



**North Sonoma County Healthcare District
dba Healdsburg District Hospital
Critical Access Hospital Report 2016**

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Section 1: Review of Services -In-Patient

2015 Summary of In-Patient Services

	2015	2016
Patient Days		
ICU (4 beds)	470	345
Acute Care (17 beds)	3,307	2,698
Swing	462	493
Total Patient Days	4,239	3,536
Sub-Acute (17 beds)	5,131	5,771
Admissions		
ICU (4 beds)	131	111
Acute Care (17 beds)	739	615
Swing	72	54
Total Admissions	942	780
Sub-Acute (17 beds)	17	11
Discharges		
ICU (4 beds)	130	54
Acute Care (17 beds)	735	659
Swing	72	61
Total Discharges	937	774
Sub-Acute (17 beds)	37	16
Average Length of Stay		
Acute Care / MS & ICU	4 days	4.3 days
Swing	6.4 days	8.1 days
Surgery		
Total Surgeries	1,033	744

Section 2: Review of Services - Out-Patient

2015 Summary of Out-Patient Services

	2015	2016
Surgery		
OP Surgeries	775	
IP / OP Surgical Procedures	1,019	
Orthopedics	472	333
Emergency Department		
Visits	9,386	8,956
Admissions from ED	365	376
Admission Rate (percent)	3.9%	4.2%
Radiology		
IP / OP Procedures	9,075	7,133
IP / OP MRI	663	656
IP / OP Ultra Sound	2,907	2,770
IP / OP CT	2,610	2,647
IP / OP Mammogram	1,265	2,324
Total Radiology Procedures	16,520	15,530
Clinical Laboratory		
IP / OP Tests	9,737	7,875
IP / OP Pathology	627	691
IP / OP Blood	211	115
EKG		
IP / OP EKG	1,926	578
Respiratory Therapy		
IP / OP Treatments	1,114	801
PT/OT/Speech		
IP/OP PT	3,628 / 2,327	2,827 / 1,409
IP / OP OT	1830 / 1809	1,729 / 1,412
IP / OP ST	597 / 358	395 / 127
Total PT/OT/ST	4,219 / 4,494	4,951 / 2,948
Cloverdale PT	3,373	3,403

	2015		2016
Healdsburg PT	8,427		6,424
Wound Care	5,344		4,659
HPG	9,354		8,801
Specialty	946		1,164
Occupational Medicine	6,575		6,461
HBH (Behavioral)			2,721
Women's Clinic			21
Total Out-Patient Visits	48,317	38,183	46,384

Section 3: Revenue

Revenue by Payer

Payer	2015	2016
Medicare	\$46,841,76	\$46,351,107
Medi-Cal	\$24,870,37	\$28,750,26
HMO/PPO/COMM	\$23,984,13	\$24,056,63
Self-Pay	\$2,267,333	\$2,294,675
All Other	\$1,194,543	\$1,581,868
Charity Care	\$996,625	\$529

Section 4 - Review of Key Financial Indicators

- Acute care admissions decreased by 18.4%
- Average length of stay increased by 7.5%
- Surgeries decreased by 28.6%
- Total outpatient visits were down by 4%
- Clinic visits increased by 964 or 8.2%
- In 2016, there was a total positive bottom line of \$917,622
- The balance sheet was stronger overall
- Gross accounts receivable was higher in 2016 (\$29,845,041) than 2015 (\$29,490,838)
- Vendor accounts payable was less in 2016 (\$3,509,500) than 2015 (\$5,082,617) due to the improvement of cash management
- Total cash collected in 2016 was \$45,446,376
- Salaries and wages increased by 4.8% (\$815,439). Market basket adjustments were given throughout the year. Benefits increased by \$691,832 over 2015 @ 11.5% as a result of market basket increases and 2 people who exceeded stop loss
- Supply cost decreased due to overall reduction in surgery particularly orthopedics; \$1,308,707 or 23.1%.
- Healdsburg Primary Care Group (HPG) added Behavioral Health and Women's Clinic.
- Healdsburg District Hospital contracted with CPA firm, RSM (formerly McGladrey) to perform the annual audit. There were no ongoing concerns.

