



TAHOE FOREST HOSPITAL DISTRICT

# 2019-10-24 Regular Meeting of the Board of Directors

Thursday, October 24, 2019 at 4:00 p.m.

Tahoe Forest Hospital - Eskridge Conference Room

10121 Pine Avenue, Truckee, CA 96161

# Meeting Book - 2019-10-24 Regular Meeting of the Board of Directors

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23. ADJOURN



# REGULAR MEETING OF THE BOARD OF DIRECTORS AGENDA

Thursday, October 24, 2019 at 4:00 p.m.  
Tahoe Forest Hospital – Eskridge Conference Room  
10121 Pine Avenue, Truckee, CA 96161

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **DELETIONS/CORRECTIONS TO THE POSTED AGENDA**

4. **INPUT AUDIENCE**

This is an opportunity for members of the public to comment on any closed session item appearing before the Board on this agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Clerk of the Board 24 hours prior to the meeting to allow for distribution.

5. **CLOSED SESSION**

**5.1. Conference with Legal Counsel; Anticipated Litigation (Gov. Code § 54956.9(d)(2) & (d)(3))** ♦

*A point has been reached where, in the opinion of the Board on the advice of its legal counsel, based on the below-described existing facts and circumstances, there is a significant exposure to litigation against the District.*

*Receipt of Claim pursuant to Tort Claims Act or other written communication threatening litigation (copy available for public inspection in Clerk's office). (Gov. Code 54956.9 (e)(3))*

*Name of Person Threatening Litigation: Howard Bronstone*

**5.2. Hearing (Health & Safety Code § 32155)**

*Subject Matter: Quality Assurance Report*

*Number of items: One (1)*

**5.3. Hearing (Health & Safety Code § 32155)** ♦

*Subject Matter: Third Quarter 2019 Corporate Compliance Report*

*Number of items: One (1)*

**5.4. Approval of Closed Session Minutes** ♦

*09/26/2019*

**5.5. Public Employee Performance Evaluation (Government Code § 54957)**

*Title: Chief Executive Officer*

**5.6. TIMED ITEM – 5:30PM - Hearing (Health & Safety Code § 32155)** ♦

*Subject Matter: Medical Staff Credentials*

**APPROXIMATELY 6:00 P.M.**

6. **DINNER BREAK**

7. **OPEN SESSION – CALL TO ORDER**

**8. REPORT OF ACTIONS TAKEN IN CLOSED SESSION**

**9. DELETIONS/CORRECTIONS TO THE POSTED AGENDA**

**10. INPUT – AUDIENCE**

This is an opportunity for members of the public to address the Board on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Board cannot take action on any item not on the agenda. The Board President may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.

**11. INPUT FROM EMPLOYEE ASSOCIATIONS**

This is an opportunity for members of the Employee Associations to address the Board on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes.

**12. SAFETY FIRST**

**12.1.** September Safety First Topic

**13. ACKNOWLEDGMENTS**

- 13.1.** October 2019 Employee of the Month .....ATTACHMENT
- 13.2.** National Physician Assistant Week is October 6-12 .....ATTACHMENT
- 13.3.** National Case Management Week is October 13-19.....ATTACHMENT
- 13.4.** Healthcare Quality Week is October 20-26 .....ATTACHMENT
- 13.5.** National Nurse Practitioner Week is November 10-16 .....ATTACHMENT
- 13.6.** National Medical Staff Services Awareness Week is November 3-9.....ATTACHMENT

**14. MEDICAL STAFF EXECUTIVE COMMITTEE ♦**

**14.1.** Medical Executive Committee (MEC) Meeting Consent Agenda .....ATTACHMENT

*MEC recommends the following for approval by the Board of Directors:*

Annual Policy Review (no content changes)

- Women and Family Center Policies

Annual Policy Review (no content changes)

- Clinical Privileges for New Procedures or Treatment at TFHD, MSCP-5
- Request for New Procedure or Treatment Form (attachment to above policy)
- Physician and Allied Health Professionals: Distribution of Approved Privileges, MSCP-4

**15. CONSENT CALENDAR ♦**

These items are expected to be routine and non-controversial. They will be acted upon by the Board without discussion. Any Board Member, staff member or interested party may request an item to be removed from the Consent Calendar for discussion prior to voting on the Consent Calendar.

**15.1. Approval of Minutes of Meetings**

- 15.1.1.** 09/26/2019 .....ATTACHMENT
- 15.1.2.** 10/07/2019 .....ATTACHMENT
- 15.1.3.** 10/16/2019-10/17/2019.....ATTACHMENT

**15.2. Financial Reports**

- 15.2.1.** Financial Report – September 2019 .....ATTACHMENT

**15.3. Staff Reports**

- 15.3.1. CEO Board Report .....ATTACHMENT
- 15.3.2. COO Board Report.....ATTACHMENT
- 15.3.3. CNO Board Report.....ATTACHMENT
- 15.3.4. CIIO Board Report .....ATTACHMENT
- 15.3.5. CMO Board Report.....ATTACHMENT

**15.4. Request to ratify new IVCH Foundation Board Member**

- 15.4.1. Earl Nemser.....ATTACHMENT

**16. ITEMS FOR BOARD ACTION** ♦

- 16.1. Fiscal Year 2019 Audited Financial Statements Report ♦ .....ATTACHMENT\*  
The Board of Directors will consider acceptance of the audited financial statements presented by Moss Adams.
- 16.2. Corporate Compliance Report ♦ .....ATTACHMENT  
The Board of Directors will review and consider approval of a Third Quarter 2019 Corporate Compliance Report.

**17. DISCUSSION OF CONSENT CALENDAR ITEMS PULLED, IF NECESSARY**

**18. BOARD COMMITTEE REPORTS**

**19. BOARD MEMBERS REPORTS/CLOSING REMARKS**

-The November Regular Meeting has been moved to November 21, 2019 due to a conflict with the Thanksgiving holiday.

**20. CLOSED SESSION CONTINUED, IF NECESSARY**

**21. OPEN SESSION**

**22. REPORT OF ACTIONS TAKEN IN CLOSED SESSION, IF NECESSARY**

**23. ADJOURN**

*The next regularly scheduled meeting of the Board of Directors of Tahoe Forest Hospital District is November 21, 2019 at Tahoe Forest Hospital, 10121 Pine Avenue, Truckee, CA, 96161. A copy of the board meeting agenda is posted on the District's web site ([www.tfhd.com](http://www.tfhd.com)) at least 72 hours prior to the meeting or 24 hours prior to a Special Board Meeting.*

\*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions. Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.



## EMPLOYEE OF THE MONTH, OCTOBER 2019

### QUINTON BUCHANAN, PRACTICE LEAD II

#### MSC UROLOGY

We are honored to announce Quinton Buchanan, Practice Lead II, MSC Urology, as our October 2019 Employee of the Month!

Quinton has been with Tahoe Forest for six years.

Quinton exemplifies teamwork and is constantly going above and beyond his daily duties. Quinton works hard to make sure our patients are getting the best out of their experience here at TFHS through his role as team leader for the Perfect Patient Care Task Force. His leadership with this group is to be commended, as through his leadership this task force has been producing great recommendations to the MSC and Access Center on how to improve the patient experience.

Quinton is often asked to help with various special projects or to cover in the psychiatry clinic, which he does with a smile on his face. His team respects him tremendously and they can always trust him to take care of any issues that may arise in the clinic. The Tahoe Forest Health District is better because of his input and desire to make things better both for employees and our patients.

**Please join us in congratulating all of our terrific Nominees!**

**Nanette Cronk**

**Davidson Borgmeyer**

**Amy Sisco**



**CELEBRATE  
PA Week!**

OCTOBER 6-12 #PAweek

Every year from October 6-12, we celebrate National PA Week, which recognizes the PA profession and its contributions to the nation's health.

This week is also an opportunity to raise awareness and visibility of the profession. Before it was a weeklong event, National PA Day was first celebrated on October 6, 1987, in honor of the 20th anniversary of the first graduating class of PAs from the Duke University PA program. October 6 is also the birthday of the profession's founder, Eugene A. Stead, Jr., MD.





# CASE MANAGEMENT

## SETTING NEW STANDARDS FOR CARE

National Case Management Week | October 13-19

The goal of case management is to maintain optimal patient health status across the continuum of care in a manner that emphasizes both individual control over decisions and stewardship of resources regardless of provider.

The majority of case managers in acute care settings are nurses and social workers who often work together as a team.

Vitally important in healthcare today, case managers play such an essential role in hospitals and health systems that they are almost becoming the face of care.

CM professionals work across the organization teaming with physicians, physician advisors and administrators to improve care.

Common roles of a Case Manager can include: Clinical Assessment, Care Coordination, Patient Education, Counseling, Case Monitoring and/or Clinical Pathway Management, Discharge Planning, Resource Management, Patient Advocacy

**National Case Management Week**

**October 13-19, 2019**



OCTOBER 20-26, 2019



# HEALTHCARE QUALITY | week

Brought to you by the National Association for Healthcare Quality



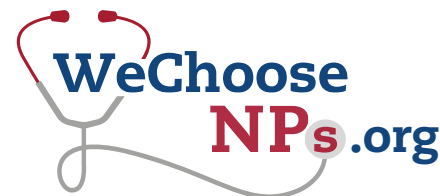
#NPWEEK

# CELEBRATING NURSE PRACTITIONERS AND THE PATIENTS WHO CHOOSE THEM.

November 10-16, 2019

With 270,000 NPs delivering primary, acute and specialty health care to patients nationwide, there are more options than ever to find the health care provider that's right for you.

To the millions of patients who already choose an NP for their family's health, we say thank you. To those still searching for their health care provider, we invite you to consider an NP.



American Association of NURSE PRACTITIONERS®

LEARN MORE ABOUT NPS: [AANP.ORG](http://AANP.ORG)

LOCATE AN NP: [NPFINDER.COM](http://NPFINDER.COM)

# National Medical Staff Services Awareness Week

Thank you to Dorothy, Robin and  
Dante for all that you do!

November 3rd - 9th, 2019

**How do you know** that when you seek medical care the practitioners you see are properly educated, licensed, and trained in their specialty?

During **National Medical Staff Services Awareness Week**, we recognize medical services professionals—important members of the healthcare team who are dedicated to thoroughly investigating and verifying the credentials of healthcare practitioners. These women and men also have expertise in areas such as medical staff organization, accreditation, regulatory compliance, and provider relations.

**Don't forget to stop by and say hello  
to your medical services professionals.**

For more information about NAMSS, visit  
[www.NAMSS.org/MSPWeek](http://www.NAMSS.org/MSPWeek).



2025 M Street NW  
Suite 800  
Washington, DC 20036  
(202) 367-1196  
[info@namss.org](mailto:info@namss.org)

## AGENDA ITEM COVER SHEET

<b>ITEM</b>	Medical Executive Committee Consent Agenda
<b>RESPONSIBLE PARTY</b>	Greg Tirdel, MD Chief of Staff
<b>ACTION REQUESTED?</b>	For Board Action
<p><b>BACKGROUND:</b> During the October 17, 2019 Medical Executive Committee meeting, the committee made the following consent agenda item recommendations to the Board of Directors.</p>	
<p><b>SUMMARY/OBJECTIVES:</b> Approval of the following consent agenda items: <u>Annual Policy Review (no content changes)</u></p> <ul style="list-style-type: none"> <li>• Women and Family Center Policies</li> </ul> <p><u>Annual Policy Review (no content changes)</u></p> <ul style="list-style-type: none"> <li>• Clinical Privileges for New Procedures or Treatment at TFHD, MSCP-5</li> <li>• Request for New Procedure or Treatment Form (attachment to above policy)</li> <li>• Physician and Allied Health Professionals: Distribution of Approved Privileges, MSCP-4</li> </ul>	
<p><b>SUGGESTED DISCUSSION POINTS:</b></p> <ul style="list-style-type: none"> <li>• None</li> </ul>	
<p><b>SUGGESTED MOTION/ALTERNATIVES:</b> Move to approve Medical Executive Committee Consent Agenda as presented.</p>	
<p><b>LIST OF ATTACHMENTS:</b></p> <ul style="list-style-type: none"> <li>• Women and Family Center Policies</li> <li>• Clinical Privileges for New Procedures or Treatment at TFHD, MSCP-5</li> <li>• Request for New Procedure or Treatment Form</li> <li>• Physician and Allied Health Professionals: Distribution of Approved Privileges, MSCP-4</li> </ul>	

**Women and Family Center Policies**

Title	Last Approved	Next Review
Antepartum - Amniocentesis, DWFC-1401	5/7/2019	5/6/2020
Antepartum - Biophysical Profile, DWFC-1403	2/5/2019	2/5/2020
Antepartum - External Cephalic Version, DWFC-1496	12/17/2018	12/17/2019
Antepartum - Non Stress Test, DWFC-1495	9/3/2019	9/2/2020
Labor - Breech Presentation, DWFC-1407	1/31/2019	1/31/2020
Labor - Care of the Mother During the Recovery Phase of Birth, DWFC-1501	7/10/2019	7/9/2020
Labor - Care of the Patient Using the Jacuzzi Whirlpool Tub, DWFC-1700	8/5/2019	8/4/2020
Labor - Cervical Ripening with a Foley Catheter Bulb, DWFC-1498	7/10/2019	7/9/2020
Labor - Cesarean Section Patient: Care of, DWFC-1408	5/7/2019	5/6/2020
Labor - Cesarean Section: Stat, DWFC-1410	6/4/2019	6/3/2020
Labor - Delivery Nurse's Roles and Responsibilities, DWFC-1411	9/5/2018	9/5/2019
Labor - Electronic Fetal Monitoring, DWFC-1412	8/8/2019	8/7/2020
Labor - Epidural Analgesia, DWFC-1413	7/25/2019	7/24/2020
Labor - Fetal Spiral Electrode Insertion and Removal, DWFC-1491	5/8/2019	5/7/2020
Labor - Induction and Augmentation Pitocin, DWFC-1415	7/25/2019	7/24/2020
Labor - Intrauterine Catheters and Amnioinfusion Guidelines, DWFC-1418	7/25/2019	7/24/2020
Labor - Medically Indicated Termination of Pregnancy-Cytotec, DWFC-1429	2/5/2019	2/5/2020
Labor - Patient Admission and Care of, DWFC-1421	5/8/2019	5/7/2020
Labor - Pediatrician Attendance at Delivery, DWFC-1422	2/5/2019	2/5/2020
Labor - Pre-Eclamptic Patient, DWFC-1427	12/17/2018	12/17/2019
Labor - Precipitous Delivery by the RN, DWFC-1426	12/17/2018	12/17/2019
Labor - Support Person Attendance, DWFC-1428	12/14/2018	12/14/2019
Labor - Trial of Labor After Cesarean, DWFC-1502	12/20/2018	12/20/2019
Labor - Umbilical CordGas Collection, DWFC-1430	5/7/2019	5/6/2020
Labor - Vacuum Extraction Guidelines, DWFC-1431	7/10/2019	7/9/2020
Labor – Cervical Ripening with Prostaglandin E1(Cytotec) or E2 (Cervidil), DWFC-1488	8/8/2019	8/7/2020
Labor – Nitrous Oxide Use For Labor Patient DWFC-17	7/10/2019	7/9/2020
Labor – Patient Pain Management, DWFC-1423	12/17/2018	12/17/2019
Labor – Second Stage Management, DWFC-1484	4/15/2019	4/14/2020
Labor – Shoulder Dystocia, DWFC-1501	12/20/2018	12/20/2019
Labor- Magnesium Sulfate Administration, DWFC-1499	8/23/2018	8/23/2019
Neonate - Abduction prevention and plan, DWFC-1445	2/5/2019	2/5/2020
Neonate - Adoption Guidelines, DWFC-1433	7/25/2019	7/24/2020
Neonate - Baptism of , DWFC-1434	12/17/2018	12/17/2019
Neonate - California Department of Public Health Screening , DWFC-1435	12/14/2018	12/14/2019
Neonate - Car Seat Challenge Test, DWFC-1436	9/3/2019	9/2/2020
Neonate - Circumcision Procedure, DWFC-1438	2/5/2019	2/5/2020
Neonate - Critical Congenital Heart Defect Screening, DWFC-1439	4/15/2019	4/14/2020
Neonate - Fetal Demise and Neonatal Death, DWFC-1440	5/8/2019	5/7/2020
Neonate - Gavage Feeding, DWFC-1441	8/8/2019	8/7/2020
Neonate - Hearing Screen, DWFC-1442	6/18/2019	6/17/2020
Neonate - Infant Formula, DWFC-1443	8/8/2019	8/7/2020
Neonate - Infant Security Device Application, DWFC-1444	2/5/2019	2/5/2020
Neonate - Level of Care Guidelines, DWFC-1446	5/8/2019	5/7/2020
Neonate - Neonatal Abstinence Syndrome, WFC-1801	7/5/2019	7/4/2020
Neonate - Neonatal Hypoglycemia Management Guideline, DWFC-1506	7/10/2019	7/9/2020
Neonate - Oxygen Administration, DWFC-1448	5/8/2019	5/7/2020
Neonate - Passive Cooling Prior to Transfer, DWFC-1801	7/5/2019	7/4/2020
Neonate - Pasteurized Donor Human Milk, DWFC-1804	6/4/2019	6/3/2020
Neonate - Phototherapy, DWFC-1450	5/8/2019	5/7/2020
Neonate - Preparation for and Management at Delivery, DWFC-1456	5/8/2019	5/7/2020
Neonate - Rooming In, DWFC-1457	12/17/2018	12/17/2019

Neonate - Sepsis Prevention and Management of, DWFC-1447	4/15/2019	4/14/2020
Neonate - Testing for Suspected Substance Abuse, DWFC-1459	2/5/2019	2/5/2020
Neonate – Late Preterm Newborn, DWFC-1486	6/13/2019	6/12/2020
Neonate – Patient Admission Care and Discharge of, DWFC-1449	7/25/2019	7/24/2020
Neonate – Transcutaneous Bili Monitoring, DWFC-1460	5/7/2019	5/6/2020
Postpartum - Anti-D Immune Globulin Administration, DWFC-1504	7/5/2019	7/4/2020
Postpartum - Bakri Balloon for Postpartum Hemorrhage Management, DWFC-1485	12/17/2018	12/17/2019
Postpartum - Breastfeeding Support, DWFC-1462	8/8/2019	8/7/2020
Postpartum - Electric Breast Pump, DWFC-1463	12/20/2018	12/20/2019
Postpartum - Herpes Simplex Management, DWFC-1464	7/5/2019	7/4/2020
Postpartum - Patient Care and Discharge of, DWFC-1466	4/15/2019	4/14/2020
Postpartum - Post Partum Hemorrhage, DWFC-1490	8/14/2018	8/14/2019
Postpartum - Teaching Postpartum and Newborn Care, DWFC-1468	4/30/2019	4/29/2020
Release of Placenta to Requesting Parents-DWFC-1503	9/30/2019	9/29/2020
WFC - Admission Criteria for Medical Surgical Patients, DWFC-1469	12/17/2018	12/17/2019
WFC - Admission Criteria for Obstetrical Patients, DWFC-1470	4/15/2019	4/14/2020
WFC - Care of an Obstetric Patient in a Non Obstetric Area, DWFC-1492	7/10/2019	7/9/2020
WFC - Influenza Guidance for Prevention and Control, DWFC-1474	12/17/2018	12/17/2019
WFC - Lactation Program - Scope of Services, DWFC-1483	12/14/2018	12/14/2019
WFC - Policy and Procedure Annual Review, DWFC-1478	5/8/2019	5/7/2020
WFC - Pre-Op Teaching Cesarean Section, DWFC-1477	4/15/2019	4/14/2020
WFC - Specializing Patients, DWFC-1500	7/5/2019	7/4/2020
WFC - Staffing Guidelines, DWFC-1480	4/15/2019	4/14/2020
WFC - Standardized Procedure - Healthy Newborn Admission, DWFC-1803	2/5/2019	2/5/2020
WFC - Standardized Procedure - Perinatal Screening by RN, DWFC-1802	1/31/2019	1/31/2020
WFC - Structure Standards, DWFC-1481	8/21/2019	8/20/2020
WFC – Cleaning of the Department, DWFC-1472	1/31/2019	1/31/2020
WFC – Patient Transfer to Higher Level of Care, DWFC-1475	8/8/2019	8/7/2020
WFC – Scheduling Cesarean Sections and Inductions, DWFC-1479	9/3/2019	9/2/2020
WFC – Testing for Suspected Substance Abuse- Mother, DWFC-1497	4/15/2019	4/14/2020



TAHOE  
FOREST  
HEALTH  
SYSTEM

Origination Date:	02/2007
Last Approved:	N/A
Last Revised:	10/2019
Next Review:	3 years after approval
Department:	Credentialing and Privileging - MSCP
Applies To:	System

## Clinical Privileges for New Procedures or Treatment at Tahoe Forest Hospital District, MSCP-5

### PURPOSE:

To define the medical staff mechanism to review new procedure or treatment, which are not covered by an existing privileges delineation form and to establish a process to determine whether sufficient space, equipment, staffing, and financial resources are in place or available within a specified period of time to support each requested privilege.

### POLICY:

A new procedure or treatment, which is not covered by an existing privilege delineation form, may not be performed without prior determination by the relevant department, the Medical Executive Committee, and the Board of Directors that the procedure or treatment would be appropriate to include among the services available to patients within the Tahoe Forest Hospital District. An application to perform a new procedure or treatment will not be processed until threshold criteria ~~have~~has been established defining the qualifications that an individual must possess to be eligible to request the clinical privileges in question.

### PROCEDURE:

- A. Prior to the establishment of a clinical privilege, the Medical Staff and the Hospital will assure the following:
  1. That criterion has been developed defining current competence for practitioners who may request the privilege;
  2. That the setting in which the privilege may or may not be performed has been determined;
  3. That the privilege is within the scope of services provided by the organization;
  4. That appropriate policies, when necessary, have been developed to support the privilege;
  5. That the organization has the appropriate equipment and supplies to support the privilege;
  6. That the organization has an adequate number of qualified staff to support the privilege;
  7. That the financial resources necessary to support the privilege have been committed; and
  8. That Medical Staff Services is informed regarding the potential new service in order to address



clinical privilege revisions as appropriate.

- B. A practitioner who wishes to propose that a new procedure or treatment be approved must submit the following information to the chairman of the appropriate department prior to requesting the privilege/s (use the attached form)
1. A description of the procedure or treatment, including the indications and contraindications for it.
  2. A description of any new equipment or other resources that would have to be obtained, and/or any special support staff training or orientation that would have to be provided in connection with the new procedure or treatment.
  3. A description of the results, complications and other pertinent information reported in relevant scientific literature, with citations as appropriate.
  4. A description of the background and training that should be required to qualify a practitioner for privileges to perform the procedure or treatment, with reference to scientific literature and other sources of guidance as appropriate, including other specialties that might also request these privileges.
  5. A proposed monitoring and quality review plan to assess this Medical Staff's overall experience with the new procedure or treatment for a reasonable period or number of cases after it comes into use, taking into account anticipated results, comparative data from other institutions, and other relevant factors.
  6. A proposed set of proctoring requirements to verify the competence of individual practitioners who are granted privileges to perform the new procedure or treatment.
- C. The department chair shall consider the proposal and conduct such additional inquiries or proceedings as he deems appropriate. This may include, among other options, consultation with outside experts, additional literature review, and/or presentation for general discussion at a department. The Department shall make a written recommendation to the Medical Executive Committee, with relevant documentation.
- D. The Medical Executive Committee shall review the recommendations from the department and determine whether to recommend the new procedure/treatment to the Board of Directors. If the Medical Executive Committee decides to recommend the new procedure or treatment, it shall develop threshold credentialing criteria based on the information provided and any additional research or consultation with experts, including those on the Hospital's Medical Staff and those outside the Hospital. Based thereon, the Medical Executive Committee shall develop recommendations regarding:
1. The minimum education, training, and experience necessary to perform the technique/procedure or service;
  2. The extent of monitoring and supervision that should be required if privileges are granted; and
  3. The criteria and/or indications for when the technique/procedure or service is appropriate.
- ~~The Medical Executive Committee shall then make a written recommendation to the Board of Directors, which shall make a final decision.~~
4. The Medical Executive Committee shall then make a written recommendation to the Board of Directors, which shall make a final decision.
- E. Following the Board of Directors' approval of a new procedure or treatment, requests for privileges to perform ~~it~~the said procedure or treatment may be submitted by individual practitioners and processed in accordance with ~~this Policy~~the Medical Staff Bylaws and applicable policies.

