard?

**Comments:**

5. What topics addressed needed more coverage/discussion?

6. What topics should be addressed in future?

7. Other comments or suggestions?