Section 5 - Volume and Utilization of Services

A. Capacity

Healdsburg District Hospital has a total of 21 available in-patient / observation beds with 5 beds in suspension. There are 10 beds available for use as swing beds. Transfer agreements are in place with area hospitals to be able to accept patients if volume exceeds capacity.

B. Volume

Inpatient days decreased from 3,307 in 2015 to 2,698 in 2016. This decrease is related to decreased volume in orthopedic surgery. Swing bed volume increased from 462 in 2015 to 493 in 2016. The use of swing beds by hospitalists is improving.

Total out-patient visits decreased 4% from 2015. Three MDs left and started their own practice. ICU volume decreased from 470 in 2015 to 345 in 2016.

C. Utilization of Services

The average length of stay increased from 4.0 percent in 2015 to 4.3 percent in 2016. The length of stay increased 0.3% in 2016 most likely due to Sutter Santa Rosa Hospital reducing to a total bed number of 80. Sutter likely “cherry picked” their admissions, and many of the patients that were transferred here from Sutter were homeless, thus causing longer stays for placement after discharge.

There was not a utilization review committee (URC) in 2016 and no physician advisor to oversee utilization review in this hospital.

55 total readmissions were noted from a Med Host report for 2016. The manager of case management discussed with the Quality Council the reasons for these readmissions for 4th quarter 2016. Readmissions at that time occurred due to a diagnosis not related to the patient’s prior admit diagnosis, non-compliance of patients; and many homeless patients who were not able to follow up with their providers. Three avoidable days have been noted for quarter 1 2017. There were six avoidable days in 4th quarter 2016 and three avoidable days in 1st quarter 2017. There were some identifiable trends noted with oxygen vendor companies, including confusion of one company regarding insurance coverage of home oxygen and another delay where the oxygen vendor was not able to deliver home oxygen supplies until the next business day. Two avoidable days occurred due to skilled nursing facility on lock-down due to flu outbreak therefore they were not able to accept two patients for transfer on day of discharge. Three avoidable days occurred due to a patient being ready for discharge on a Friday, but the accepting skilled nursing facility did not have an admissions intake

person available to accept the patient. Patient was then placed in swing bed status until transfer to skilled nursing facility occurred.

Case Management accomplishments for 2016 include:

- Two fulltime positions filled, one RN case manager and one medical social worker. These hires have allowed the department to provide optimal and highly proficient discharge planning and utilization review.
- MCG (Milliman Care Guidelines) were implemented successfully and available for RN case manager use. The MCG product purchased by HDH includes Inpatient and Surgical Care, General Recovery Care and Recovery Facility Care guidelines. These guidelines allow for case managers to decipher appropriate admission status for patients and comprehensive utilization review for all patients. The MCG guideline reviews have been sent to all contracted payers, providing information to the payer about appropriate level of care and clinical status of patients.
- MOON (Medicare Outpatient Observation Notice) implementation started on October 1, 2016 per CMS guidelines. RN case managers have ensured that all Medicare patients in observation status have received a thorough explanation of this notice and have assured that the patient has signed/dated the notice and a copy has been retained in their electronic record.
- Manager of Case Management followed readmission rates and causes for readmission. Through the CMS PEPPER (Program for Evaluating Payment Patterns Electronic Report) Full year 2016 noted that HDH fell under the noted average percentage of readmission, HDH had an 8.9% readmission rate during this time period

D. Transfers

2016 HDH Emergency Department (ED) Transfers

In 2016 a total of 245 patients or 3% of ED Admissions were transferred from HDH ED to other facilities. This is an equivalent percentage compared to 2015. There were no EMTALA violations related to ED transfers.

Transfers from the Emergency Department to other facilities, which include, but are not limited to, Santa Rosa Memorial Hospital, Sutter Regional Medical Center Santa Rosa, Kaiser Santa Rosa and California Pacific Medical Center.