All revision dates:

10/2019, 01/2016, 01/2014, 01/2013, 01/2012, 01/2009, 02/2008

## Attachments:

[Request for New Procedure or Treatment](#)

### Approval Signatures

Step Description	Approver	Date
MEC	Dorothy Piper: Director Medical Staff Services	pending
	Dorothy Piper: Director Medical Staff Services	10/2019

COPY

**REQUEST FOR NEW PROCEDURE OR TREATMENT  
AT TAHOE FOREST HOSPITAL DISTRICT**

(Note that NO FDA approved experimental treatment or drug therapies are permitted at TFHD)

**To be completed by requesting physician (may be typed or clearly handwritten)**

1. Name of requesting physician/date: \_\_\_\_\_

2. New privilege to be considered: \_\_\_\_\_

3. SETTINGS - Note the care setting(s) within the hospital system where this privilege can be performed (include one or both hospitals in this description)

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4. DESCRIPTION - Describe the procedure or treatment, including the indications and contraindications

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5. EQUIPMENT - List any new equipment required, or circle **NA**

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6. ADDITIONAL RESOURCES - List any additional resources required, or circle **NA**

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7. HOSPITAL STAFF - List any training required for hospital staff, or circle **NA**

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8. OUTCOME DATA- Describe any results, complications and/or other pertinent information reported in relevant scientific literature, with citations or attachments as appropriate. IRB approval and patient outcomes.

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9. TRAINING - Describe background and training required for qualifications to apply for this privilege (include any manufacturer guidelines, requirements and/or scientific literature and other sources of guidance as applicable). Check the following that apply

Includes: \_\_\_\_\_ hands on training      \_\_\_\_\_ didactic course      \_\_\_\_\_ proctoring  
              \_\_\_\_\_ special certification      \_\_\_\_\_ board certification      \_\_\_\_\_ IRB Investigator  
              \_\_\_\_\_ demonstration of previous performance (supervised, numbers performed, outcome)

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10. PREVIOUS EXPERIENCE – List any previous organization/s where you had this privilege

Name/Mailing Address/Contact Phone Number:

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11. PROCTORING - Describe proposed proctoring or required proctoring (by some equipment manufacturers) to verify competence once practitioners are granted privileges to perform the new procedure or treatment; e.g., number of cases to be observed, retrospective review, etc. – please specify).

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12. REAPPOINTMENT – Describe any requirements for privileging at reappointment that should be considered; e.g., minimum number to maintain competence over the past two years, CME, other

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13. MONITORING/PERFORMANCE REVIEW – Describe review plan to assess overall experience once implemented for evaluation of anticipated results, comparative data, and other relevant factors, including attaching any relative literature.

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**To be completed by the Hospital Department Director**

1. Can this privilege be performed within the scope of services provided by the organization?  
                                  YES        NO
  
2. Does the organization have or commit to the equipment and supplies necessary to support the privilege? YES        NO
  
3. Does the organization have or commit to the appropriate # of qualified staff to support privilege?    YES        NO
  
4. Have the cost benefit analysis been completed and/or necessary financial resources been committed to support this privilege  
                                  YES        NO
  
5. Is Administration aware of proposed privilege/service and supportive of implementation?  
                                  YES        NO

Date service is expected to be implemented:  
\_\_\_\_\_

If any of above answers is "NO," please explain below

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NAME/SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

**To be completed by Medical Staff Department Chair**

Determination:

\_\_\_\_\_ Considered part of existing privilege not necessary to add to privilege listing.

If checked, part of what existing privilege: \_\_\_\_\_

\_\_\_\_\_ GENERAL privilege to be added to "Basic" privilege list which does not require additional training/education

\_\_\_\_\_ SPECIAL privilege (to be added as "Special Privilege" with defined criteria

\_\_\_\_\_ defined above \_\_\_\_\_ and/or the following:

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**Check one:**

\_\_\_\_\_ I have reviewed all of the information for this privilege request, done any additional inquiries necessary, agree with the requirements stated with/without additional recommended criteria defined below and recommend approval of the privilege requested.

\_\_\_\_\_ I have reviewed all of the information for this privilege request, done any additional inquiries necessary, reviewed the requirements stated and **DO NOT** recommend approval of the privilege requested.

Reason for non-recommendation: \_\_\_\_\_

---

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Medical Executive Committee Action:** \_\_\_\_\_ Date: \_\_\_\_\_

**Board of Directors Action:** \_\_\_\_\_ Date: \_\_\_\_\_

**Medical Staff Services Action:**

Incorporated into privilege listing: Date: \_\_\_\_\_

Notified appropriate parties of action: Date: \_\_\_\_\_



**TAHOE  
FOREST  
HEALTH  
SYSTEM**

Origination Date:	02/2007
Last Approved:	N/A
Last Revised:	10/2019
Next Review:	3 years after approval
Department:	Credentialing and Privileging - MSCP
Applies To:	System

## Physician and Allied Health Professionals: Distribution of Approved Privileges MSCP-4

### POLICY:

It is the policy of Tahoe Forest Health System Medical Staff Services Department to have a mechanism in which hospital staff can verify Medical Staff and Allied Health members' approved privilege.

### PURPOSE:

To assure that all individuals with clinical privileges provide services within the scope of privileges granted.

### PROCEDURE:

- A. Only practitioners granted clinical privileges on the Medical or Allied Health Professional Staffs at Tahoe Forest Hospital or Incline Village Community Hospital can provide patient care (including but not limited to writing orders, admissions, specialty consultations, performing surgeries/procedures, etc). To verify privileges please follow the process below:
1. Go to the TFHD Intranet site
  2. Go to Provider Privileges
  3. Select Provider Privileges IVCH or Provider Privileges TFH
  4. Providers can be searched by following the below instructions:
    1. Enter Last Name in the Search Providers field, or
    2. Select Privileges
      - i. Select Privilege
      - ii. Select Facility (TFH or IVCH)
      - iii. The practitioner(s) with the selected privileges at the selected location will populate
    3. Select Specialties
      - i. The practitioner(s) with the selected specialty will populate
- B. Information provided includes the following (this information is not to be released to persons outside of the Health System):
1. Select a practitioner by following one of the methods above.

a. **The first tab (Profile) includes the following Demographic information:**

- i. Name
- ii. Degree
- iii. Department
- iv. Specialty
- v. Status
- vi. Group
- vii. Address
- viii. Telephone
- ix. Fax
- x. NPI #

b. **The second tab (Privileges) includes the following information:**

- i. Facility practitioner is privileged at (TFH or IVCH)
- ii. A list of approved privileges, criteria and proctoring requirements
- iii. If a discrepancy is identified between a Medical or Allied Health Staff's privileges verified via the Intranet and what is being performed, the Director of Medical Staff Services should be contacted. The Director will seek clarification from the appropriate Department Chair as necessary and will report back to the clinical area.

c. **Verifying proctoring requirements:**

- i. Some physicians or allied health practitioners must have a proctor in order to exercise a privilege. If the practitioner needs to be proctored, this will be indicated in the privilege information.

d. **Down time procedure:**

- i. A flash drive of approved privileges will be maintained at each facility (TFH/IVCH) in the Emergency Departments in case of computer outages.
- ii. If it is after 5:00 p.m. or on the weekend contact the Nursing Supervisor who will proceed as follows:
- iii. Contact the Director of Medical Staff Services at home
- iv. Contact applicable Department Chair
- v. Contact Chief of Staff

## Approved by:

Chief Executive Officer: 10/08; 1/09; 1/10/ 1/11; 1/12; 1/13; 1/14

All revision dates:

10/2019, 10/2016, 01/2014, 01/2013, 01/2012, 01/2011, 01/2010, 02/2007

## Attachments:



## Approval Signatures

Step Description	Approver	Date
MEC	Dorothy Piper: Director Medical Staff Services	pending
	Dorothy Piper: Director Medical Staff Services	10/2019

COPY



# REGULAR MEETING OF THE BOARD OF DIRECTORS **DRAFT** MINUTES

Thursday, September 26, 2019 at 4:00 p.m.  
Tahoe Forest Hospital – Eskridge Conference Room  
10121 Pine Avenue, Truckee, CA 96161

## 1. CALL TO ORDER

Meeting was continued by Clerk of the Board until 5:15 p.m.  
Meeting was called to order at 5:15 p.m.

## 2. ROLL CALL

Board: Alyce Wong, Board Chair; Mary Brown, Vice Chair; Sarah Wolfe, Secretary; Dale Chamblin, Treasurer; Randy Hill, Board Member

Staff in attendance: Harry Weis, Chief Executive Officer; Judy Newland, Chief Operating Officer; Matt Mushet, In-house Counsel; Dylan Crosby, Director of Facilities and Construction; Ted Owens, Executive Director of Governance; Martina Rochefort, Clerk of the Board

## 3. DELETIONS/CORRECTIONS TO THE POSTED AGENDA

No changes were made to the agenda.

## 4. INPUT AUDIENCE

No public comment was received.

## 5. ITEMS FOR BOARD ACTION

### 5.1. Tahoe City Physical Therapy Expansion Bid

Discussion was held.

**ACTION:** Motion made by Director Brown, seconded by Director Chamblin, to award the contract for the Tahoe City Physical Therapy Expansion at 925 N. Lake Blvd Building C Suites C202A, C202B and C203, Tahoe City, CA 96145, to the lowest bidder, Agate Construction, Inc., for \$351,049.00 and authorize the CEO or his designee to sign the contract.

**AYES:** Directors Hill, Chamblin, Wolfe, Brown and Wong

**Abstention:** None

**NAYS:** None

**Absent:** None

Open Session recessed at 5:23 p.m.

## 6. CLOSED SESSION

### 6.1. TIMED ITEM – 5:30PM - Hearing (Health & Safety Code § 32155)

*Subject Matter: Medical Staff Credentials*

*Discussion was held on a privileged item.*

**6.2. Approval of Closed Session Minutes**

08/22/2019

*Discussion was held on a privileged item.*

**7. DINNER BREAK**

**8. OPEN SESSION – CALL TO ORDER**

Meeting reconvened at 6:00 p.m.

**9. REPORT OF ACTIONS TAKEN IN CLOSED SESSION**

General Counsel reported the board considered two items on their closed session agenda. Item 6.1. was approved on a 5-0 vote. Item 6.2. was approved on a 5-0 as amended.

**10. DELETIONS/CORRECTIONS TO THE POSTED AGENDA**

Item 16.6.2 was pulled from the agenda.

**11. INPUT – AUDIENCE**

Public comment was received from Howard Bronstone.

**12. INPUT FROM EMPLOYEE ASSOCIATIONS**

No public comment was received.

**13. SAFETY FIRST**

**13.1.** Matt Mushet presented the September Safety First Topic on hand hygiene.

**14. ACKNOWLEDGMENTS**

**14.1.** Sheila Sims was named September 2019 Employee of the Month.

**14.2.** TFHS received Own the Bone 2020 Star Performer Recognition.

**14.3.** International Infection Prevention Week is October 13-19, 2019.

**15. MEDICAL STAFF EXECUTIVE COMMITTEE**

**15.1.** Medical Executive Committee (MEC) Meeting Consent Agenda

*MEC recommends the following for approval by the Board of Directors:*

Privilege Form (with changes): Emergency Medicine Privilege Form

Discussion was held.

No public comment was received.

**ACTION:** Motion made by Director Chamblin, seconded by Director Brown, to approve the Medical Executive Committee (MEC) Meeting Consent Agenda as presented.

**AYES:** Directors Hill, Chamblin, Wolfe, Brown and Wong

**Abstention:** None

**NAYS:** None

**Absent:** None

## **16. CONSENT CALENDAR**

These items are expected to be routine and non-controversial. They will be acted upon by the Board without discussion. Any Board Member, staff member or interested party may request an item to be removed from the Consent Calendar for discussion prior to voting on the Consent Calendar.

### **16.1. Approval of Minutes of Meetings**

16.1.1. 08/22/2019

### **16.2. Financial Reports**

16.2.1. Financial Report – August 2019

### **16.3. Staff Reports**

16.3.1. CEO Board Report

16.3.2. COO Board Report

16.3.3. CNO Board Report

16.3.4. CIO Board Report

16.3.5. CMO Board Report

### **16.4. Approve Revised Tahoe Forest Health System Foundation Bylaws**

16.4.1. Tahoe Forest Health System Foundation Bylaws

### **16.5. Approve Revised Committee Charter**

16.5.1. Governance Committee Charter

### **16.6. Policy Review**

16.6.1. ABD-02 President & Chief Executive Officer Compensation

16.6.2. ABD-19 Onboarding and Continuing Education for Board Members

Director Chamblin pulled items 16.3.3. 16.3.4. and 16.3.5.

**ACTION: Motion made by Director Brown, seconded by Director Wolfe, to approve the consent calendar excluding items 16.3.3., 16.3.4., 16.3.5. and 16.6.2.**

**AYES: Directors Hill, Chamblin, Wolfe, Brown and Wong**

**Abstention: None**

**NAYS: None**

**Absent: None**

## **17. ITEMS FOR BOARD DISCUSSION**

### **17.1. KidsZone Museum**

KidsZone Museum Executive Director, Carol Meagher, presented on the future expansion plan of the KidsZone Museum.

### **17.2. Wellness Neighborhood Annual Report**

Maria Martin, Director of Wellness Neighborhood and Community Health, presented the 2019 Wellness Neighborhood Annual Report.

Public comment was received from Dr. Chris Arth.

## **18. ITEMS FOR BOARD ACTION**

### **18.1. Resolution 2019-09**

The Board of Directors considered approval of a resolution approving and authorizing the execution of the Joint Exercise of Powers Agreement creating the Truckee Tahoe Workforce Housing Agency.

Public comment was received from Alex MacLennan.

**ACTION:** Motion made by Director Chamblin, seconded by Director Brown, to approve Resolution 2019-09 as presented. Roll call vote taken.

Wolfe – AYE

Hill – AYE

Chamblin – AYE

Brown – AYE

Wong - AYE

**19. DISCUSSION OF CONSENT CALENDAR ITEMS PULLED, IF NECESSARY**

Discussion was held on item 16.3.3.

Discussion was held on item 16.3.4.

Discussion was held on item 16.3.5.

**ACTION:** Motion made by Director Chamblin, seconded by Director Brown, to approve items 16.3.3., 16.3.4. and 16.3.5. as presented.

**AYES:** Directors Hill, Chamblin, Wolfe, Brown and Wong

**Abstention:** None

**NAYS:** None

**Absent:** None

**20. BOARD COMMITTEE REPORTS**

Director Chamblin provided a report from the August 29, 2019 Finance Committee meeting. Director Wong provided a report from the September 19, 2019 Governance Committee meeting.

**21. BOARD MEMBERS REPORTS/CLOSING REMARKS**

Chair Wong thanked Director Hill for his service as a TFHD Board Member.

**22. CLOSED SESSION CONTINUED, IF NECESSARY**

Not applicable.

**23. OPEN SESSION**

Not applicable.

**24. REPORT OF ACTIONS TAKEN IN CLOSED SESSION, IF NECESSARY**

Not applicable.

**25. ADJOURN**

Meeting adjourned at 7:49 p.m.

## SPECIAL MEETING OF THE BOARD OF DIRECTORS

### DRAFT MINUTES

Monday, October 7, 2019 at 4:00 p.m.  
Eskridge Conference Room – Tahoe Forest Hospital  
10121 Pine Avenue, Truckee, CA 96161

#### 1. CALL TO ORDER

Meeting was called to order at 4:01 p.m.

#### 2. ROLL CALL

Board: Alyce Wong, Chair; Sarah Wolfe, Secretary; Dale Chamblin, Treasurer

Staff in attendance: Harry Weis, Chief Executive Officer; Judy Newland, Chief Operating Officer; Crystal Betts, Chief Financial Officer; Karen Baffone, Chief Nursing Officer; Jake Dorst, Chief Information & Innovation Officer; Alex MacLennan, Chief Human Resources Officer; Dr. Shawni Coll, Chief Medical Officer; Matt Mushet, In-house Counsel; Scott Baker, VP Provider Services; Ted Owens, Executive Director of Governance; Martina Rochefort, Clerk of the Board

*Absent: Mary Brown, Vice Chair*

#### 3. DELETIONS/CORRECTIONS TO THE POSTED AGENDA

Christopher Shearin withdrew his letter of interest for the open board seat.

#### 4. INPUT – AUDIENCE

No public comment was received.

#### 5. ITEMS FOR BOARD DISCUSSION

##### 5.1. Fiscal Year 2019 Annual Accomplishments Report

The District's Administrative Council presented its fiscal year 2019 Annual Accomplishments Report.

##### 5.2. Board Vacancy Process

The Board of Directors reviewed the vacancy interview process.

#### 6. BOARD MEMBER CANDIDATE INTERVIEWS

*Syndi Keats joined the meeting at 5:03 p.m.*

Board conducted interview with candidate Syndi Keats.  
Discussion was held.

*Ms. Keats departed the meeting at 5:14 p.m.*  
*Barbara Wong joined the meeting at 5:15 p.m.*

Board conducted interview with candidate Barbara Wong.  
Discussion was held.

*Ms. Wong departed the meeting at 5:31 p.m.*  
*Art King joined the meeting at 5:32 p.m.*

Board conducted interview with candidate Art King.  
Discussion was held.

*Mr. King departed the meeting at 5:48 p.m.*

Christopher Shearin withdrew his letter of interest.

Board deliberated on candidates.

Public comment received from Ted Owens.

**7. ITEMS FOR BOARD ACTION**

**7.1. Board Vacancy Appointment**

Discussion was held.

**ACTION: Motion made by Director Chamblin seconded by Director Wolfe, to appoint Art King to the vacant board seat. Roll vote taken.**  
**Chamblin – AYE**  
**Wolfe – AYE**  
**Wong – AYE**  
**Motion carried unanimously.**

**8. ADJOURN**

Meeting adjourned at 5:59 p.m.



## SPECIAL MEETING OF THE BOARD OF DIRECTORS

### DRAFT RETREAT MINUTES

Wednesday, October 16, 2019 at 9:00 a.m. – 3:00 p.m.

Thursday, October 17, 2019 at 9:00 a.m. – 3:00 p.m.

Truckee Tahoe Airport – Community Room A  
10356 Truckee Airport Road, Truckee, CA 96161

#### Day 1 – Wednesday, October 16, 2019

##### 1. CALL TO ORDER

Meeting was called to order at 9:06 a.m.

##### 2. ROLL CALL

Board: Alyce Wong, Board Chair; Mary Brown, Vice Chair; Sarah Wolfe, Secretary; Art King, Board Member

Staff in attendance: Harry Weis, Chief Executive Officer; Judy Newland, Chief Operating Officer; Crystal Betts, Chief Financial Officer; Karen Baffone, Chief Nursing Officer; Jake Dorst, Chief Information Innovation Officer; Alex MacLennan, Chief Human Resources Officer; Scott Baker, VP of Provider Services; Ted Owens, Executive Director of Governance; Martina Rochefort, Clerk of the Board

Other: James Orlikoff

##### 3. INPUT – AUDIENCE

No public comment was received.

##### 4. OATH OF OFFICE

###### 4.1. Board Member Oath of Office

Art King took his Oath of Office.

*Director Chamblin joined the meeting at 9:08 a.m.*

##### 5. RETREAT ITEMS FOR BOARD DISCUSSION

No formal action will be taken by the Board of Directors; only direction to staff. Any action items will be agendized for a Regular Meeting of the Board of Directors.

###### 5.1. Welcome and Opening Comments by Board Chair

Board Chair welcomed everyone to the board retreat.

###### 5.2. National Trends in Healthcare

Speaker James Orlikoff presented to the Board of Directors on national trends in healthcare.

Healthcare is a changing environment and transitioning to care models of the future: volume to value.



The entire healthcare industry is caught between models and it is unknown which way it will go. Mr. Orlikoff told board members they can be prepared for inconsistent messaging that will last for a while.

Cost control was discussed as a focus of the industry. Healthcare has focused on incremental unit cost reduction rather than total cost.

Key interrelated themes

- Total cost of care – affordability
- Consumer Engagement
- Quality and safety
- Governance and leadership

**Open Session recessed at 11:00 a.m.**

**Open Session reconvened at 11:12 a.m.**

**5.3. National Trends in Healthcare continued**

The Board of Directors received a presentation on consumerism and rural hospitals.

Mr. Orlikoff addressed consumerism and its impact to health systems. There is easy access to information on quality and safety.

Mr. Orlikoff reviewed challenges that rural hospitals are facing. 110 rural hospitals have closed nationwide since 2010.

**Open Session recessed at 12:13 p.m.**

**Open Session reconvened at 12:59 p.m.**

**5.4. Facilitated Discussion**

The Board of Directors participated in a discussion on how to remain a vibrant rural system in the face of trends and national challenges.

Access, Convenience and price are key for health care consumers, just like in other businesses. Quality, safety and increasingly patient experience will be a key differentiator.

Mr. Orlikoff discussed disruptors in the market.

The District will compete on how we define quality.

Mr. Orlikoff reviewed how innovation could be disruptive to healthcare. For example, there are Amazon patents in the works that will allow Alexa to identify when a person has a cold.

Discussion was held on super systems. The District needs to be nimble as a small system and leverage its advantages.

**5.5. Wrap up of Day 1**

Board Members reviewed their key takeaways from day one.

**6. ADJOURN**

Meeting adjourned at 2:52 p.m.

**Day 2 – Thursday, October 17, 2019**

**7. CALL TO ORDER**

Meeting was called to order at 9:00 a.m.

**8. ROLL CALL**

Board: Mary Brown, Vice Chair; Sarah Wolfe, Secretary; Dale Chamblin, Treasurer; Art King, Board Member

Staff in attendance: Ted Owens, Executive Director of Governance; Martina Rochefort, Clerk of the Board

Other: James Orlikoff

**9. INPUT – AUDIENCE**

No public comment was received.

*Director Wong joined the meeting at 9:01 a.m.*

**10. RETREAT ITEMS FOR BOARD DISCUSSION**

No formal action will be taken by the Board of Directors; only direction to staff. Any action items will be agendized for a regular meeting of the Board of Directors.

**10.1. Effective Governance of Rural Systems**

Mr. Orlikoff presented to the board on governance principles.

*Harry Weis, Chief Executive Officer, joined the meeting at 9:12 a.m.*

The single most important commodity for a board is their time together as they do not exist outside of meeting. The board is an entity. The authority of the board derives from the whole, not individual members.

Mr. Orlikoff reviewed the fiduciary duties of the board.

**10.2. Facilitated Discussion**

Discussion was held about committee structure and work plans.

The Board of Directors reviewed actions that bridge between the mission and vision.

**Open Session recessed at 12:18 p.m.**

**Open Session reconvened at 12:35 p.m.**

*Judy Newland, Chief Operating Officer; Crystal Betts, Chief Financial Officer; Jake Dorst, Chief Information Innovation Officer; Alex MacLennan, Chief Human Resources Officer; Dr. Shawni Coll, Chief Medical Officer; and Scott Baker, VP Provider Services joined the meeting.*

**10.3. Strategic Plan Update**

TFHD Administration Council presented an update on the 2019-2021 Strategic Plan.

**10.4. Board Governance**

The Board of Directors reviewed past results of their self-assessments. The next self-assessment will be distributed

**10.5. Wrap up and Next Steps**

The Board of Directors discussed future education for early 2020.

**11. ADJOURN**

**Meeting adjourned at 2:52 p.m.**

DRAFT

**TAHOE FOREST HOSPITAL DISTRICT  
SEPTEMBER 2019 FINANCIAL REPORT  
INDEX**

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**Board of Directors**  
*Of Tahoe Forest Hospital District*  
**SEPTEMBER 2019 FINANCIAL NARRATIVE**

The following is the financial narrative analyzing financial and statistical trends for the three months ended September 30, 2019.

**Activity Statistics**

- ❑ TFH acute patient days were 417 for the current month compared to budget of 502. This equates to an average daily census of 13.9 compared to budget of 16.7.
- ❑ TFH Outpatient volumes were above budget in the following departments by at least 5%: Physician Clinic visits, Hospice visits, Surgical cases, Mammography, Radiation Oncology procedures, Ultrasounds, Cat Scan, Oncology Drugs Sold to Patients, Endoscopy procedures, Tahoe City Physical Therapy, Outpatient Physical Therapy, Speech Therapy, and Occupational Therapy.

**Financial Indicators**

- ❑ Net Patient Revenue as a percentage of Gross Patient Revenue was 49.0% in the current month compared to budget of 49.8% and to last month's 50.2%. Current year's Net Patient Revenue as a percentage of Gross Patient Revenue was 49.9% compared to budget of 49.9% and prior year's 49.8%.
- ❑ EBIDA was \$2,869,386 (8.4%) for the current month compared to budget of \$1,611,214 (5.0%), or \$1,258,172 (3.4%) above budget. Year-to-date EBIDA was \$9,856,556 (9.2%) compared to budget of \$4,435,027 (4.5%), or \$5,421,529 (4.6%) above budget.
- ❑ Net Income was \$2,301,643 for the current month compared to budget of \$1,203,856 or \$1,097,787 above budget. Year-to-date Net Income was \$8,392,890 compared to budget of \$3,201,305 or \$5,191,585 above budget.
- ❑ Cash Collections for the current month were \$16,646,196 which is 90% of targeted Net Patient Revenue.
- ❑ EPIC Gross Accounts Receivables were \$79,782,502 at the end of September compared to \$79,291,222 at the end of August.

**Balance Sheet**

- ❑ Working Capital is at 51.0 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 175.0 days. Working Capital cash increased a net \$2,568,000. Accounts Payable increased \$542,000, Accrued Payroll & Related Costs increased \$522,000, and the District received payment against a Stop Loss Receivable booked in FY19.
- ❑ Net Patient Accounts Receivable increased approximately \$180,000 and Cash collections were 90% of target. EPIC Days in A/R were 63.6 compared to 65.5 at the close of August, a 1.90 days' decrease.
- ❑ Estimated Settlements, Medi-Cal & Medicare increased \$646,000 after recording the estimated September FY20 receivable from the Rate Range IGT, Medi-Cal PRIME, and Quality Assurance Fee programs.
- ❑ To comply with GASB No. 63, the District has booked an adjustment to the asset and offsetting liability to reflect the fair value of the Piper Jaffray swap transaction at the close of September.
- ❑ Accounts Payable increased \$542,000 due to the timing of the final check run in the month.
- ❑ Accrued Payroll & Related Costs increased \$522,000 as a result of month-end accrued payroll days.

**Operating Revenue**

- ❑ Current month’s Total Gross Revenue was \$34,074,264, compared to budget of \$32,367,423 or \$1,706,841 above budget.
- ❑ Current month’s Gross Inpatient Revenue was \$7,699,157, compared to budget of \$9,151,695 or \$1,452,538 under budget.
- ❑ Current month’s Gross Outpatient Revenue was \$26,375,108 compared to budget of \$23,215,728 or \$3,159,380 above budget.
- ❑ Current month’s Gross Revenue Mix was 42.6% Medicare, 13.7% Medi-Cal, .0% County, 3.6% Other, and 40.1% Insurance compared to budget of 38.6% Medicare, 15.8% Medi-Cal, .0% County, 3.1% Other, and 42.5% Insurance. Last month’s mix was 39.1% Medicare, 13.6% Medi-Cal, .0% County, 2.4% Other, and 44.9% Insurance. Year-to-date Gross Revenue Mix was 41.3% Medicare, 12.8% Medi-Cal, .1% County, 3.2% Other, and 42.6% Insurance compared to budget of 38.2% Medicare, 15.9% Medi-Cal, .0% County, 3.2% Other, and 42.7% Insurance.
- ❑ Current month’s Deductions from Revenue were \$17,363,677 compared to budget of \$16,238,615 or \$1,125,062 above budget. Variance is attributed to the following reasons: 1) Payor mix varied from budget with a 4.08% increase in Medicare, a 2.11% decrease to Medi-Cal, a .02% decrease to County, a .49% increase in Other, and Commercial was under budget 2.45%, 2) Revenues exceeded budget by 5.3%, and 3) Aged Accounts Receivable over 120 days increased so additional reserves were applied.

DESCRIPTION	September 2019 Actual	September 2019 Budget	Variance	BRIEF COMMENTS
Salaries & Wages	5,218,977	5,987,768	768,791	Salaries for Technical, RN, and Clerical are coming in below budget along with staff flexing due to the census falling short of budget.
Employee Benefits	1,845,094	1,751,507	(93,587)	Increased Sick Leaves created a negative variance in Employee Benefits.
Benefits – Workers Compensation	105,358	78,105	(27,253)	
Benefits – Medical Insurance	917,273	1,177,057	259,784	
Medical Professional Fees	1,706,806	1,512,271	(194,535)	We saw negative variances in Multi-Specialty Clinic physician fees due to the timing of transitioning to the employment model along with RVU bonuses exceeding budget and an increase in TFH Outpatient Physical and Occupational Therapy fees as revenues exceeded budget.
Other Professional Fees	314,087	335,862	21,775	
Supplies	2,603,664	2,277,459	(326,205)	Oncology Drugs Sold to Patients revenues exceeded budget by 50.2%, creating a negative variance in Pharmaceutical supply purchases.
Purchased Services	1,656,469	1,569,587	(86,882)	Outsourced coding and claim edit services, services provided to Patient Financial Services to assist with claim processing and collections, and Diagnostic Imaging radiology reads created a negative variance in Purchased Services.
Other Expenses	634,647	892,799	258,152	Controllable expenses are closely monitored by Senior Leadership creating positive variances in most all of the Other Expense categories.
Total Expenses	15,002,375	15,582,415	580,040	

TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF NET POSITION  
SEPTEMBER 2019

	Sep-19	Aug-19	Sep-18	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
* CASH	\$ 26,454,138	\$ 23,886,313	\$ 3,632,905	1
PATIENT ACCOUNTS RECEIVABLE - NET	26,876,636	27,056,959	32,737,636	2
OTHER RECEIVABLES	7,763,146	7,826,410	7,192,415	
GO BOND RECEIVABLES	1,235,366	825,839	749,772	
ASSETS LIMITED OR RESTRICTED	8,350,896	8,261,752	7,043,218	
INVENTORIES	3,470,295	3,475,622	3,127,024	
PREPAID EXPENSES & DEPOSITS	2,887,954	3,062,550	1,922,423	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	10,773,730	10,128,087	5,766,412	3
<b>TOTAL CURRENT ASSETS</b>	<b>87,812,160</b>	<b>84,523,532</b>	<b>62,171,805</b>	
<b>NON CURRENT ASSETS</b>				
ASSETS LIMITED OR RESTRICTED:				
* CASH RESERVE FUND	64,390,780	64,390,780	62,129,099	1
MUNICIPAL LEASE 2018	3,504,055	3,501,824	-	
TOTAL BOND TRUSTEE 2017	20,353	20,353	19,973	
TOTAL BOND TRUSTEE 2015	411,525	274,428	552,027	
GO BOND PROJECT FUND	-	-	-	
GO BOND TAX REVENUE FUND	565,214	561,821	799,532	
DIAGNOSTIC IMAGING FUND	3,307	3,307	3,229	
DONOR RESTRICTED FUND	1,138,731	1,138,731	1,124,440	
WORKERS COMPENSATION FUND	25,362	16,855	12,765	
TOTAL	70,059,328	69,908,100	64,641,065	
LESS CURRENT PORTION	(8,350,896)	(8,261,752)	(7,043,218)	
TOTAL ASSETS LIMITED OR RESTRICTED - NET	61,708,432	61,646,348	57,597,847	
NONCURRENT ASSETS AND INVESTMENTS:				
INVESTMENT IN TSC, LLC	451,785	451,785	-	
PROPERTY HELD FOR FUTURE EXPANSION	867,597	865,197	873,491	
PROPERTY & EQUIPMENT NET	176,396,674	176,126,527	166,308,420	
GO BOND CIP, PROPERTY & EQUIPMENT NET	1,808,162	1,813,726	1,822,165	
<b>TOTAL ASSETS</b>	<b>329,044,811</b>	<b>325,427,116</b>	<b>288,773,728</b>	
DEFERRED OUTFLOW OF RESOURCES:				
DEFERRED LOSS ON DEFEASANCE	416,976	420,209	455,765	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE	1,448,871	1,370,780	899,886	4
DEFERRED OUTFLOW OF RESOURCES ON REFUNDING	5,627,517	5,651,221	5,911,973	
GO BOND DEFERRED FINANCING COSTS	439,069	441,004	462,284	
DEFERRED FINANCING COSTS	171,646	172,686	184,129	
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 8,104,080</b>	<b>\$ 8,055,900</b>	<b>\$ 7,914,037</b>	
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
ACCOUNTS PAYABLE	\$ 7,231,436	\$ 6,689,261	\$ 6,007,676	5
ACCRUED PAYROLL & RELATED COSTS	19,555,182	19,032,871	13,276,391	6
INTEREST PAYABLE	271,246	188,870	307,510	
INTEREST PAYABLE GO BOND	603,575	301,788	635,685	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	161,103	161,103	422,412	
HEALTH INSURANCE PLAN	2,042,670	2,042,670	1,312,436	
WORKERS COMPENSATION PLAN	2,396,860	2,396,860	1,886,757	
COMPREHENSIVE LIABILITY INSURANCE PLAN	1,172,232	1,172,232	1,184,419	
CURRENT MATURITIES OF GO BOND DEBT	1,330,000	1,330,000	1,330,000	
CURRENT MATURITIES OF OTHER LONG TERM DEBT	2,585,948	2,547,744	1,454,876	
<b>TOTAL CURRENT LIABILITIES</b>	<b>37,350,252</b>	<b>35,863,398</b>	<b>27,818,162</b>	
<b>NONCURRENT LIABILITIES</b>				
OTHER LONG TERM DEBT NET OF CURRENT MATURITIES	34,499,940	34,686,233	25,515,259	
GO BOND DEBT NET OF CURRENT MATURITIES	99,459,826	99,473,247	100,950,875	
DERIVATIVE INSTRUMENT LIABILITY	1,448,871	1,370,780	899,886	4
<b>TOTAL LIABILITIES</b>	<b>172,758,890</b>	<b>171,393,658</b>	<b>155,184,182</b>	
<b>NET ASSETS</b>				
NET INVESTMENT IN CAPITAL ASSETS	163,251,270	160,950,627	140,379,143	
RESTRICTED	1,138,731	1,138,731	1,124,440	
<b>TOTAL NET POSITION</b>	<b>\$ 164,390,001</b>	<b>\$ 162,089,358</b>	<b>\$ 141,503,583</b>	

\* Amounts included for Days Cash on Hand calculation

TAHOE FOREST HOSPITAL DISTRICT  
NOTES TO STATEMENT OF NET POSITION  
SEPTEMBER 2019

1. Working Capital is at 51.0 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 175.0 days. Working Capital cash increased a net \$2,568,000. Accounts Payable increased \$542,000 (See Note 5), Accrued Payroll & Related Costs increased \$522,000 (See Note 6) and the District received payment against a Stop Loss Receivable booked in FY19.
2. Net Patient Accounts Receivable increased approximately \$180,000 and cash collections were 90% of target. EPIC Days in A/R were 63.6 compared to 65.5 at the close of August, a 1.90 days decrease.
3. Estimated Settlements, Medi-Cal & Medicare increased \$646,000 after recording the estimated September FY20 receivable from the Rate Range IGT, Medi-Cal PRIME, and Quality Assurance Fee programs.
4. To comply with GASB No. 63, the District has booked an adjustment to the asset and offsetting liability to reflect the fair value of the Piper Jaffray swap transaction at the close of September.
5. Accounts payable increased \$542,000 due to the timing of the final check run in the month.
6. Accrued Payroll & Related Costs increased \$522,000 as a result of month-end accrued payroll days.



**Tahoe Forest Hospital District  
Cash Investment  
September 2019**

**WORKING CAPITAL**

US Bank	\$ 25,189,800		
US Bank/Kings Beach Thrift Store	14,352		
US Bank/Truckee Thrift Store	236,772		
US Bank/Payroll Clearing	-		
Umpqua Bank	<u>1,013,215</u>	0.44%	
Total			\$ 26,454,138

**BOARD DESIGNATED FUNDS**

US Bank Savings	\$ -	0.02%	
Capital Equipment Fund	<u>-</u>		
Total			\$ -

Building Fund	\$ -		
Cash Reserve Fund	<u>64,390,780</u>	2.25%	
Local Agency Investment Fund			\$ 64,390,780

Municipal Lease 2018			\$ 3,504,055
Bonds Cash 2017			\$ 20,353
Bonds Cash 2015			\$ 411,525
GO Bonds Cash 2008			\$ 565,214

DX Imaging Education	\$ 3,307		
Workers Comp Fund - B of A	25,362		

Insurance			
Health Insurance LAIF	-		
Comprehensive Liability Insurance LAIF	<u>-</u>		
Total			<u>\$ 28,670</u>











<b>TOTAL FUNDS</b>			<b>\$ 95,374,735</b>
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**RESTRICTED FUNDS**

Gift Fund			
US Bank Money Market	\$ 8,360	0.02%	
Foundation Restricted Donations	34,641		
Local Agency Investment Fund	<u>1,095,730</u>	2.25%	
<b>TOTAL RESTRICTED FUNDS</b>			<b><u>\$ 1,138,731</u></b>

<b>TOTAL ALL FUNDS</b>			<b><u><u>\$ 96,513,466</u></u></b>
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**TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF NET POSITION  
KEY FINANCIAL INDICATORS  
SEPTEMBER 2019**

	<b>Current Status</b>	<b>Desired Position</b>	<b>Target</b>	<b><u>Bond Covenants</u></b>	<b><u>FY 2020</u> Jul 19 to Sept 19</b>	<b><u>FY 2019</u> Jul 18 to June 19</b>	<b><u>FY 2018</u> Jul 17 to June 18</b>	<b><u>FY 2017</u> Jul 16 to June 17</b>	<b><u>FY 2016</u> Jul 15 to June 16</b>	<b><u>FY 2015</u> Jul 14 to June 15</b>	<b><u>FY 2014</u> Jul 13 to June 14</b>
<b>Return On Equity:</b> <u>Increase (Decrease) in Net Position</u> Net Position		↑	4.6%		5.1%	13.1%	5.1%	14.4%	10.9%	2.19%	.001%
<b>EPIC Days in Accounts Receivable (excludes SNF)</b> <u>Gross Accounts Receivable</u> 90 Days		↓	FYE 63 Days		64	69	68	55	57	60	75
<u>Gross Accounts Receivable</u> 365 Days					70	71	73	55	55	62	75
<b>Days Cash on Hand Excludes Restricted:</b> <u>Cash + Short-Term Investments</u> (Total Expenses - Depreciation Expense)/ by 365	 	↑	Budget FYE 147 Days  Budget 1st Qtr 165 Days  Actual 1st Qtr 175 Days	60 Days  A- 214 Days  BBB- 129 Days	175	179	176	191	201	156	164
<b>EPIC Accounts Receivable over 120 days (excludes payment plan, legal and charitable balances)</b>		↓	13%		31%	35%	22%	17%	19%	18%	22%
<b>EPIC Accounts Receivable over 120 days (includes payment plan, legal and charitable balances)</b>		↓	18%		41%	42%	25%	18%	24%	23%	25%
<b>Cash Receipts Per Day (based on 60 day lag on Patient Net Revenue)</b>	 	↑	FYE Budget \$505,733  End 1st Qtr Budget \$472,512  End 1st Qtr Projected \$533,886		\$575,202	\$473,890	\$333,963	\$348,962	\$313,153	\$290,776	\$286,394
<b>Debt Service Coverage:</b> Excess Revenue over Exp + <u>Interest Exp + Depreciation</u> Debt Principal Payments + Interest Expense		↑	Without GO Bond 12.80 With GO Bond 2.75	1.95	15.97  3.30	20.45  4.12	9.27  2.07	6.64  3.54	6.19  2.77	3.28  1.59	2.18  1.29

TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
SEPTEMBER 2019

CURRENT MONTH				YEAR TO DATE				PRIOR YTD SEPT 2018
ACTUAL	BUDGET	VAR\$	VAR%	ACTUAL	BUDGET	VAR\$	VAR%	
<b>OPERATING REVENUE</b>								
\$ 34,074,264	\$ 32,367,423	\$ 1,706,841	5.3%	\$ 107,669,524	\$ 97,983,623	\$ 9,685,901	9.9%	1 \$ 88,028,670
Total Gross Revenue								
Gross Revenues - Inpatient								
\$ 2,944,948	\$ 2,860,836	\$ 84,112	2.9%	\$ 9,421,159	\$ 8,238,314	\$ 1,182,845	14.4%	\$ 8,967,426
4,754,209	6,290,859	(1,536,650)	-24.4%	16,227,769	18,098,419	(1,870,650)	-10.3%	14,912,771
7,699,157	9,151,695	(1,452,538)	-15.9%	25,648,928	26,336,733	(687,805)	-2.6%	23,880,197
Total Gross Revenue - Inpatient								
26,375,108	23,215,728	3,159,380	13.6%	82,020,596	71,646,890	10,373,706	14.5%	64,148,473
26,375,108	23,215,728	3,159,380	13.6%	82,020,596	71,646,890	10,373,706	14.5%	64,148,473
Total Gross Revenue - Outpatient								
Deductions from Revenue:								
15,598,628	14,528,591	(1,070,037)	-7.4%	49,052,327	43,895,206	(5,157,121)	-11.7%	2 40,675,860
1,270,851	1,151,332	(119,519)	-10.4%	3,907,275	3,508,161	(399,114)	-11.4%	2 2,861,100
-	-	-	0.0%	-	-	-	0.0%	2 -
494,199	558,692	64,493	11.5%	1,006,565	1,707,750	701,185	41.1%	2 740,931
-	-	-	0.0%	(13,470)	-	13,470	0.0%	2 (95,577)
17,363,677	16,238,615	(1,125,062)	-6.9%	53,952,697	49,111,117	(4,841,580)	-9.9%	44,182,314
Total Deductions from Revenue								
108,464	99,649	(8,815)	-8.8%	279,402	315,051	35,649	11.3%	225,984
1,052,709	965,172	87,537	9.1%	3,255,904	2,921,568	334,336	11.4%	3 2,593,477
17,871,761	17,193,629	678,131	3.9%	57,252,133	52,109,125	5,143,008	9.9%	46,665,817
Property Tax Revenue- Wellness Neighborhood								
Other Operating Revenue								
<b>TOTAL OPERATING REVENUE</b>								
<b>OPERATING EXPENSES</b>								
5,218,977	5,987,768	768,791	12.8%	16,743,925	18,311,281	1,567,356	8.6%	4 14,247,914
1,845,094	1,751,507	(93,587)	-5.3%	5,653,574	5,414,066	(239,508)	-4.4%	4 4,652,972
105,358	78,105	(27,253)	-34.9%	217,158	234,315	17,157	7.3%	4 169,421
917,273	1,177,057	259,784	22.1%	4,149,480	3,531,171	(618,309)	-17.5%	4 2,248,776
1,706,806	1,512,271	(194,535)	-12.9%	5,373,224	5,224,744	(148,480)	-2.8%	5 5,723,094
314,087	335,862	21,775	6.5%	717,586	768,065	50,479	6.6%	5 640,391
2,603,664	2,277,459	(326,205)	-14.3%	7,706,337	6,851,466	(854,871)	-12.5%	6 6,300,556
1,656,469	1,569,587	(86,882)	-5.5%	4,851,276	4,702,996	(148,280)	-3.2%	7 3,526,637
634,647	892,799	258,152	28.9%	1,983,016	2,635,994	652,978	24.8%	8 1,997,897
15,002,375	15,582,415	580,040	3.7%	47,395,577	47,674,098	278,521	0.6%	39,507,658
Supplies								
Purchased Services								
Other								
<b>TOTAL OPERATING EXPENSE</b>								
<b>2,869,386</b>	<b>1,611,214</b>	<b>1,258,172</b>	<b>78.1%</b>	<b>9,856,556</b>	<b>4,435,027</b>	<b>5,421,529</b>	<b>122.2%</b>	<b>7,158,159</b>
<b>NET OPERATING REVENUE (EXPENSE) EBIDA</b>								
<b>NON-OPERATING REVENUE/(EXPENSE)</b>								
501,119	509,934	(8,814)	-1.7%	1,549,348	1,513,699	35,649	2.4%	9 1,702,890
412,919	412,919	0	0.0%	1,238,758	1,238,758	0	0.0%	1,124,657
144,868	156,029	(11,161)	-7.2%	463,141	477,577	(14,436)	-3.0%	10 365,542
-	-	-	0.0%	-	-	-	0.0%	-
13,194	88,155	(74,961)	-85.0%	42,674	264,466	(221,792)	-83.9%	11 36,846
-	-	-	0.0%	-	-	-	0.0%	12 -
-	-	-	0.0%	-	-	-	0.0%	12 -
2,000	-	2,000	0.0%	7,200	-	7,200	0.0%	13 1,000
-	-	-	0.0%	-	-	-	0.0%	14 -
(1,209,695)	(1,154,615)	(55,080)	-4.8%	(3,463,491)	(3,463,846)	355	0.0%	15 (3,179,931)
(118,141)	(117,992)	(149)	-0.1%	(355,695)	(355,430)	(265)	-0.1%	16 (293,375)
(314,007)	(301,788)	(12,219)	-4.0%	(945,602)	(908,946)	(36,656)	-4.0%	(980,747)
(567,743)	(407,358)	(160,385)	-39.4%	(1,463,666)	(1,233,722)	(229,945)	-18.6%	(1,223,118)
Depreciation								
Interest Expense								
Interest Expense-GO Bond								
<b>TOTAL NON-OPERATING REVENUE/(EXPENSE)</b>								
<b>\$ 2,301,643</b>	<b>\$ 1,203,856</b>	<b>\$ 1,097,787</b>	<b>91.2%</b>	<b>\$ 8,392,890</b>	<b>\$ 3,201,305</b>	<b>\$ 5,191,585</b>	<b>162.2%</b>	<b>\$ 5,935,041</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>								
<b>NET POSITION - BEGINNING OF YEAR</b>				<b>155,997,111</b>				
<b>NET POSITION - AS OF SEPTEMBER 30, 2019</b>				<b>\$ 164,390,001</b>				
<b>8.4%</b>	<b>5.0%</b>	<b>3.4%</b>		<b>9.2%</b>	<b>4.5%</b>	<b>4.6%</b>		<b>8.1%</b>
<b>RETURN ON GROSS REVENUE EBIDA</b>								