Trends from 2016 compared to 2015 include the following:

- Cardiac transfers doubled from 8% to 16%
- Neuro transfers decreased from 16% to 8%
- No availability of Surgeon decreased from 3% to 2%

Section 6 - Medical Records and Quality / Performance Improvement

A. Medical Records –

A primary focus for Health Information Management (HIM) during calendar year 2016 was enhanced regulatory and facility policy compliance. Of particular note were the efforts toward 100% compliance with hospital medical bylaws, governmental regulatory agency guidelines/requirements and Joint Commission standards. In addition to compliance with requisite regulations, other end goals included –

- Enhanced continuum of care for the patient population served by the district.
- Expedited collection of operation generated accounts receivables.
- Continued readiness for future Joint Commission accreditation surveys.

Analysis of the current state and establishment of desired metric goals yielded a work plan with two primary areas of improvement opportunity.

1. Post-operative Reports – A goal was established at 98% of post-operative report dictation completed within 24 hours of surgery conclusion. The 2016 emphasis resulted in an improvement from 88.4% to 92.2%. Efforts continue into CY 2017 toward achieving the 98% compliance rate.
2. Verbal Orders – Policy and standards state that physician verbal orders should be signed within 48 hours. Efforts in 2016 realized a marked improvement from 79.6% to 92%. 2017 will see a continued push for 100% compliance.

After successful implementation of ICD-10 in October 2015, a provider training module was rolled out in September 2016. This refresher course gave opportunity for providers to refresh their knowledge base and apply the experiences of operating under the new classification system for the previous 12 months.

Coding audits were completed during the fourth quarter of 2016 with a data set from 22 providers. The benchmark was set at 90%.

B. Electronic Health Record (EHR)

Healdsburg District Hospital met and submitted criteria for Meaningful Use stage 2 in 2016. Documentation screens, protocols and order sheets continue to be developed, revised and improved. Emergency Department Information System (EDIS), Peri-Operative Information Management System (PIMS), Picture Archiving and Communication System (PACS), and Point of Issue (POI) were fully implemented and operational in 2016.

C. Quality/ Performance Improvement

- The calendar of reporting quality measures was revised to provide more time for discussion in meetings by having annual or biannual reporting to Quality Council and the Board.

- Infection rates continue to be low in all areas.
- A HDH Medical Staff physician has completed the required education for the Antimicrobial Stewardship Committee and is co-chair of the Infection Committee. The Infection Prevention / Antimicrobial Stewardship Program began meeting monthly as of October 2016.

D. Compliance and Risk Management

A compliance risk assessment was completed and quarterly reporting of identified high risk topics was implemented. Board members are serving on the committee. Staff and board members have received ongoing education.

E. Medical Staff Ongoing Peer Review

Peer review for year 2016:

An ongoing process of identifying physicians who have been on provisional status for an extended period of time and completing their initial proctoring which consists of the peer review process i.e., Focused Professional Practice Evaluation.

- There has been physician involvement in reviewing charts with thoughtful insight to mentor peers and improve quality of care as needed with fellow physicians. Issues brought to the attention of our Quality/ Risk/Compliance Officer were handled in a timely manner through Quality Review Committee and addressed by the Chair physician.
- The ongoing Professional Practice Evaluation continues to be an effective tool in evaluating potential trends, patterns, or issues that occur during the two year privileging period. This document is used as part of the re-credentialing process to give insight on how the provider is providing care and assist with the information gathered to make a decision for privileging.