**TAHOE FOREST HOSPITAL DISTRICT**  
**NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**SEPTEMBER 2019**

		<u>Variance from Budget</u>																																												
		<u>Fav / &lt;Unfav&gt;</u>																																												
		<u>SEPT 2019</u>	<u>YTD 2020</u>																																											
<b>1) Gross Revenues</b>																																														
<p>Acute Patient Days were below budget 16.94% or 85 days. Swing Bed days were below budget 29.63% or 8 days. Inpatient Ancillary revenues were below budget due to the decrease in patient days and the lower acuity levels in our patients.</p> <p>Outpatient volumes were above budget in the following departments: Physician Clinic visits, Hospice visits, Surgery cases, Laboratory tests, Mammography, Radiation Oncology procedures, Ultrasounds, Cat Scans, Drugs Sold to Patients, Oncology Drugs Sold to Patients, Endoscopy procedures, Physical Therapy, Speech Therapy, and Occupational Therapy.</p>	<table border="0" style="width: 100%;"> <tr> <td>Gross Revenue -- Inpatient</td> <td style="text-align: right;">\$ (1,452,538)</td> <td style="text-align: right;">\$ (687,805)</td> </tr> <tr> <td>Gross Revenue -- Outpatient</td> <td style="text-align: right;">3,159,380</td> <td style="text-align: right;">10,373,706</td> </tr> <tr> <td><b>Gross Revenue -- Total</b></td> <td style="text-align: right;"><b>\$ 1,706,841</b></td> <td style="text-align: right;"><b>\$ 9,685,901</b></td> </tr> </table>	Gross Revenue -- Inpatient	\$ (1,452,538)	\$ (687,805)	Gross Revenue -- Outpatient	3,159,380	10,373,706	<b>Gross Revenue -- Total</b>	<b>\$ 1,706,841</b>	<b>\$ 9,685,901</b>																																				
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<b>Gross Revenue -- Total</b>	<b>\$ 1,706,841</b>	<b>\$ 9,685,901</b>																																												
<b>2) Total Deductions from Revenue</b>																																														
<p>The payor mix for September shows a 4.08% increase to Medicare, a 2.11% decrease to Medi-Cal, .49% increase to Other, a .02% decrease to County, and a 2.45% decrease to Commercial when compared to budget. Contractual Allowances were above budget as a result of revenues exceeding budget by 5.3% and an increase in our Aged Accounts Receivable over 120 days.</p>	<table border="0" style="width: 100%;"> <tr> <td>Contractual Allowances</td> <td style="text-align: right;">\$ (1,070,037)</td> <td style="text-align: right;">\$ (5,157,121)</td> </tr> <tr> <td>Charity Care</td> <td style="text-align: right;">(119,519)</td> <td style="text-align: right;">(399,114)</td> </tr> <tr> <td>Charity Care - Catastrophic</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Bad Debt</td> <td style="text-align: right;">64,493</td> <td style="text-align: right;">701,185</td> </tr> <tr> <td>Prior Period Settlements</td> <td></td> <td style="text-align: right;">13,470</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>\$ (1,125,062)</b></td> <td style="text-align: right;"><b>\$ (4,841,580)</b></td> </tr> </table>	Contractual Allowances	\$ (1,070,037)	\$ (5,157,121)	Charity Care	(119,519)	(399,114)	Charity Care - Catastrophic	-	-	Bad Debt	64,493	701,185	Prior Period Settlements		13,470	<b>Total</b>	<b>\$ (1,125,062)</b>	<b>\$ (4,841,580)</b>																											
Contractual Allowances	\$ (1,070,037)	\$ (5,157,121)																																												
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<b>Total</b>	<b>\$ (1,125,062)</b>	<b>\$ (4,841,580)</b>																																												
<b>3) Other Operating Revenue</b>																																														
<p>Retail Pharmacy revenues exceeded budget by 29.17%.</p> <p>Negative variance in Hospice Thrift Store revenues related to the IVCH (formerly Kings Beach) Thrift store still remaining closed until final occupancy is obtained.</p> <p>IVCH ER Physician Guarantee is tied to collections which fell short of budget in September.</p> <p>Positive variance in Miscellaneous related to Cafeteria Sales and Rebates &amp; Refunds.</p>	<table border="0" style="width: 100%;"> <tr> <td>Retail Pharmacy</td> <td style="text-align: right;">\$ 65,682</td> <td style="text-align: right;">\$ 116,777</td> </tr> <tr> <td>Hospice Thrift Stores</td> <td style="text-align: right;">(17,987)</td> <td style="text-align: right;">(52,719)</td> </tr> <tr> <td>The Center (non-therapy)</td> <td style="text-align: right;">(3,567)</td> <td style="text-align: right;">(18,448)</td> </tr> <tr> <td>IVCH ER Physician Guarantee</td> <td style="text-align: right;">(19,936)</td> <td style="text-align: right;">84,707</td> </tr> <tr> <td>Children's Center</td> <td style="text-align: right;">31</td> <td style="text-align: right;">5,894</td> </tr> <tr> <td>Miscellaneous</td> <td style="text-align: right;">64,703</td> <td style="text-align: right;">194,661</td> </tr> <tr> <td>Oncology Drug Replacement</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Grants</td> <td style="text-align: right;">(1,389)</td> <td style="text-align: right;">3,464</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>\$ 87,537</b></td> <td style="text-align: right;"><b>\$ 334,336</b></td> </tr> </table>	Retail Pharmacy	\$ 65,682	\$ 116,777	Hospice Thrift Stores	(17,987)	(52,719)	The Center (non-therapy)	(3,567)	(18,448)	IVCH ER Physician Guarantee	(19,936)	84,707	Children's Center	31	5,894	Miscellaneous	64,703	194,661	Oncology Drug Replacement	-	-	Grants	(1,389)	3,464	<b>Total</b>	<b>\$ 87,537</b>	<b>\$ 334,336</b>																		
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<b>4) Salaries and Wages</b>																																														
<p>Positive variance related to budgeted salaries for Techs, RNs, and Clerical exceeding actual performance along with staff flexing due to a lower census than budget in September.</p>	<table border="0" style="width: 100%;"> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>\$ 768,791</b></td> <td style="text-align: right;"><b>\$ 1,567,356</b></td> </tr> </table>	<b>Total</b>	<b>\$ 768,791</b>	<b>\$ 1,567,356</b>																																										
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**TAHOE FOREST HOSPITAL DISTRICT**  
**NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**SEPTEMBER 2019**

		<u>Variance from Budget</u>	
		<u>Fav / &lt;Unfav&gt;</u>	
		<u>SEPT 2019</u>	<u>YTD 2020</u>
<b>5) <u>Professional Fees (cont.)</u></b>	Marketing	1,583	7,067
Negative variance in TFH Locums related to the timing of our Hospitalists converting to the employment model.	Oncology	10,242	11,452
	Administration	17,389	20,702
	Sleep Clinic	10,258	29,209
	Miscellaneous	16,041	57,844
	TFH Locums	(24,268)	389,084
	<b>Total</b>	<b>\$ (172,760)</b>	<b>\$ (98,001)</b>
<b>6) <u>Supplies</u></b>	Pharmacy Supplies	\$ (356,132)	\$ (822,510)
Oncology drugs Sold to Patients revenues exceeded budget by 50.2% creating a negative variance in Pharmacy Supplies.	Patient & Other Medical Supplies	9,641	(116,496)
	Minor Equipment	6,205	(6,043)
	Imaging Film	-	-
	Office Supplies	5,184	20,071
	Other Non-Medical Supplies	(12,701)	27,910
	Food	21,599	42,197
	<b>Total</b>	<b>\$ (326,205)</b>	<b>\$ (854,871)</b>
<b>7) <u>Purchased Services</u></b>	Medical Records	\$ (57,577)	\$ (123,766)
Outsourced coding and claim edits created a negative variance in Medical Records.	Patient Accounting	(48,284)	(69,989)
Negative variance in Patient Accounting related to outsourced services to help with claim processing and collections.	Miscellaneous	(8,267)	(67,947)
Negative variance in Diagnostic Imaging Services - All associated with radiology read services related to FY19. The invoices were still under review after the final close of FY19.	Diagnostic Imaging Services - All	(42,005)	(41,294)
	Department Repairs	21,522	(7,377)
	The Center	(4,556)	(5,680)
	Community Development	292	875
	Pharmacy IP	629	5,020
	Home Health/Hospice	6,427	11,301
	Laboratory	(6,239)	17,636
	Multi-Specialty Clinics	10,608	24,508
Network Maintenance services fell short of budget, creating a positive variance in Information Technology.	Information Technology	21,491	28,287
Positive variance in Human Resources related to Employee Health screenings and Wellness Bank services coming in below budget estimations.	Human Resources	19,077	80,146
	<b>Total</b>	<b>\$ (86,882)</b>	<b>\$ (148,280)</b>
<b>8) <u>Other Expenses</u></b>	Equipment Rent	\$ (22,959)	\$ (20,154)
Negative variance in Equipment Rent primarily related to equipment rentals required for several surgical cases in September.	Multi-Specialty Clinics Bldg Rent	(327)	(981)
	Multi-Specialty Clinics Equip Rent	16	79
	Physician Services	(60)	1,838
Controllable expenses continue to be monitored by Senior Leadership. This is creating positive variances in most of the remaining Other Expense categories.	Other Building Rent	216	2,727
	Human Resources Recruitment	10,875	28,875
	Insurance	(1,111)	30,374
	Dues and Subscriptions	5,698	32,953
	Utilities	16,863	40,247
	Marketing	35,336	149,608
	Miscellaneous	163,521	191,545
	Outside Training & Travel	50,083	195,866
	<b>Total</b>	<b>\$ 258,152</b>	<b>\$ 652,978</b>
<b>9) <u>District and County Taxes</u></b>	<b>Total</b>	<b>\$ (8,814)</b>	<b>\$ 35,649</b>
<b>10) <u>Interest Income</u></b>	<b>Total</b>	<b>\$ (11,161)</b>	<b>\$ (14,436)</b>
<b>11) <u>Donations</u></b>	IVCH	\$ (41,334)	\$ (124,001)
	Operational	(33,627)	(97,791)
	Capital Campaign	-	-
	<b>Total</b>	<b>\$ (74,961)</b>	<b>\$ (221,792)</b>
<b>12) <u>Gain/(Loss) on Joint Investment</u></b>	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>
<b>13) <u>Gain/(Loss) on Sale or Disposal of Assets</u></b>	<b>Total</b>	<b>\$ 2,000</b>	<b>\$ 7,200</b>
<b>15) <u>Depreciation Expense</u></b>	<b>Total</b>	<b>\$ (55,080)</b>	<b>\$ 355</b>
<b>16) <u>Interest Expense</u></b>	<b>Total</b>	<b>\$ (149)</b>	<b>\$ (265)</b>

**TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
KEY FINANCIAL INDICATORS  
SEPTEMBER 2019**

	<b>Current Status</b>	<b>Desired Position</b>	<b>Target</b>	<b>FY 2020 Jul 19 to Sept 19</b>	<b>FY 2019 Jul 18 to June 19</b>	<b>FY 2018 Jul 17 to June 18</b>	<b>FY 2017 Jul 16 to June 17</b>	<b>FY 2016 Jul 15 to June 16</b>	<b>FY 2015 Jul 14 to June 15</b>	<b>FY 2014 Jul 13 to June 14</b>
<b>Total Margin:</b> <u>Increase (Decrease) In Net Position</u> Total Gross Revenue		↑	FYE 1.9% 1st Qtr 3.3%	7.8%	5.7%	2.6%	7.4%	5.5%	1.0%	.01%
<b>Charity Care:</b> <u>Charity Care Expense</u> Gross Patient Revenue		↓	FYE 3.6% 1st Qtr 3.6%	3.6%	3.8%	3.3%	3.1%	3.4%	3.1%	3.2%
<b>Bad Debt Expense:</b> <u>Bad Debt Expense</u> Gross Patient Revenue		↓	FYE 1.8% 1st Qtr 1.7%	.01%	.1%	.1%	-.0%	-.2%	1.6%	1.6%
<b>Incline Village Community Hospital:</b> EBIDA: Earnings before interest, Depreciation, amortization <u>Net Operating Revenue &lt;Expense&gt;</u> Gross Revenue		↑	FYE 10.2% 1st Qtr 9.7%	15.4%	11.5%	4.8%	7.9%	11.3%	9.1%	4.9%
<b>Operating Expense Variance to Budget (Under&lt;Over&gt;)</b>		↑	-0-	\$278,521	\$(13,825,198)	\$1,061,378	\$(9,700,270)	\$(7,548,217)	\$(6,371,653)	\$2,129,279
<b>EBIDA:</b> Earnings before interest, Depreciation, amortization <u>Net Operating Revenue &lt;Expense&gt;</u> Gross Revenue		↑	FYE 3.2% 1st Qtr 4.2%	9.2%	7.1%	4.5%	7.9%	7.3%	3.5%	2.0%

INCLINE VILLAGE COMMUNITY HOSPITAL  
STATEMENT OF REVENUE AND EXPENSE  
SEPTEMBER 2019

CURRENT MONTH				YEAR TO DATE				PRIOR YTD SEPTEMBER 2018		
ACTUAL	BUDGET	VAR\$	VAR%	ACTUAL	BUDGET	VAR\$	VAR%			
<b>OPERATING REVENUE</b>										
\$ 2,382,505	\$ 2,432,857	\$ (50,352)	-2.1%	Total Gross Revenue	\$ 7,542,087	\$ 6,963,086	\$ 579,001	8.3%	1	\$ 6,424,943
<b>Gross Revenues - Inpatient</b>										
\$ 392	\$ 4,724	\$ (4,332)	-91.7%	Daily Hospital Service	\$ 392	\$ 28,119	\$ (27,727)	-98.6%		\$ 14,601
-	1,039	(1,039)	-100.0%	Ancillary Service - Inpatient	-	15,989	(15,989)	-100.0%		15,124
392	5,763	(5,371)	-93.2%	Total Gross Revenue - Inpatient	392	44,108	(43,716)	-99.1%	1	29,725
2,382,113	2,427,094	(44,981)	-1.9%	Gross Revenue - Outpatient	7,541,695	6,918,978	622,717	9.0%		6,395,218
2,382,113	2,427,094	(44,981)	-1.9%	Total Gross Revenue - Outpatient	7,541,695	6,918,978	622,717	9.0%	1	6,395,218
<b>Deductions from Revenue:</b>										
1,193,882	980,626	(213,256)	-21.7%	Contractual Allowances	3,259,483	2,812,319	(447,164)	-15.9%	2	2,176,861
127,745	102,847	(24,898)	-24.2%	Charity Care	369,369	320,867	(48,502)	-15.1%	2	244,790
-	-	-	0.0%	Charity Care - Catastrophic Events	-	-	-	0.0%	2	-
39,141	102,847	63,706	61.9%	Bad Debt	155,385	320,867	165,482	51.6%	2	141,927
-	-	-	0.0%	Prior Period Settlements	(13,357)	-	13,357	0.0%	2	-
1,360,768	1,186,320	(174,448)	-14.7%	Total Deductions from Revenue	3,770,879	3,454,053	(316,826)	-9.2%	2	2,563,578
86,420	107,211	(20,791)	-19.4%	Other Operating Revenue	349,668	266,682	82,986	31.1%	3	318,508
1,108,156	1,353,748	(245,592)	-18.1%	<b>TOTAL OPERATING REVENUE</b>	<b>4,120,875</b>	<b>3,775,715</b>	<b>345,160</b>	<b>9.1%</b>		<b>4,179,873</b>
<b>OPERATING EXPENSES</b>										
288,084	344,752	56,668	16.4%	Salaries and Wages	966,062	1,072,700	106,638	9.9%	4	937,423
110,416	122,484	12,068	9.9%	Benefits	377,484	342,276	(35,208)	-10.3%	4	306,713
3,013	4,303	1,290	30.0%	Benefits Workers Compensation	9,040	12,909	3,869	30.0%	4	9,832
52,517	67,391	14,874	22.1%	Benefits Medical Insurance	237,500	202,173	(35,327)	-17.5%	4	132,455
274,914	270,250	(4,664)	-1.7%	Medical Professional Fees	843,209	838,945	(4,264)	-0.5%	5	761,050
1,520	1,536	16	1.1%	Other Professional Fees	4,559	4,609	50	1.1%	5	6,312
100,417	65,127	(35,290)	-54.2%	Supplies	160,262	215,640	55,378	25.7%	6	178,805
52,197	60,283	8,086	13.4%	Purchased Services	152,507	165,204	12,697	7.7%	7	131,287
78,125	80,343	2,218	2.8%	Other	211,188	243,413	32,225	13.2%	8	217,846
961,203	1,016,469	55,266	5.4%	<b>TOTAL OPERATING EXPENSE</b>	<b>2,961,810</b>	<b>3,097,869</b>	<b>136,059</b>	<b>4.4%</b>		<b>2,681,724</b>
<b>146,953</b>	<b>337,279</b>	<b>(190,326)</b>	<b>-56.4%</b>	<b>NET OPERATING REV(EXP) EBIDA</b>	<b>1,159,065</b>	<b>677,846</b>	<b>481,219</b>	<b>71.0%</b>		<b>1,498,149</b>
<b>NON-OPERATING REVENUE/(EXPENSE)</b>										
-	41,334	(41,334)	-100.0%	Donations-IVCH	-	124,001	(124,001)	-100.0%	9	7,032
-	-	-	0.0%	Gain/ (Loss) on Sale	-	-	-	0.0%	10	
(66,149)	(65,043)	(1,106)	1.7%	Depreciation	(197,027)	(195,128)	(1,899)	-1.0%	11	(177,906)
(66,149)	(23,709)	(42,440)	-179.0%	<b>TOTAL NON-OPERATING REVENUE/(EXP)</b>	<b>(197,027)</b>	<b>(71,127)</b>	<b>(125,900)</b>	<b>-177.0%</b>		<b>(170,874)</b>
<b>\$ 80,804</b>	<b>\$ 313,570</b>	<b>\$ (232,766)</b>	<b>-74.2%</b>	<b>EXCESS REVENUE(EXPENSE)</b>	<b>\$ 962,037</b>	<b>\$ 606,719</b>	<b>\$ 355,318</b>	<b>58.6%</b>		<b>\$ 1,327,274</b>
<b>6.2%</b>	<b>13.9%</b>	<b>-7.7%</b>		<b>RETURN ON GROSS REVENUE EBIDA</b>	<b>15.4%</b>	<b>9.7%</b>	<b>5.6%</b>			<b>23.3%</b>

**INCLINE VILLAGE COMMUNITY HOSPITAL  
NOTES TO STATEMENT OF REVENUE AND EXPENSE  
SEPTEMBER 2019**

		<u>Variance from Budget</u>	
		<u>Fav&lt;Unfav&gt;</u>	
		<u>SEPT 2019</u>	<u>YTD 2020</u>
<b>1) <u>Gross Revenues</u></b>			
Acute Patient Days were below budget by 1 at 0 and Observation Days were at budget at 1.	Gross Revenue -- Inpatient	\$ (5,371)	\$ (43,716)
	Gross Revenue -- Outpatient	(44,981)	622,717
		<u>\$ (50,352)</u>	<u>\$ 579,001</u>
Outpatient volumes were below budget in Emergency Department visits, Laboratory tests, Cat Scans, Drugs Sold to Patients, and Occupational Therapy.			
<b>2) <u>Total Deductions from Revenue</u></b>			
We saw a shift in our payor mix with a 6.86% increase in Medicare, a 3.95% decrease in Medical, a 2.96% decrease in Commercial insurance, a .05% increase in Other, and County was below budget by .01%. We saw a negative variance in Contractual Allowances as a result of a shift in our Payor mix from Commercial to Medicare and an increase in our Aged Accounts Receivable over 90 days.	Contractual Allowances	\$ (213,256)	\$ (447,164)
	Charity Care	(24,898)	(48,502)
	Charity Care-Catastrophic Event		
	Bad Debt	63,706	165,482
	Prior Period Settlement	-	13,357
	Total	<u>\$ (174,448)</u>	<u>\$ (316,826)</u>
<b>3) <u>Other Operating Revenue</u></b>			
IVCH ER Physician Guarantee is based on collections which fell short of budget in September.	IVCH ER Physician Guarantee	\$ (19,936)	\$ 84,707
	Miscellaneous	(855)	(1,721)
	Total	<u>\$ (20,791)</u>	<u>\$ 82,986</u>
<b>4) <u>Salaries and Wages</u></b>	Total	<u>\$ 56,668</u>	<u>\$ 106,638</u>
<b><u>Employee Benefits</u></b>	PL/SL	\$ (8,375)	\$ (57,463)
	Standby	3,649	4,269
	Other	2,229	3,827
	Nonproductive	14,565	15,152
	Pension/Deferred Comp	(0)	(992)
	Total	<u>\$ 12,068</u>	<u>\$ (35,208)</u>
<b><u>Employee Benefits - Workers Compensation</u></b>	Total	<u>\$ 1,290</u>	<u>\$ 3,869</u>
<b><u>Employee Benefits - Medical Insurance</u></b>	Total	<u>\$ 14,874</u>	<u>\$ (35,327)</u>
<b>5) <u>Professional Fees</u></b>			
Orthopedic Surgery physician fees and coverage in MSC IM/Peds and IVCH Health Clinic created a negative variance in Multi-Specialty Clinics.	Multi-Specialty Clinics	\$ (26,000)	\$ (64,529)
	Administration	-	-
	Foundation	17	50
	Miscellaneous	776	1,579
	IVCH ER Physicians	5,702	2,203
	Therapy Services	4,599	27,274
	Sleep Clinic	10,258	29,209
	Total	<u>\$ (4,648)</u>	<u>\$ (4,214)</u>
Sleep Clinic professional fees are tied to collections which fell short of budget in September.			
<b>6) <u>Supplies</u></b>			
Drugs Sold to Patients revenues fell short of budget, however, the mix of drugs administered to patients and transfers of pharmaceutical supplies from Tahoe Forest Hospital to replenish par levels created a negative variance.	Non-Medical Supplies	\$ (2,158)	\$ (480)
	Office Supplies	(1,017)	(43)
	Imaging Film	-	-
	Food	201	342
	Minor Equipment	1,414	1,797
	Pharmacy Supplies	(42,426)	7,068
	Patient & Other Medical Supplies	8,696	46,695
	Total	<u>\$ (35,290)</u>	<u>\$ 55,378</u>



**INCLINE VILLAGE COMMUNITY HOSPITAL  
NOTES TO STATEMENT OF REVENUE AND EXPENSE  
SEPTEMBER 2019**

		<u>Variance from Budget</u>	
		<u>Fav&lt;Unfav&gt;</u>	
		<u>SEPT 2019</u>	<u>YTD 2020</u>
<b>7) <u>Purchased Services</u></b>			
<p>Negative variance in Diagnostic Imaging Services - All associated with radiology read services related to FY19. The invoices were still under review after the final close of FY19 was performed.</p> <p>Stewardship expenses related to an IVCHF Fundraising event created a negative variance in Foundation.</p> <p>Department Repairs came in below budget in Surgery, Laboratory, Diagnostic Imaging, Cat Scan, and Plant Operations, creating a positive variance in this category.</p>	<p>Diagnostic Imaging Services - All Foundation</p> <p>Surgical Services</p> <p>Pharmacy</p> <p>Multi-Specialty Clinics</p> <p>Department Repairs</p> <p>Miscellaneous</p> <p>EVS/Laundry</p> <p>Engineering/Plant/Communications</p> <p>Laboratory</p> <p>Total</p>	<p>\$ (4,071)</p> <p>(1,518)</p> <p>-</p> <p>-</p> <p>357</p> <p>7,741</p> <p>(60)</p> <p>1,902</p> <p>2,154</p> <p>1,581</p> <p><u>\$ 8,086</u></p>	<p>\$ (5,679)</p> <p>(5,050)</p> <p>-</p> <p>-</p> <p>202</p> <p>520</p> <p>2,159</p> <p>4,254</p> <p>5,571</p> <p>10,721</p> <p><u>\$ 12,697</u></p>
<b>8) <u>Other Expenses</u></b>			
<p>HFAP Triennial accreditation fees created a negative variance in Dues and Subscriptions.</p> <p>Advertisement for Pharmacy and Invitation cards for the Foundation fundraising event created a negative variance in Marketing.</p> <p>Senior Leadership continues to monitor controllable expenses, lending to positive variances in most of the Other Expense categories.</p>	<p>Dues and Subscriptions</p> <p>Other Building Rent</p> <p>Physician Services</p> <p>Multi-Specialty Clinics Bldg Rent</p> <p>Marketing</p> <p>Utilities</p> <p>Equipment Rent</p> <p>Insurance</p> <p>Miscellaneous</p> <p>Outside Training &amp; Travel</p> <p>Total</p>	<p>\$ (2,097)</p> <p>(614)</p> <p>-</p> <p>-</p> <p>(3,833)</p> <p>233</p> <p>747</p> <p>260</p> <p>3,062</p> <p>4,460</p> <p><u>\$ 2,218</u></p>	<p>\$ (2,405)</p> <p>(1,226)</p> <p>-</p> <p>-</p> <p>221</p> <p>1,266</p> <p>4,052</p> <p>4,099</p> <p>13,080</p> <p>13,139</p> <p><u>\$ 32,225</u></p>
<b>9) <u>Donations</u></b>			
	Total	\$ (41,334)	\$ (124,001)
<b>10) <u>Gain/(Loss) on Sale</u></b>			
	Total	\$ -	\$ -
<b>11) <u>Depreciation Expense</u></b>			
	Total	\$ (1,106)	\$ (1,899)

TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF CASH FLOWS

	PRE-AUDIT FYE 2019		BUDGET FYE 2020	PROJECTED FYE 2020	ACTUAL SEPT 2019	BUDGET SEPT 2019	DIFFERENCE	ACTUAL 1ST QTR	PROJECTED 2ND QTR	PROJECTED 3RD QTR	BUDGET 4TH QTR
Net Operating Rev/(Exp) - EBIDA	\$ 25,310,161		\$ 12,072,919	\$ 17,517,229	\$ 2,869,386	\$ 1,611,214	\$ 1,258,172	\$ 9,879,337	\$ 4,137,259	\$ 2,488,975	\$ 1,011,658
Interest Income	1,322,573		1,854,579	1,854,692	-	-	-	414,192	477,577	481,808	481,114
Property Tax Revenue	7,435,543		7,125,000	7,471,314	5,106	-	5,106	496,314	75,000	3,950,000	2,950,000
Donations	968,991		1,060,000	795,072	-	80,000	(80,000)	75,072	240,000	240,000	240,000
Debt Service Payments	(3,938,422)		(5,031,900)	(5,494,735)	(353,805)	(353,249)	(556)	(1,522,582)	(1,194,500)	(1,059,747)	(1,717,906)
Property Purchase Agreement	(270,643)		(811,932)	(811,931)	(67,661)	(67,661)	0	(202,982)	(202,983)	(202,983)	(202,983)
2018 Municipal Lease	(1,148,646)		(1,717,332)	(1,574,220)	(143,111)	(143,111)	0	(286,221)	(429,333)	(429,333)	(429,333)
Copier	(24,163)		(64,560)	(64,655)	(5,936)	(5,380)	(556)	(16,235)	(16,140)	(16,140)	(16,140)
2017 VR Demand Bond	(853,995)		(792,912)	(1,413,133)	-	-	-	(620,221)	(134,753)	-	(658,159)
2015 Revenue Bond	(1,640,975)		(1,645,164)	(1,630,797)	(137,097)	(137,097)	(0)	(396,924)	(411,291)	(411,291)	(411,291)
Physician Recruitment	(145,863)		(180,000)	(242,500)	(62,500)	-	(62,500)	(152,500)	-	(45,000)	(45,000)
Investment in Capital											
Equipment	(3,296,438)		(5,320,498)	(5,320,498)	(471,041)	(1,276,155)	805,114	(688,769)	(2,117,045)	(1,011,500)	(1,503,184)
Municipal Lease Reimbursement	4,530,323		4,650,000	3,450,000	-	-	-	-	1,700,000	1,000,000	750,000
IT/EMR/Business Systems	(3,016,084)		(4,222,246)	(4,222,246)	(266,316)	(52,666)	(213,650)	(667,043)	(876,203)	(1,558,000)	(1,121,000)
Building Projects/Properties	(12,443,362)		(23,169,292)	(23,169,292)	(735,881)	(2,595,392)	1,859,511	(2,220,489)	(6,746,500)	(5,282,461)	(8,919,842)
Capital Investments	(916,898)		-	-	-	-	-	-	-	-	-
Change in Accounts Receivable	(2,492,148)	N1	2,451,297	2,066,131	(180,323)	735,875	(916,198)	(708,340)	1,377,629	1,881,379	(484,537)
Change in Settlement Accounts	265,612	N2	1,615,831	(203,891)	(645,643)	(558,333)	(87,310)	(4,680,479)	(762,500)	(2,507,412)	7,746,500
Change in Other Assets	(5,018,346)	N3	(2,400,000)	(2,079,057)	1,261,978	(200,000)	1,461,978	2,420,943	(1,500,000)	(1,500,000)	(1,500,000)
Change in Other Liabilities	7,647,518	N4	(695,000)	(987,194)	1,146,863	1,200,000	(53,137)	507,806	(4,240,000)	1,320,000	1,425,000
Change in Cash Balance	16,213,160		(10,189,310)	(8,564,975)	2,567,824	(1,408,707)	3,976,531	3,153,462	(9,429,282)	(1,601,958)	(687,197)
Beginning Unrestricted Cash	70,805,546		87,018,706	87,018,706	88,277,094	88,277,094	-	87,018,706	90,172,168	80,742,886	79,140,928
Ending Unrestricted Cash	87,018,706		76,829,396	78,453,731	90,844,918	86,868,387	3,976,531	90,172,168	80,742,886	79,140,928	78,453,731
Expense Per Day	486,737		516,504	515,741	519,036	522,060	(3,025)	519,036	519,918	520,242	515,741
Days Cash On Hand	179		149	152	175	166	9	174	155	152	152

Footnotes:

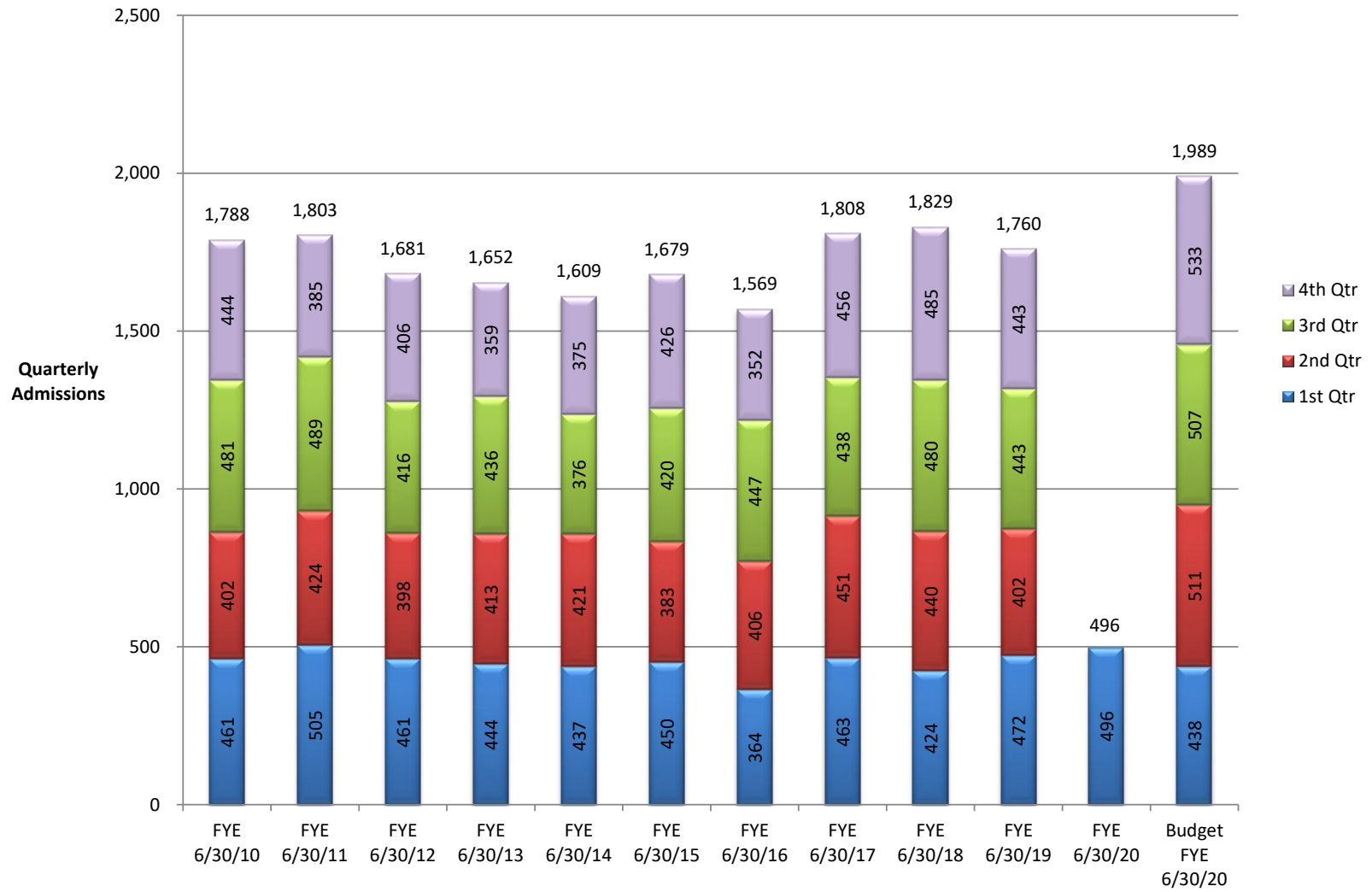
N1 - Change in Accounts Receivable reflects the 30 day delay in collections.

N2 - Change in Settlement Accounts reflect cash flows in and out related to prior year and current year Medicare and Medi-Cal settlement accounts.

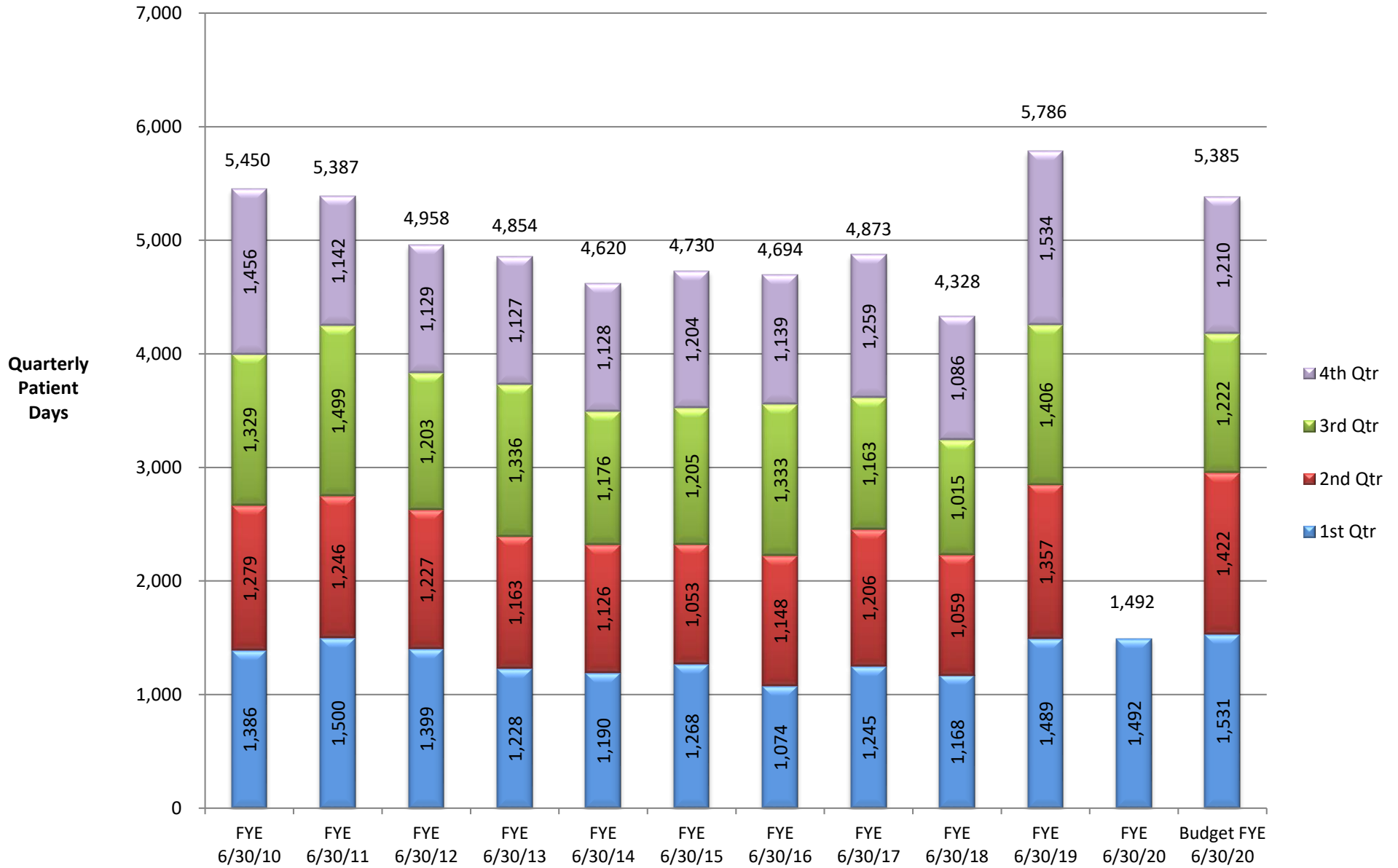
N3 - Change in Other Assets reflect fluctuations in asset accounts on the Balance Sheet that effect cash. For example, an increase in prepaid expense immediately effects cash but not EBIDA.

N4 - Change in Other Liabilities reflect fluctuations in liability accounts on the Balance Sheet that effect cash. For example, an increase in accounts payable effects EBIDA but not cash.