Section 7 - Survey Readiness and Regulatory Issues

Surveys:

1. DHCS – Department of Health Care Services – D/P SNF Long Term Subacute Medi-Cal Contract (Annual Survey)
2. Kaiser Contract for Subacute and Acute – Triennial On-Site
3. Subacute annual CMS Recertification Survey
4. Subacute annual State Relicensing Survey
5. Life Safety Survey - annual
6. Kitchen Survey – Sonoma County Dept of Public Health – Biannual
7. Pharmacy Compounding Survey - annual
8. State Relicensing Survey – Triennial – completed December 2016
9. CMS Validation Survey – completed February 2017
10. EMTALA Complaint CMS Survey – unsubstantiated – no findings

Accreditation:

1. CAH - Joint Commission Accreditation 3 years effective 1-7-2016
2. CAH Joint Commission Inter-cycle Monitoring Requirement completed November 2016
3. Clinical Laboratory Joint Commission Accreditation 2 years effective 2-6-2016
4. Clinical Laboratory Inter-cycle Monitoring Requirement completed December 2016

Significant Achievement:

- Subacute Unit now has a 5-Star rating on CMS Skilled Nursing Compare

Section 8 - Employee Resources

At the end of 2016, there were 335 active employees. During 2016, there were 85 new hires and 98 separations; and as a result our turnover rate for 2016 was 29.3%. Some key positions continue to be filled by interim employees; however a Director, Business Development, Director, Revenue Cycle, HIM Manager, Case Management Manager, and a Lab Manager were hired.

A major concern is the cost of living in the Healdsburg area that limits the ability to attract and retain qualified, experienced staff in all departments. A second major concern is the Hospital's established salary ranges in comparison to the three major healthcare systems in Santa Rosa, which also limits the ability to attract and retain qualified, experience staff in all departments. Healdsburg District Hospital finished adjusting salaries by department during 2016, finishing with the RN staff and management staff. Salary adjustments hospital-wide are scheduled to begin annually in 2017.

Section 9 - Physician Recruitment and Community Involvement

2016 marked the last year the Hospital was restricted from hiring physicians directly. In September 2016, Governor Brown signed AB2024 which allows Critical Access Hospitals to directly employ physicians. It took effect 1/1/2017. We are finding this new ability helpful as we go about filling vacancies and retirements. It makes us more competitive in the hiring arena as it gives physicians financial stability, employee benefits and proper practice management.

During 2016, under the old terms of hiring, we contracted with one new physician; a gynecologist for our new Center for Women's Health in Windsor. We also contracted with a second Nurse Practitioner for our Work Health (Occupational Health) Clinic in the HPG facility.

In December, 2016, we negotiated with a podiatrist to work at our Northern California Wound Care and Hyperbaric Clinic to begin work in January 2107 as an employed physician utilizing the change in the law.

We continued our outreach through the year within our communities including participation at three Town Square events, several Wellness Fairs and hosting students from local high schools considering careers in the healthcare field. Our staff is actively engaged in various community wellness and stroke committees.

Towards the end of the year, we filled a permanent position of Physician Recruiter and Business Development Director.

2016 also marked a significant milestone with our community involvement; our associated Foundation brought to a successful conclusion its \$6 million community fundraising effort for new and updated imaging equipment including a new, permanent MRI. Thanks to \$3 million raised locally over the last three years and then matched by the Kalmanovitz Charitable Foundation we had reached our goal by December 2016.

Section 10 – Strategic Plan

A strategic plan was developed in late 2016 and was approved by the Board in December 2016. Quarterly reports will be presented to the Board. The major areas of focus in the plan include:

1. People	Assure that HDH is an excellent place to work.
2. Risk / Compliance	Develop an effective healthcare compliance program that focuses on confidentiality, privacy, work environment, reporting concerns of misconduct and protects NSCHD interests.
3. Quality / Service	Deliver patient care that meets or exceeds targeted standards for quality and safety.
4. Finance	Assure that financial and other resources are available to support our future growth.
5. Community	Achieve thoughtful growth in services that are valued by our community and viable to the organization.
6. IT / Technology	Enhance the use of technology for clinical and business purposes.
7. Board / Governance	To ensure that the Board fulfills its legal, ethical, and functional responsibilities through adequate governance, policy development, recruitment strategies, training programs, monitoring of Board activities, and evaluation of Board members' performance.
8. Strategic Partnerships	Enhance the long-term viability of the organization to provide additional and specialized services to the community that connects care with NSCHD and other organizations.