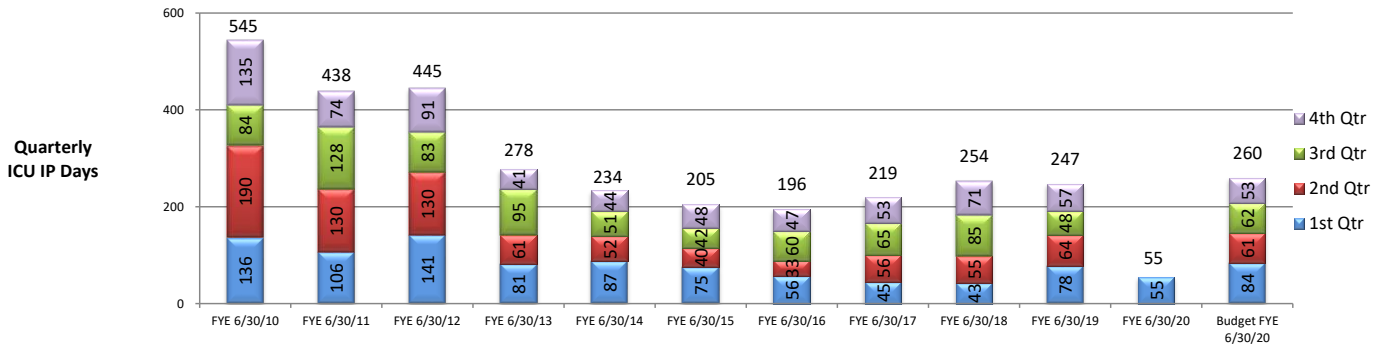
## TOTAL TFH ADMISSIONS



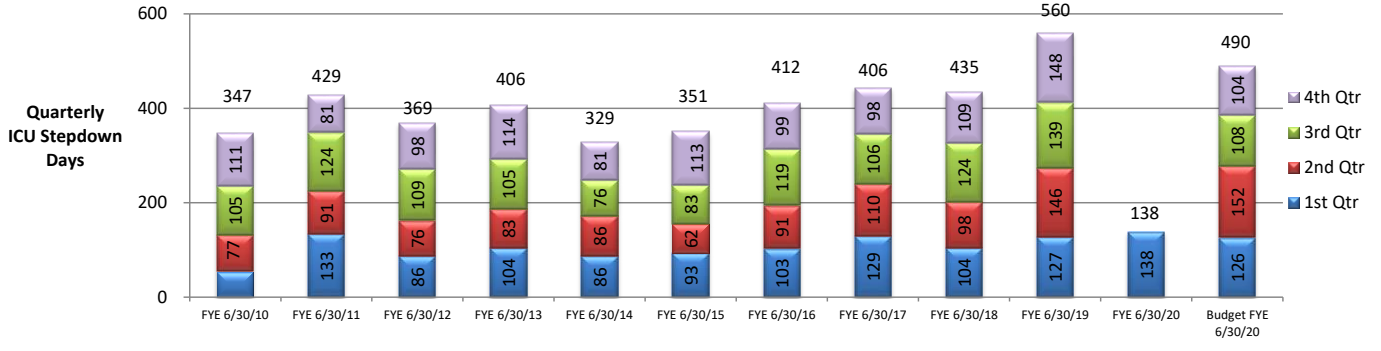
# TOTAL TFH PATIENT DAYS



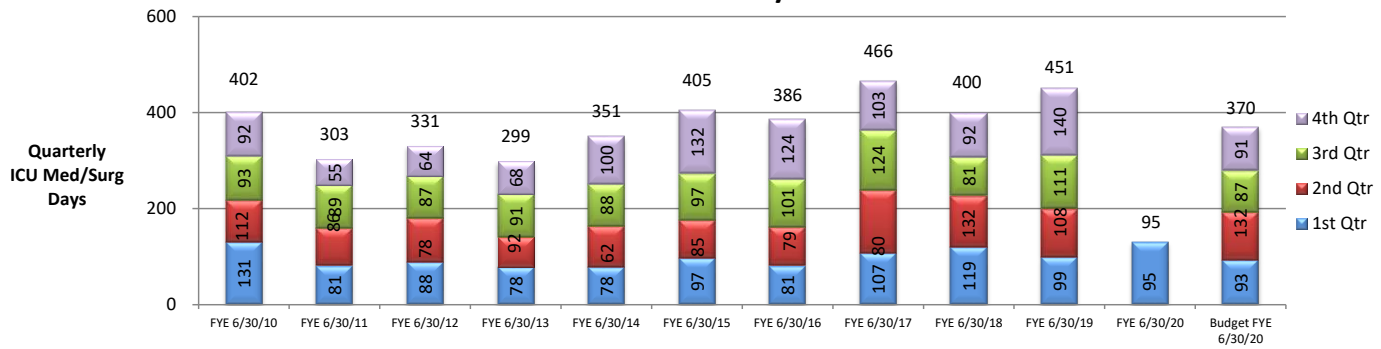
### TOTAL TFH ICU INPATIENT DAYS



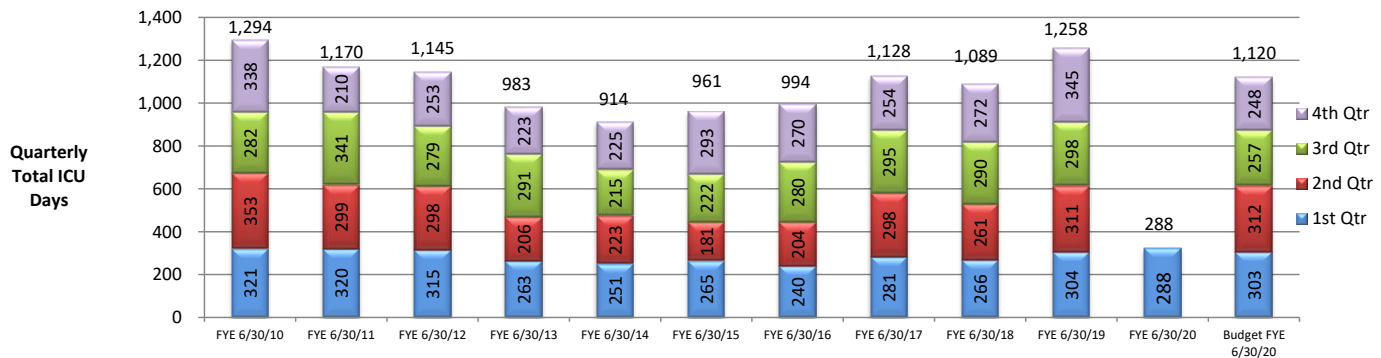
### TOTAL TFH ICU STEPDOWN DAYS



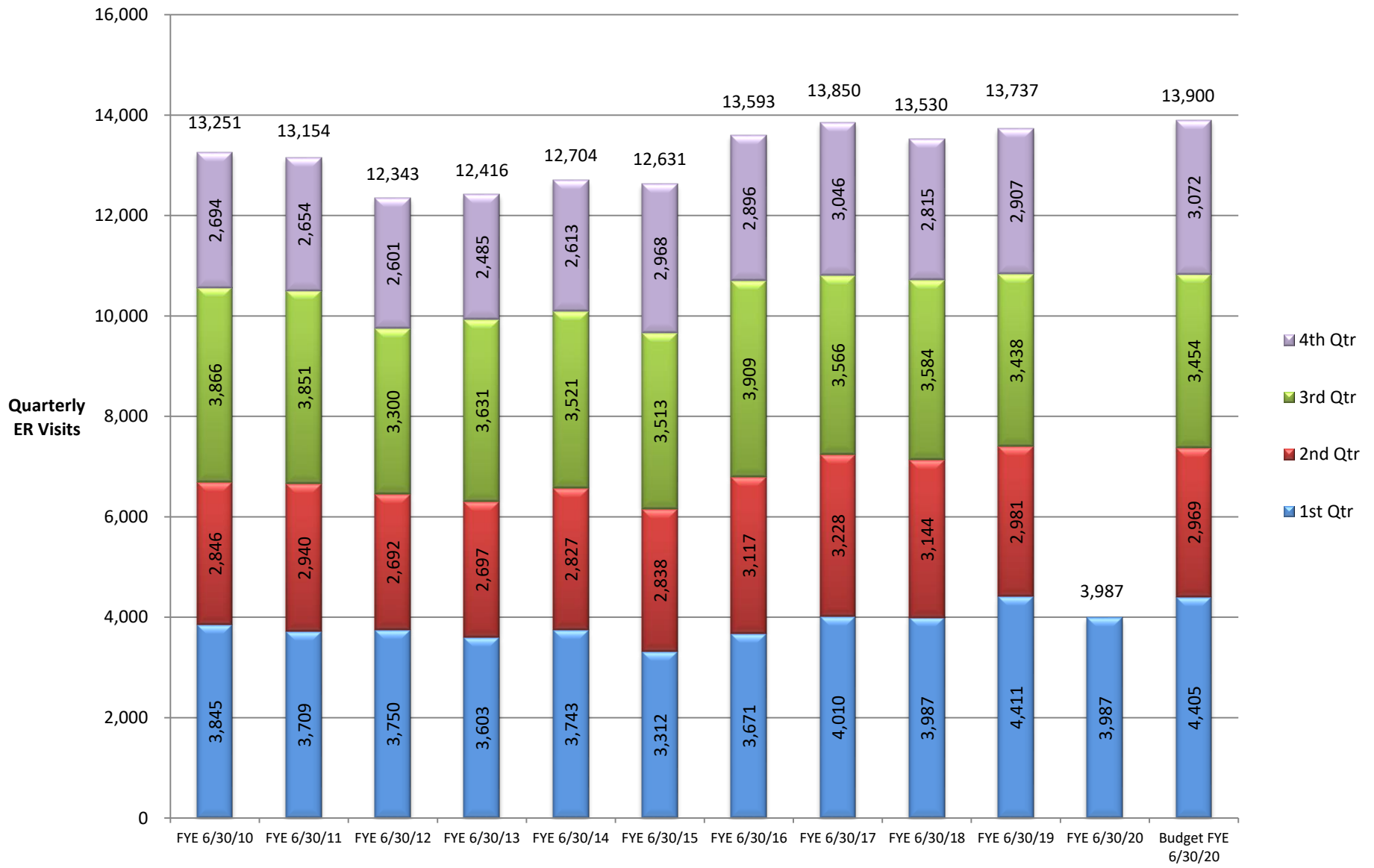
### TOTAL TFH ICU MED/SURG DAYS



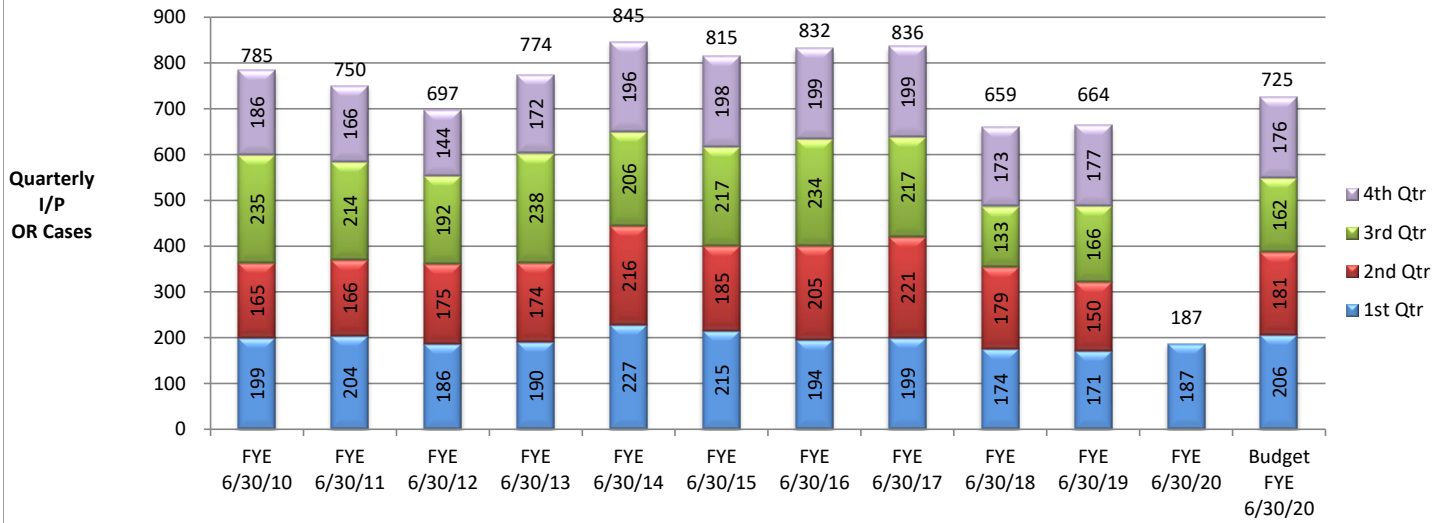
### TOTAL TFH ICU DAYS



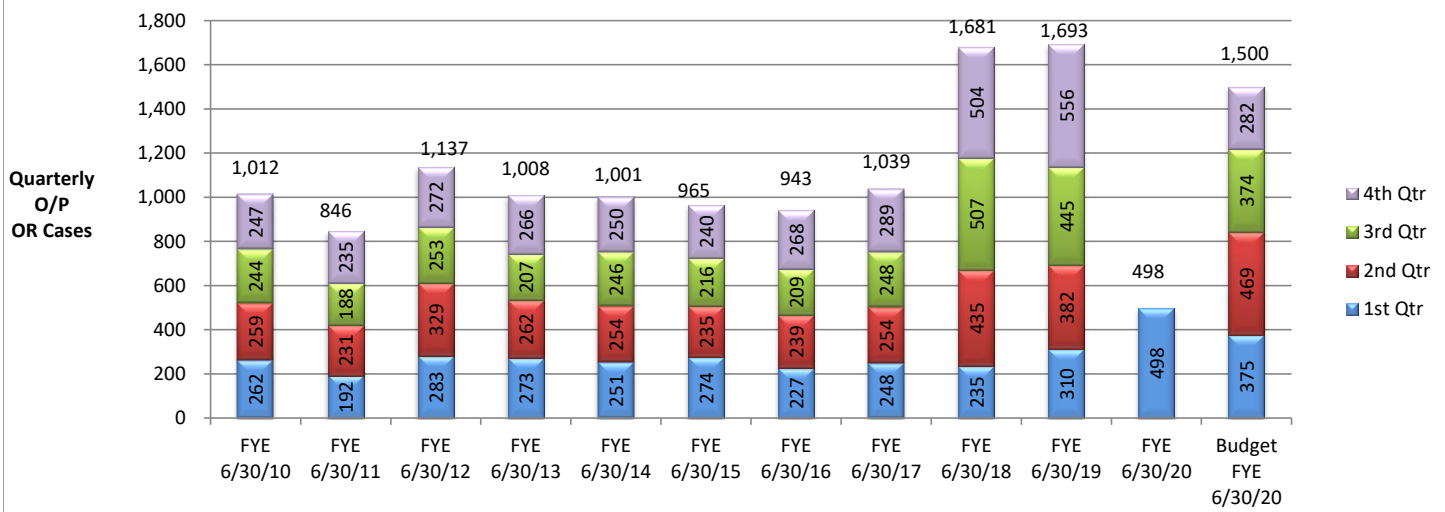
# TOTAL TFH ER VISITS



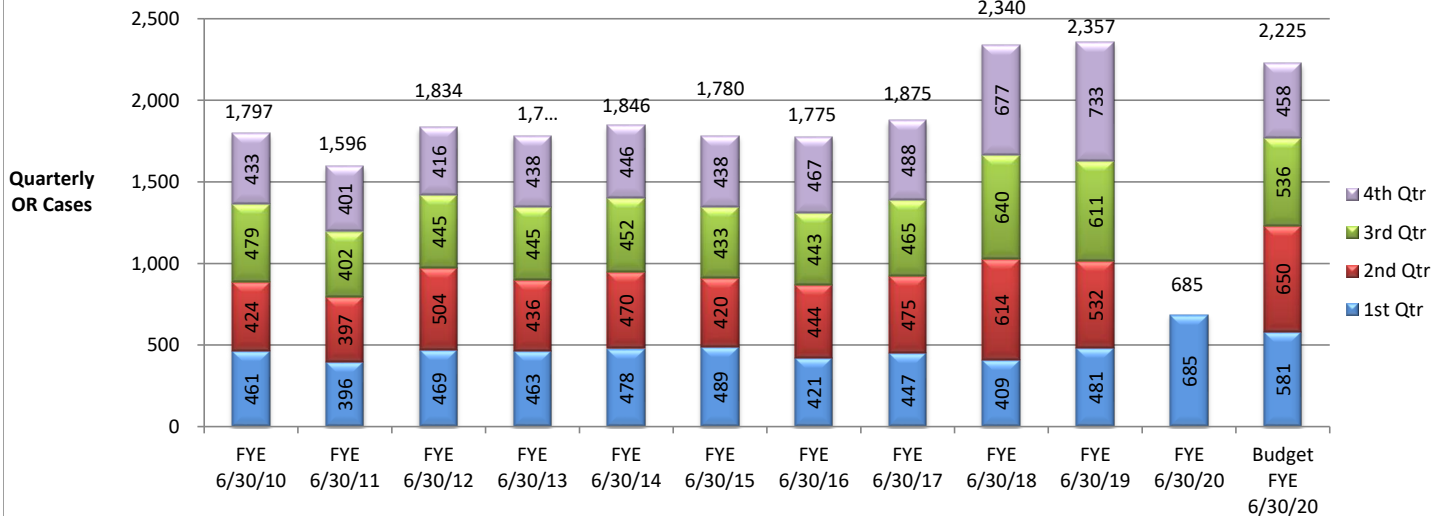
### TOTAL TFH INPATIENT OR CASES



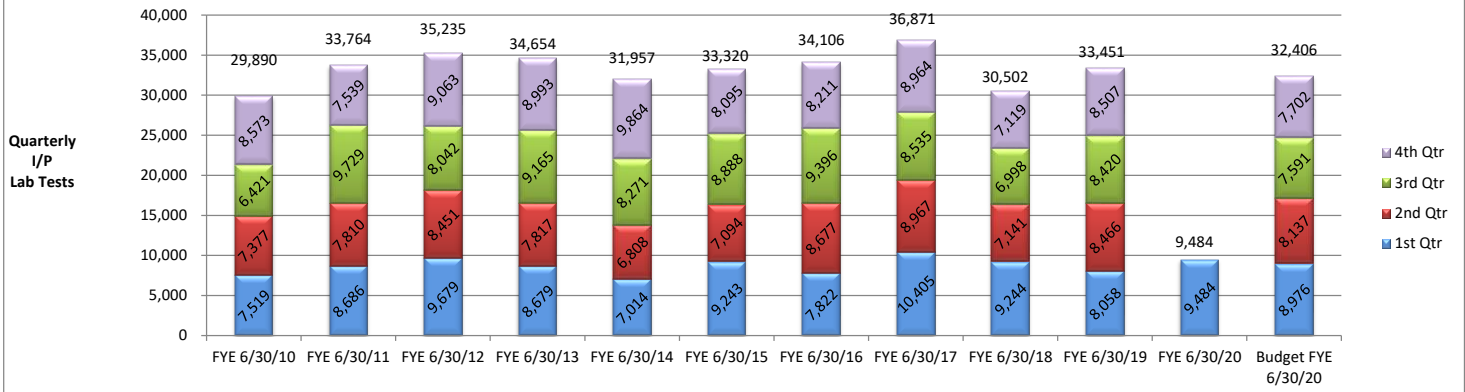
### TOTAL TFH OUTPATIENT OR CASES



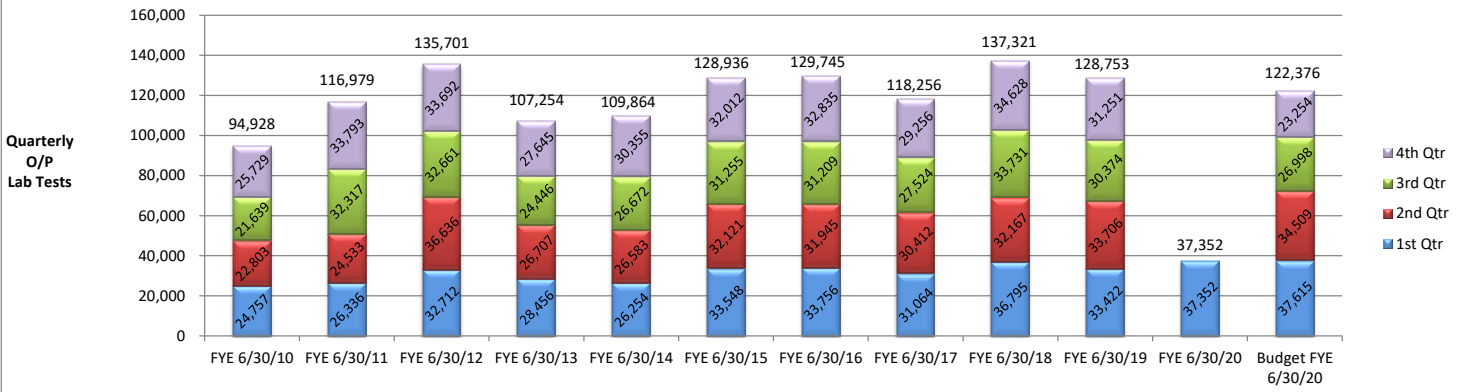
### TOTAL TFH OR CASES



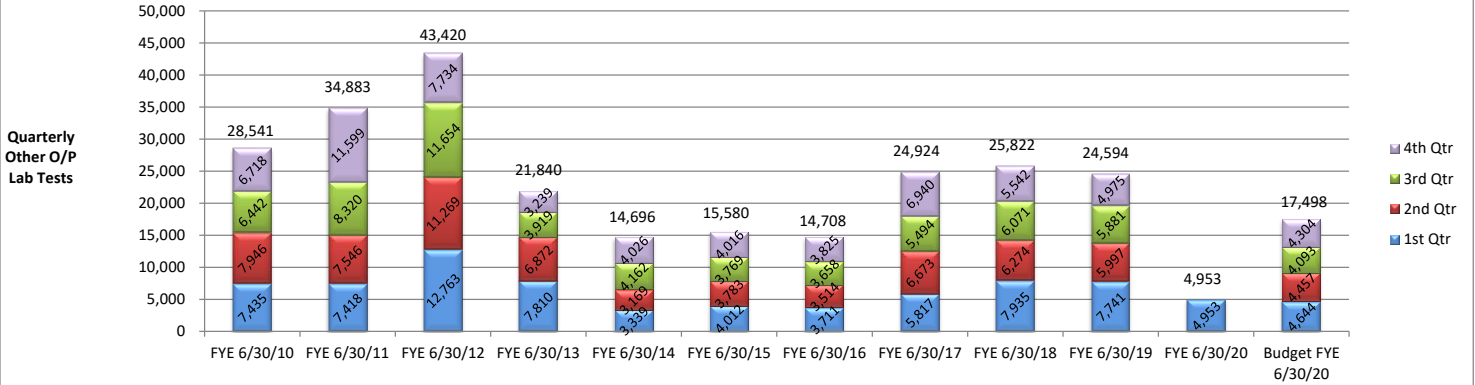
### TOTAL TFH INPATIENT LAB TESTS



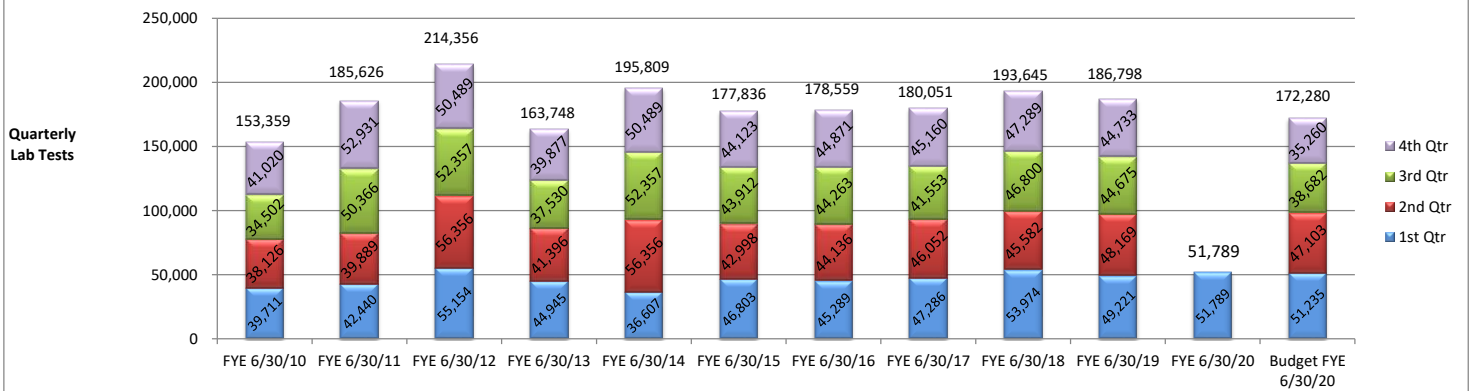
### TOTAL TFH OUTPATIENT LAB TESTS



### TOTAL TFH OTHER OUTPATIENT LAB TESTS

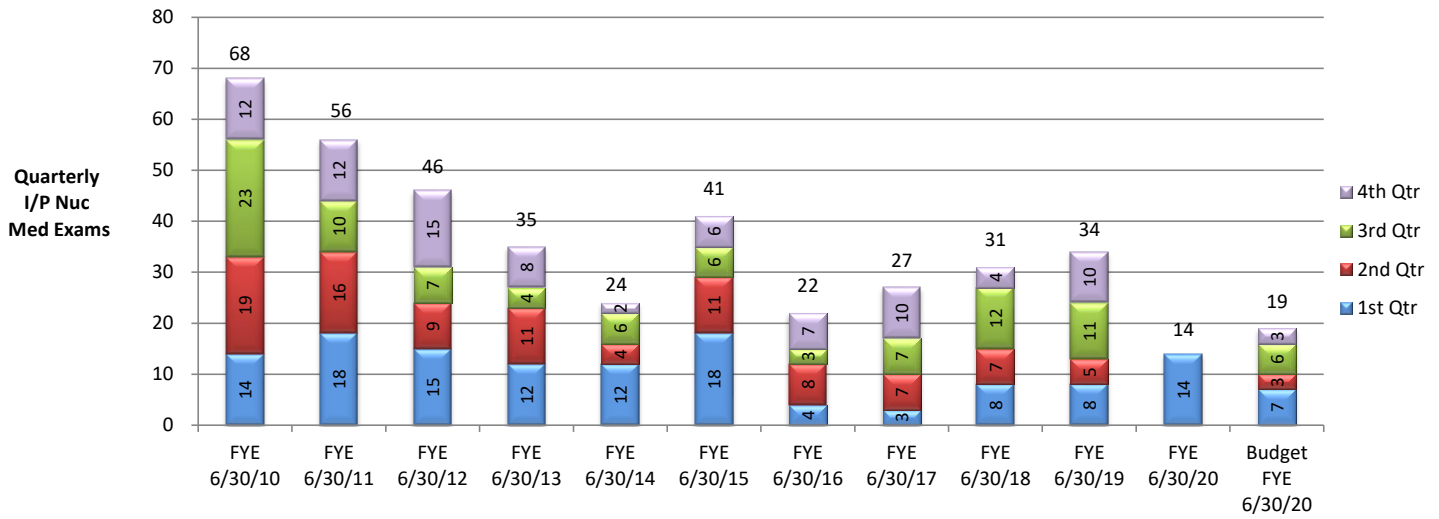


### TOTAL TFH LAB TESTS

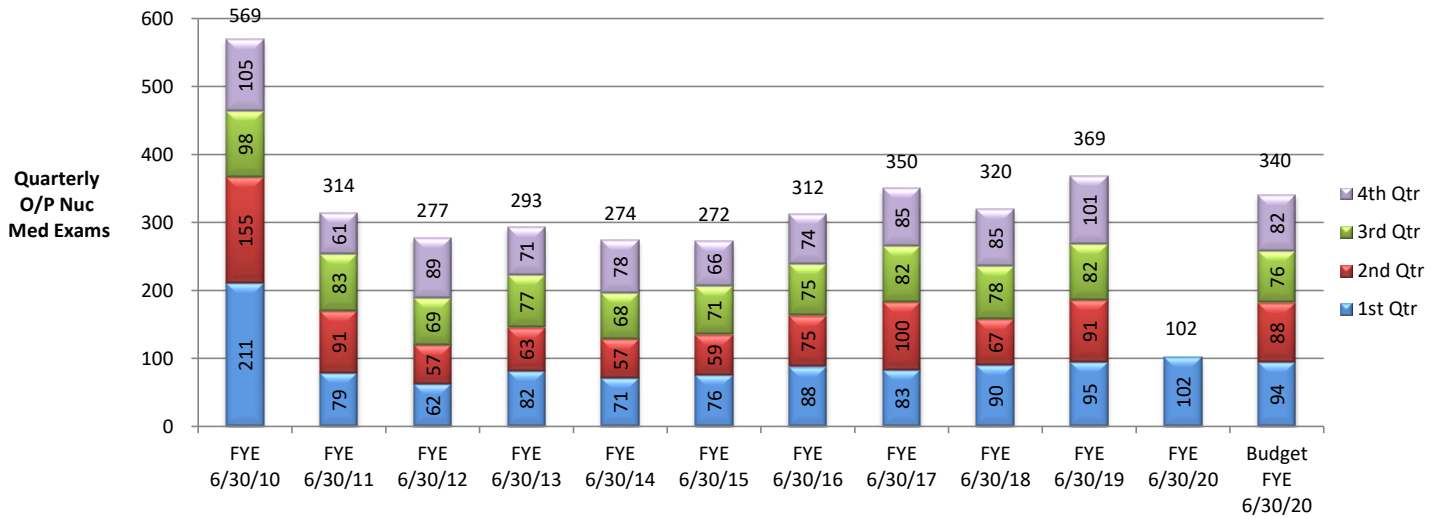




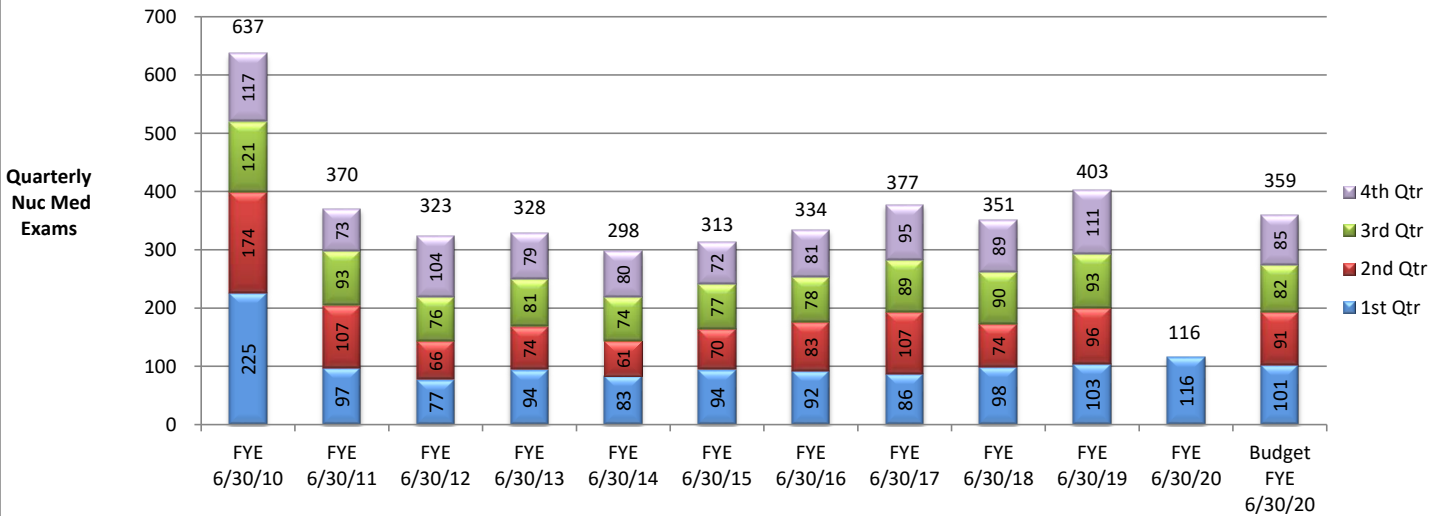
### TOTAL TFH NUCLEAR MEDICINE INPATIENT EXAMS



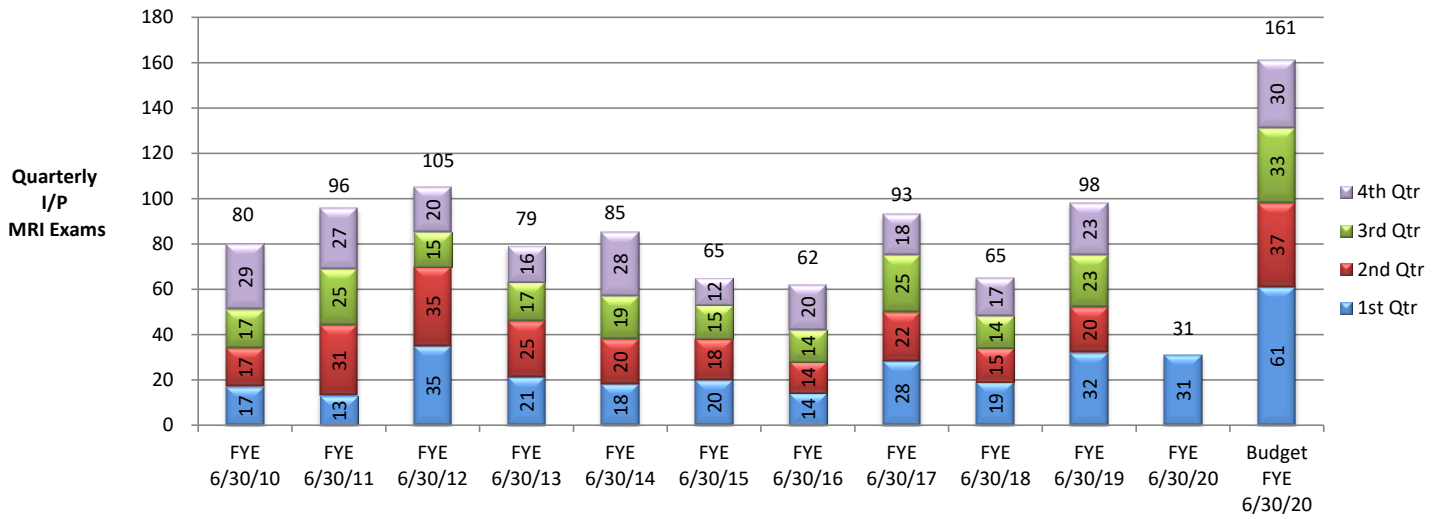
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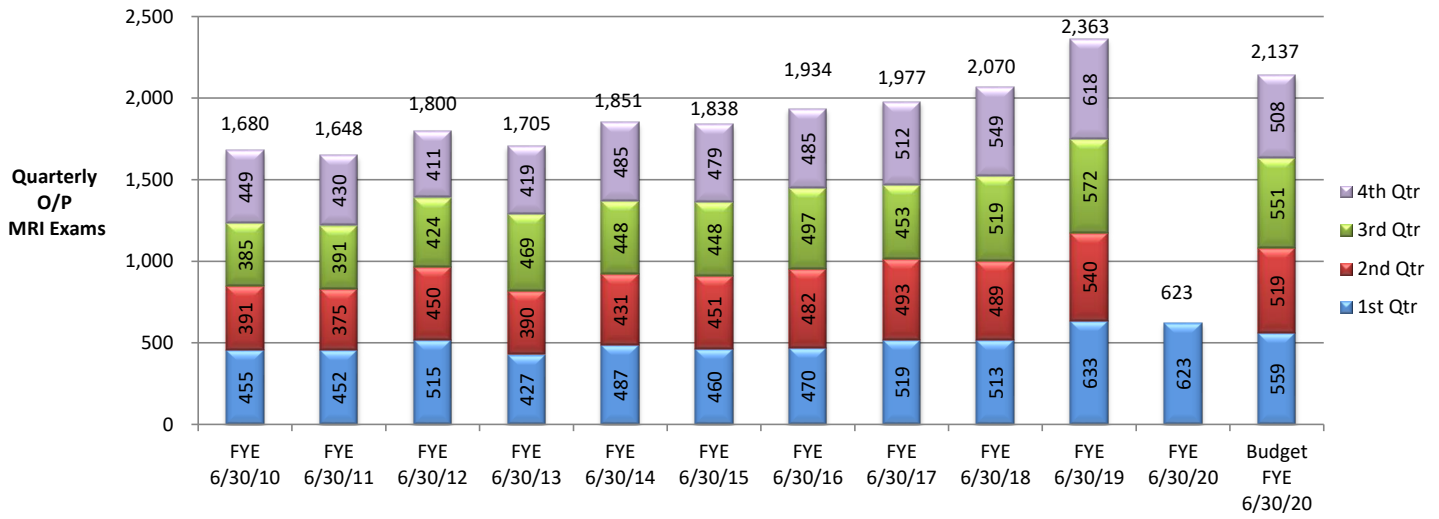
### TOTAL TFH NUCLEAR MEDICINE EXAMS



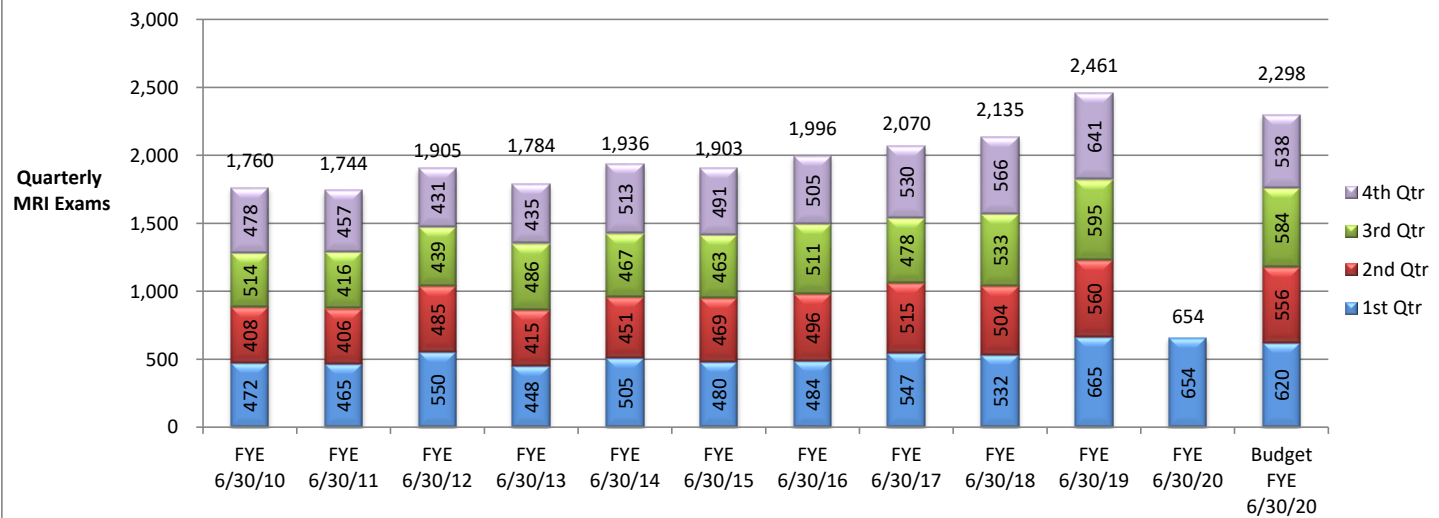
### TOTAL TFH MRI INPATIENT EXAMS



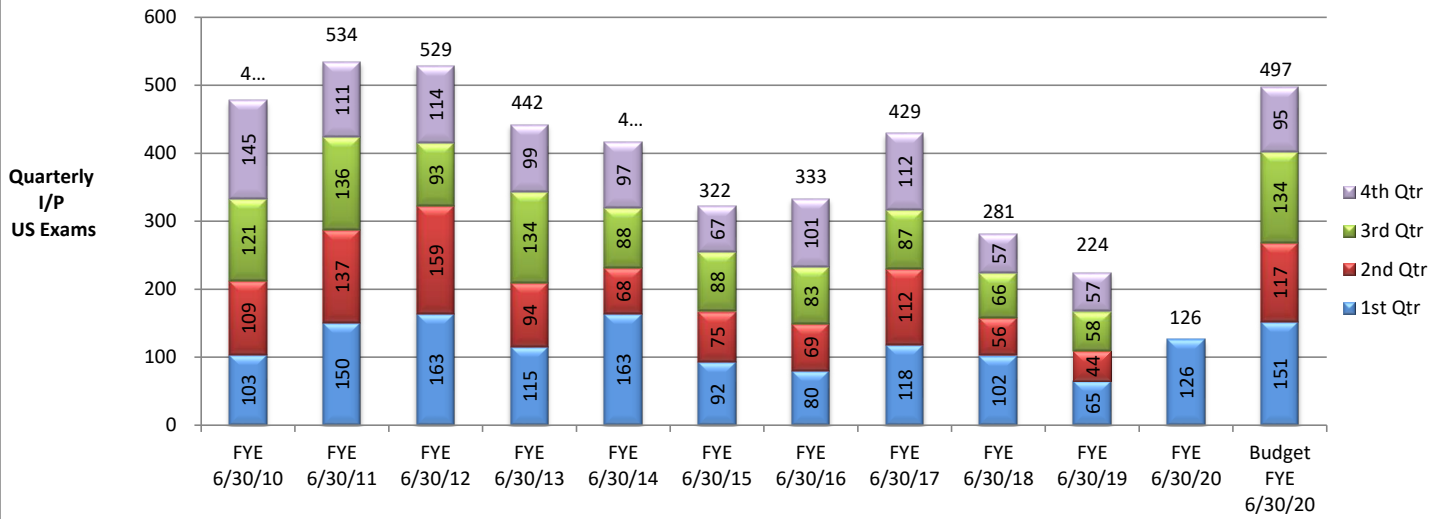
### TOTAL TFH MRI OUTPATIENT EXAMS



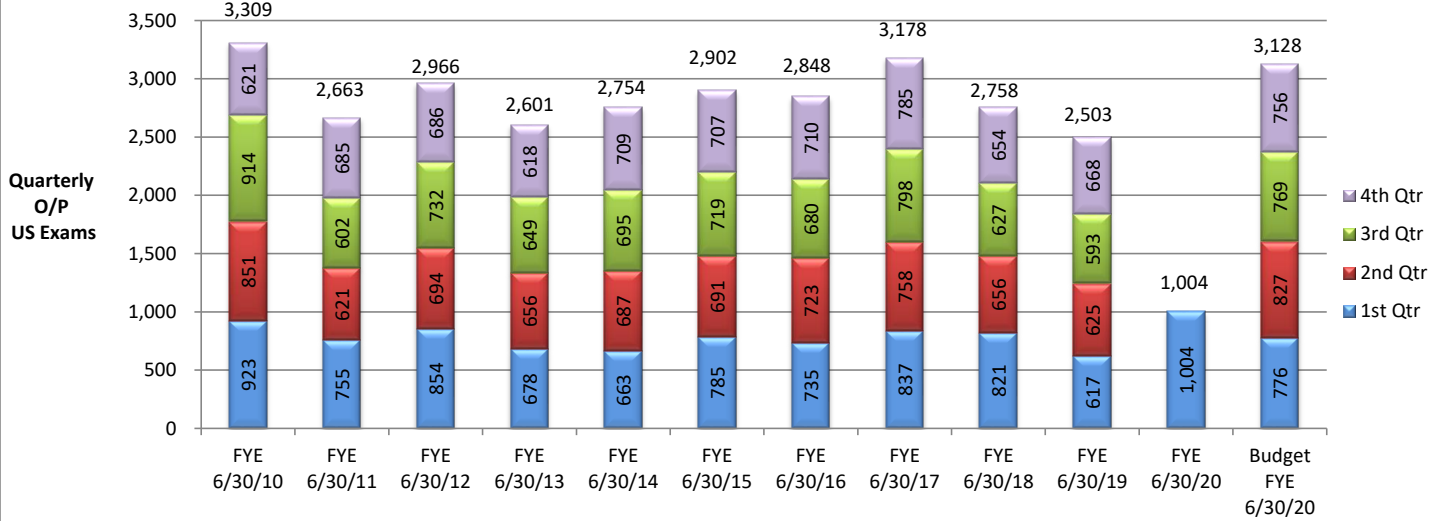
### TOTAL TFH MRI EXAMS



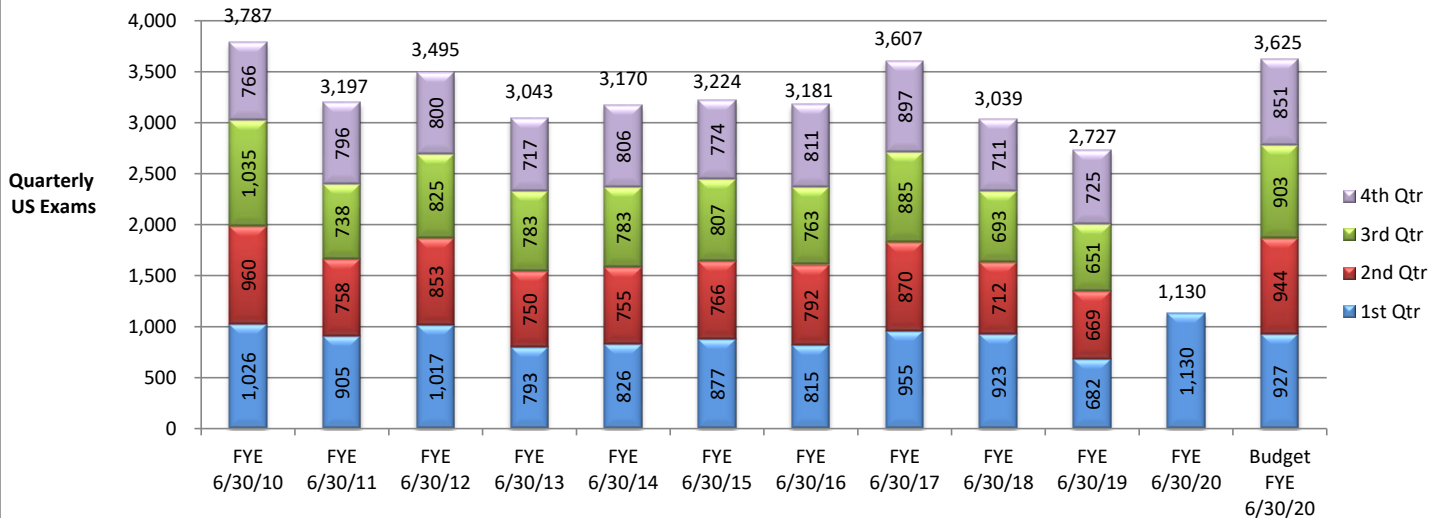
### TOTAL TFH ULTRASOUND INPATIENT EXAMS



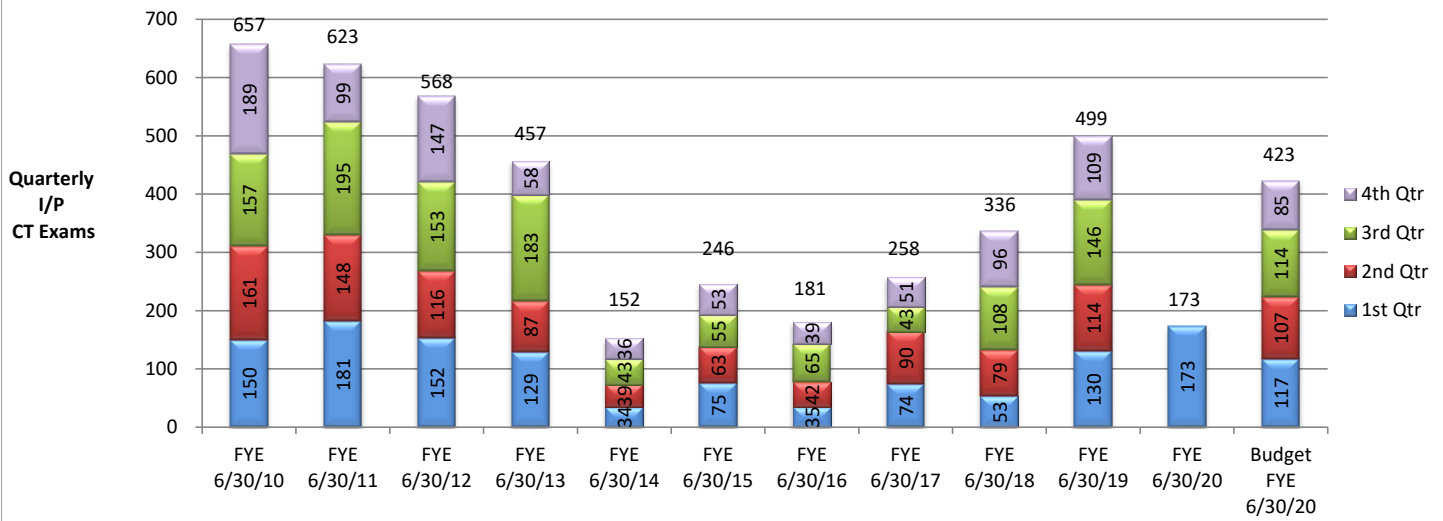
### TOTAL TFH ULTRASOUND OUTPATIENT EXAMS



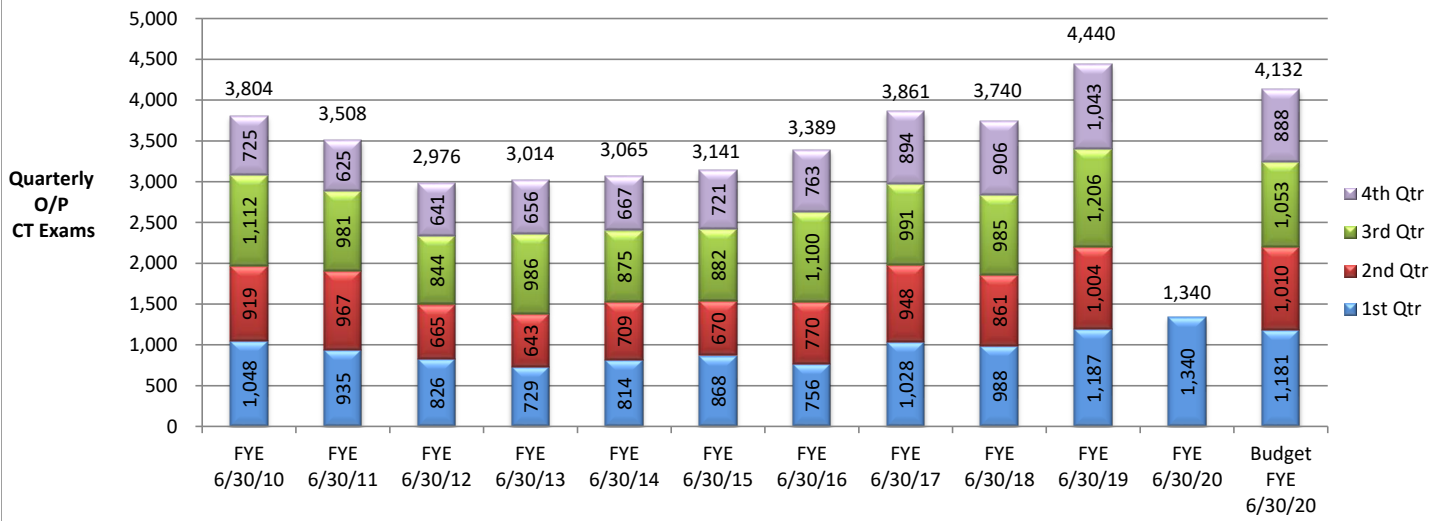
### TOTAL TFH ULTRASOUND EXAMS



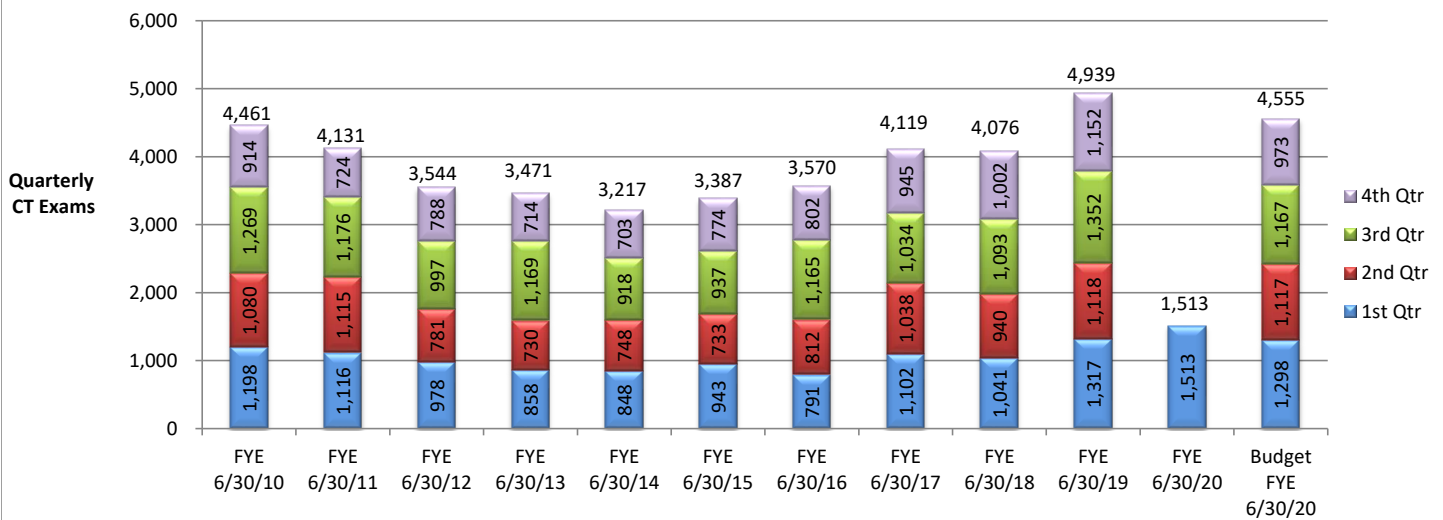
### TOTAL TFH CT INPATIENT EXAMS



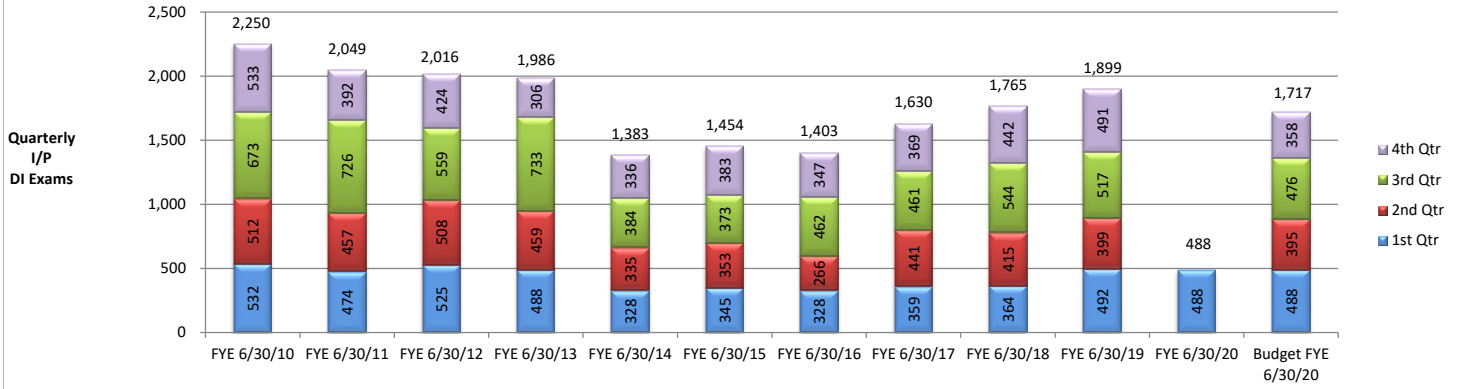
### TOTAL TFH CT OUTPATIENT EXAMS



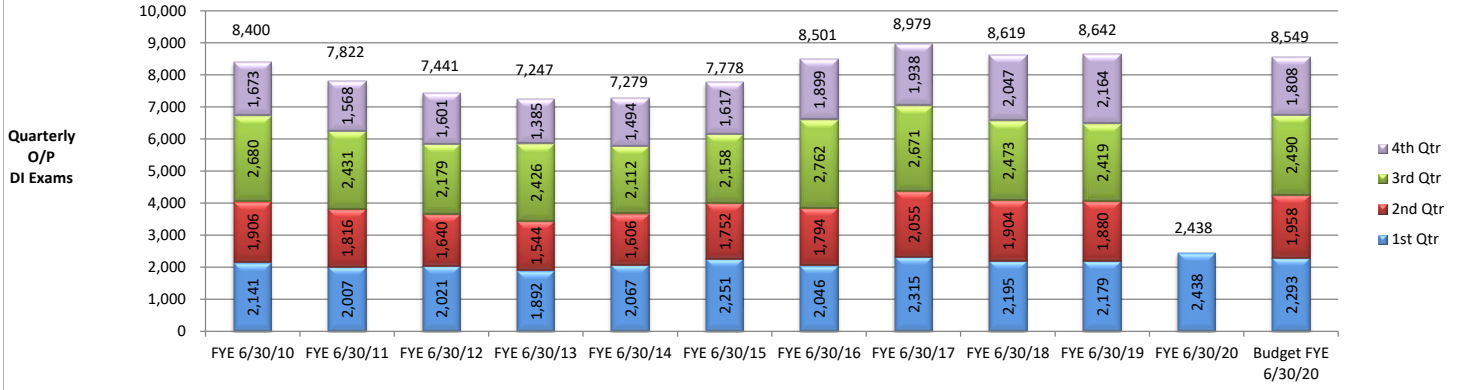
### TOTAL TFH CT EXAMS



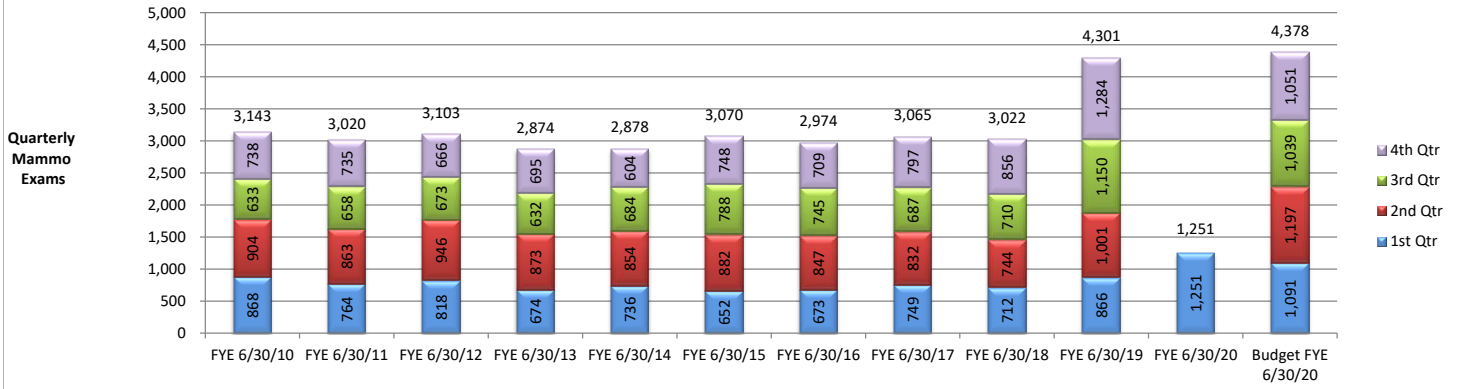
### TOTAL TFH INPATIENT DIAGNOSTIC IMAGING EXAMS



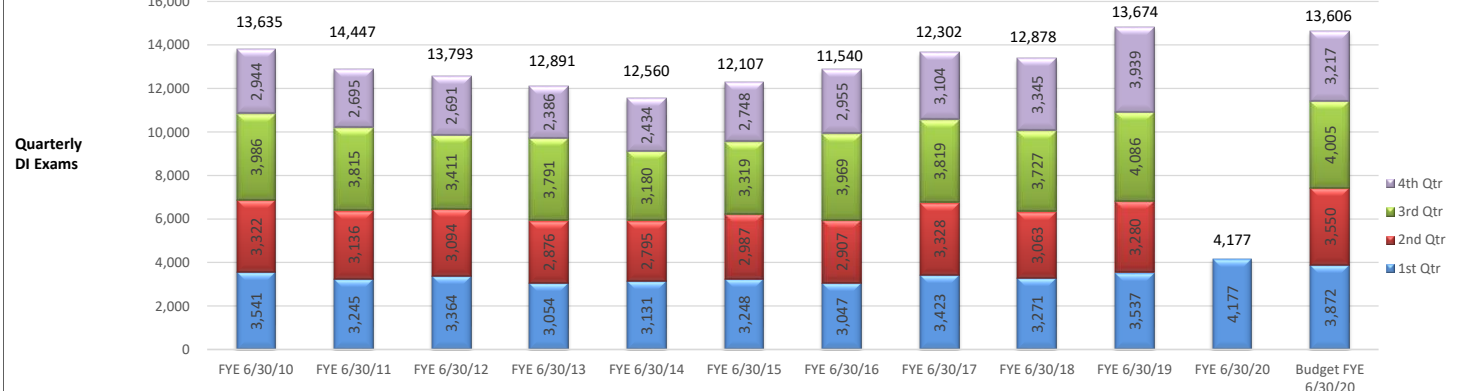
### TOTAL TFH OUTPATIENT DIAGNOSTIC IMAGING EXAMS



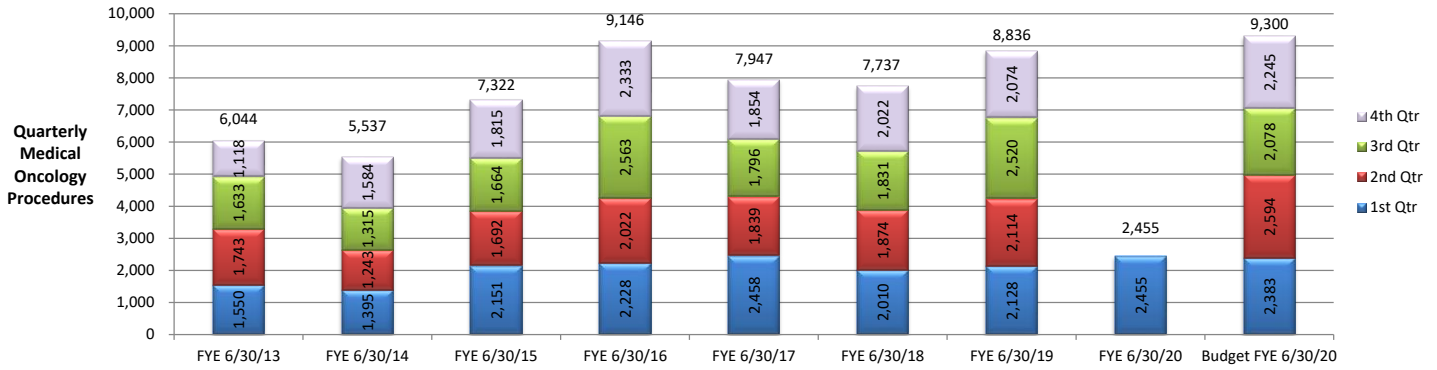
### TOTAL TFH MAMMOGRAPHY EXAMS



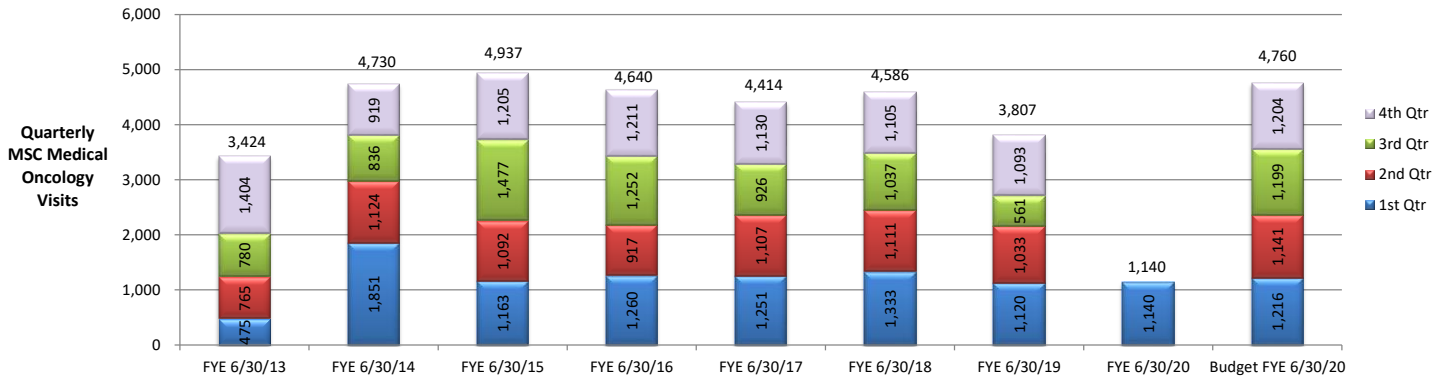
### TOTAL TFH DIAGNOSTIC IMAGING EXAMS



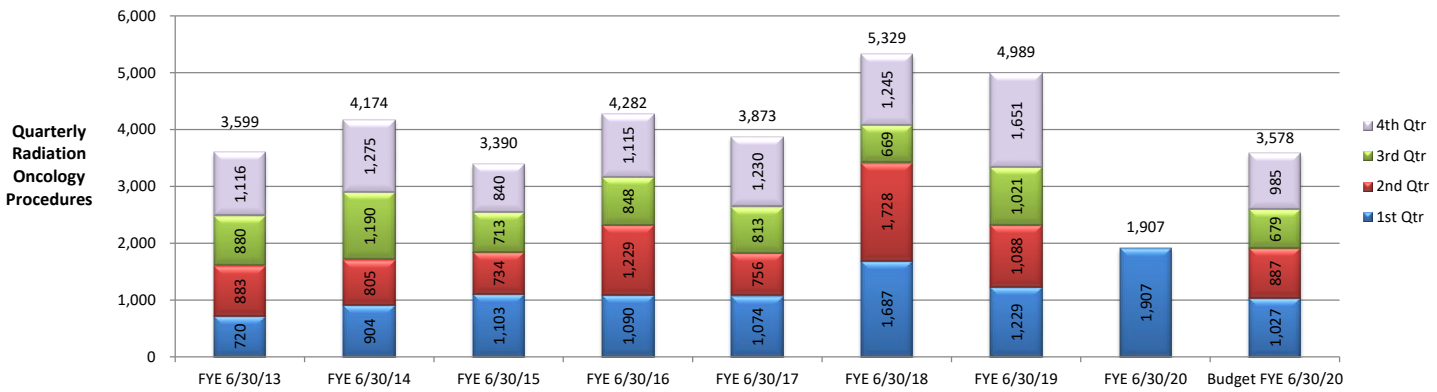
### TOTAL TFH MEDICAL ONCOLOGY PROCEDURES



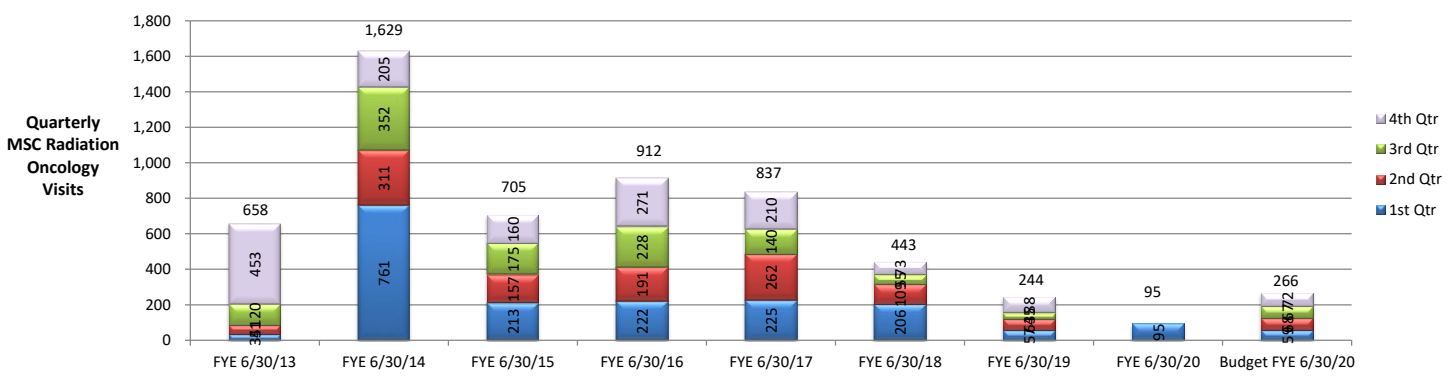
### TOTAL TFH MSC MEDICAL ONCOLOGY VISITS



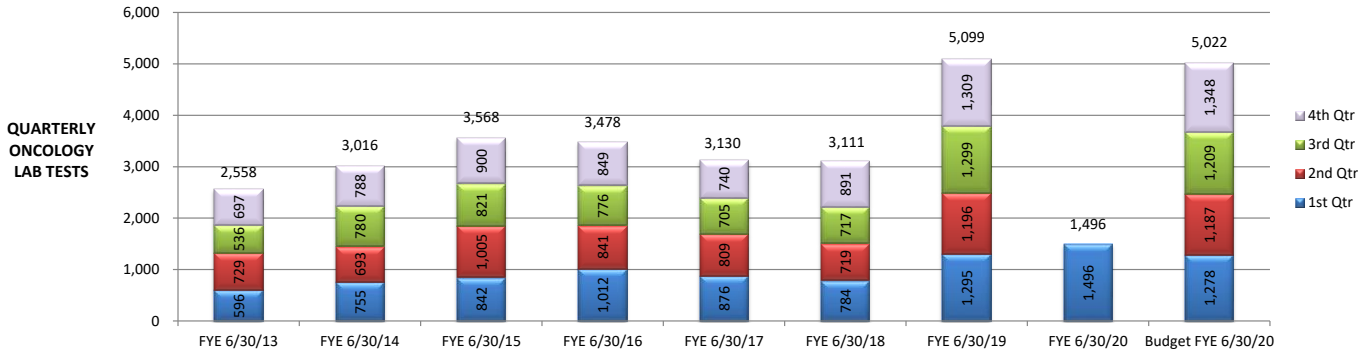
### TOTAL TFH RADIATION ONCOLOGY PROCEDURES



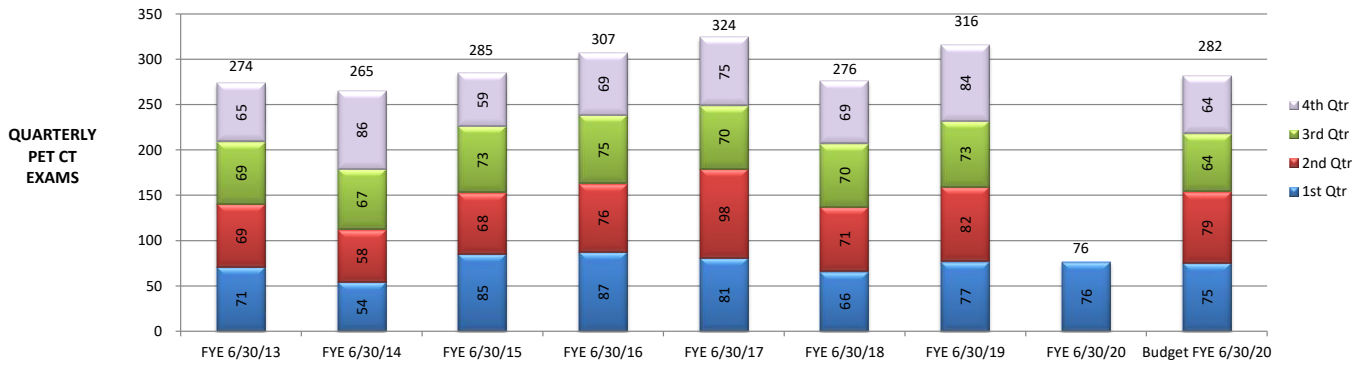
### TOTAL TFH MSC RADIATION ONCOLOGY VISITS



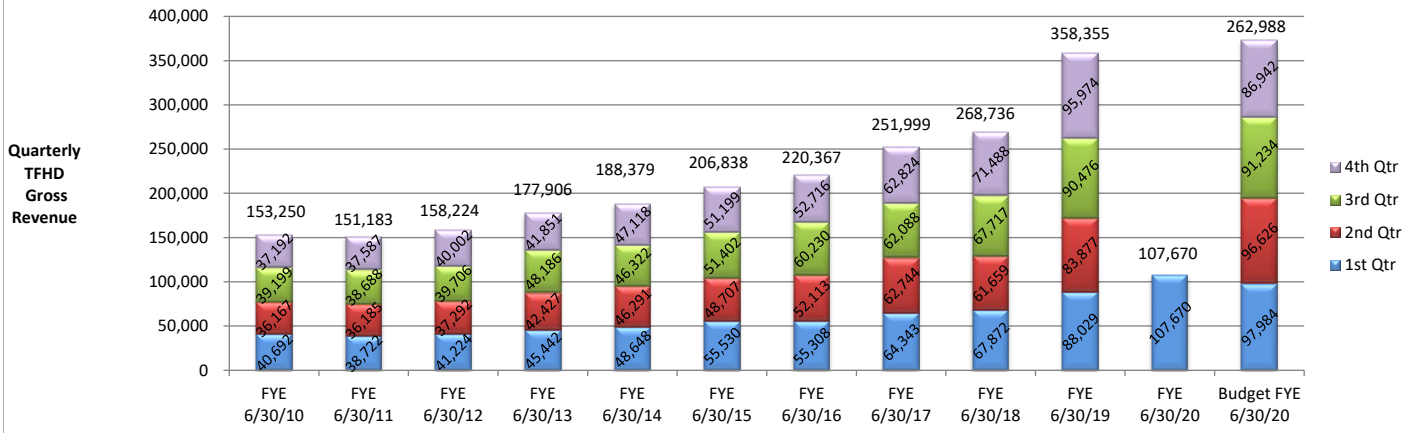
### TOTAL TFH ONCOLOGY LABORATORY TESTS



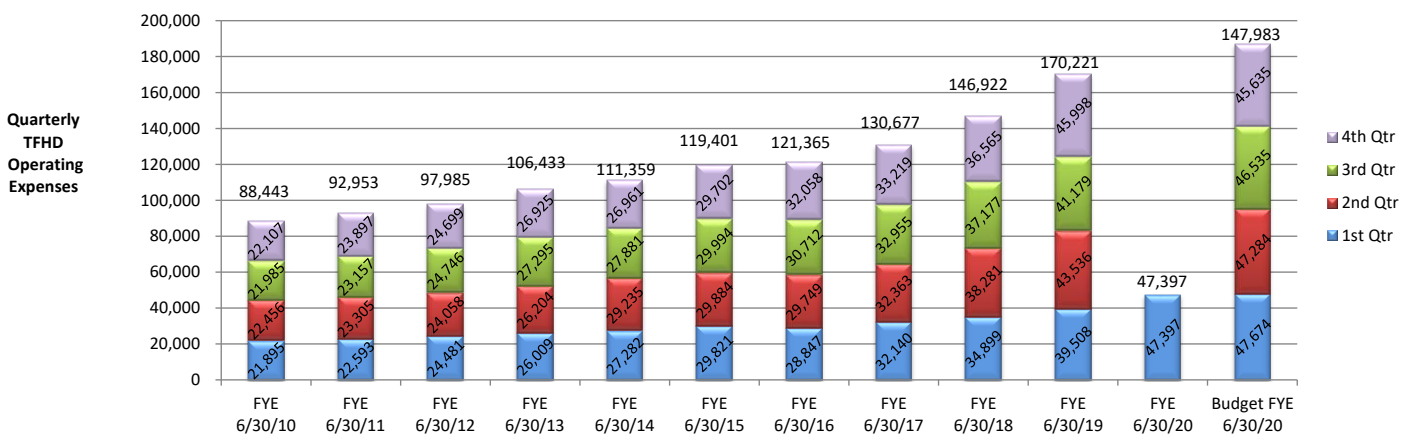
### TOTAL TFH PET CT EXAMS



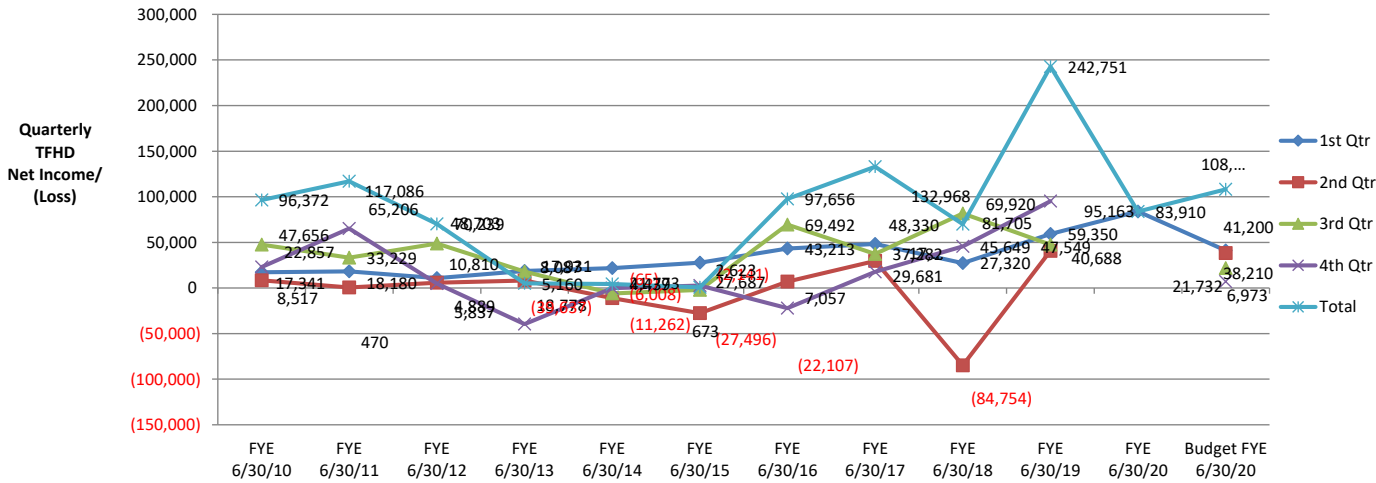
### TAHOE FOREST HOSPITAL DISTRICT TOTAL GROSS REVENUE (In Thousands)



### TAHOE FOREST HOSPITAL DISTRICT TOTAL OPERATING EXPENSES (In Thousands)



### TAHOE FOREST HOSPITAL DISTRICT TOTAL NET INCOME/(LOSS) (In Hundreds)







## Board Informational Report

**By: Harry Weis**  
CEO

**DATE: 10/16/19**

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### **Finance Strategies:**

To review, our Health System experienced volume increases on a broad basis of about 28% in FY19 versus FY18. Now, based on the first 3 months of FY20, we are seeing an additional 10% growth over the prior year.

This growth is across the entire Health System and not in a single area. It is being achieved by a very focused effort on meeting the previously unmet healthcare needs of our full-time residents in our two primary service areas. The influx of visitors and part time residents only adds to this broad based growth which we believe is generating a new high plateau of activity even during what is thought to be our slowest time of the year.

The last fiscal year was our best financial year ever as a Health System. With a very strong first quarter, fiscal year 2020 is now showing promise on surpassing FY19 to become the best financial year.

We are scheduled to receive our annual external audit report at our October board meeting. Our auditors seem very impressed with the growth and quality improvement journey our Health System is on based on their comments to me this week.

### **People Strategies:**

We are starting our employee customer service training as outlined in our Strategic Plan to continue to improve upon what is already great customer service. We are striving to create the very best patient experience for our patients versus any hospital or health system in America.

We have several team member engagement events during the months of November and December as we celebrate great team member performance, which is the basis for how we are generating large annual growth and closing gaps relative to healthcare needs in our region.

Our team is gearing up for the Press Ganey Physician Engagement Survey to be given during the month of November.

We are very focused on preparatory efforts to have a large group of physicians switch to employment around January 1, 2020.

**Service Strategies:**

Our team continues to deliver higher year over year customer service levels. We recently had staff attend a BETA conference in September to receive awards.

Our Director of Patient Registration and Director of Patient Access presented on our Financial Customer Service program to all district hospitals in attendance at the recent Association of California Healthcare Districts meeting in San Diego. Their presentation was well received.

**Quality Strategies:**

Our healthcare team continues to illustrate improvements in our Core Measure bundle year over year and other aspects of Quality as illustrated in our Annual Accomplishments presentation shared at the special board meeting on October 7, 2019.

**Growth Strategies:**

We have two new psychiatric Nurse Practitioners who will join our health system over the next year. We believe we have found a Psychiatrist who is interested in joining us in the second half of calendar year 2020. We are very focused on how we can continue to improve our mental health services and alcohol and drug addiction programs.

We have at least two other specialties we are focusing on filling over the next year in our continued effort to close gaps or backlogs in patient access here in the region. Having the office space for them to work is the critical issue now.

We continue to collaborate with area health systems to better understand the healthcare needs of the region. These efforts help us perform better and improves the performance of the health systems around us.

Our health system continues to elevate its visibility in an impactful manner across the region as we work to improve state and federal policies that affect high quality patient care for district hospitals and other types of health systems.

The last of our four partners on the Workforce Housing Joint Powers Agency will present at their November board meeting so we are hopeful to have our formative start up following their meeting.

We are considering developing and distributing a survey to team members who live outside of the Truckee area to better understand their housing needs and if they wish to live in Truckee. As we hire more than 100 employees per year and as we experience retirements, the topic of workforce housing will become more important each year.



## Board COO Report

**By: Judith B. Newland**

**DATE: October 2019**

### **Quality: Pursue Excellence in Quality, Safety and Patient Experience**

#### Focus on our culture of safety

Diagnostic Imaging had a successful unannounced American College of Radiology (ACR) Accreditation Survey. The surveyor wrote in their report, "This site is doing an excellent job! Everything needed was well-organized and easily available. Everyone is very kind and truly helpful! You are making the ACR proud!" Thank you to the Diagnostic Imaging Team for their dedication and commitment to assure a successful survey.

Our Reliability Management Team (RMT) continues to be active with weekly huddles and monthly training. Our Directors, Managers and Supervisors completed online Reliability Management training modules and we are evaluating modules to expand to employees.

#### Prioritize patient and family perspective

The first two classes of our Patient and Family Experience Training program occurred Wednesday, October 16<sup>th</sup>. This training is in follow-up to Town Halls and is a goal in our Strategic Plan. This is a two-hour training for all Health System staff to attend that provides training on striving to provide a perfect care experience for patients and how we treat each other. It will take 12-18 months to train all employees.

### **Growth: Foster and Grow Community and Regional Relationships**

#### Enhance and promote our value to the community

The Tahoe Forest Health System Foundation (TFHSF) coordinated two home receptions, one in Lahontan and one in the Martis Camp, to update community members on current and future services in our Health System. There was time provided for a question and answer session. A big thank you to the home owners who opened their house to these events.

### **Service: Optimize Deliver Model to Achieve Operational and Clinical Efficiency**

#### Implement a focused master plan

Report provided by Dylan Crosby, Director Facilities and Construction Management

#### **Moves:**

- 2<sup>nd</sup> Floor Cancer Center moves are being planning, timing to be determined based on licensing approval.
- Incline Thrift Occupancy is being planned.

#### **Projects in Progress:**

**Project:** TFHD Pharmacy Clean Room, OSHPD S170926-29-00

**Estimated Start of Construction:** 4/30/2018

**Estimated Completion:** Fall 2019

**Summary of Work:** To meet new federal USP 800 regulations the surgical special procedures room will be reconstructed to house pharmacy compounding during construction, Phase 1. Phase 2 will be to reconstruct the Pharmacy to meet USP 800 requirements.

**Update Summary:** All work is complete. Fire Clearance has been approved. OSHPD inspection is scheduled for 10/18/2019. After acceptance, CDPH licensing application will be submitted for change of use.

**Project:** Cancer Center 2<sup>nd</sup> Floor

**Estimated Start of Construction:** 10/18/2018

**Estimated Completion:** Fall 2019

**Summary of Work:** Construct the 2<sup>nd</sup> floor of the Cancer Center for expansion of Rural Health Clinic Services.

**Update Summary:** 1<sup>st</sup> floor work is under construction. 2<sup>nd</sup> floor licensing inspection is scheduled for 10/23/2019.

**Project:** Tahoe City Physical Therapy Expansion

**Estimated Start of Construction:** October 2019

**Estimated Completion:** TBD

**Summary of Work:** Lease and renovate the remainder of the second floor of existing building.

**Update Summary:** Contracts have been executed and procurement is underway.

**Project:** Center for Health and Sports Performance Renovation

**Estimated Start of Construction:** TBD

**Estimated Completion:** TBD

**Summary of Work:** Transform existing center into open floor concept and provide additional treatment tables.

**Update Summary:** Project on Hold

**Project:** 2019 TFH Structure Demolition

**Estimated Start of Construction:** September 2019

**Estimated Completion:** November 2019

**Summary of Work:** Demolish Pat and Ollies, North and South Levon Apartment structures.

**Update Summary:** Demolition of building has been completed and approved. Final grading is in progress.

**Project:** ECC Interior Upgrades

**Estimated Start of Construction:** TBD

**Estimated Completion:** TBD

**Summary of Work:** Remodel all patient rooms and dining area of the 1985 building of the ECC

**Update Summary:** Project is out to bid. Bids will be received 11/6/2019.

**Project:** Security Upgrades

**Estimated Start of Construction:** Winter 2019

**Estimated Completion:** Summer 2020

**Summary of Work:** Make the necessary modifications to improve security in Surgery, Diagnostic Imaging and Emergency Departments.

**Update Summary:** Project has been approved and is being prepared to go out to bid.

### **Projects in Permitting:**

**Project:** Campus Water Improvements

**Estimated Start of Construction:** TBD

**Estimated Completion:** TBD

**Summary of Work:** Move the PRV station to Donner Pass Rd allowing the Hospital campus to tie into the high pressure water line in Donner Pass Rd. This will allow for a higher average of water pressure throughout the campus.

**Update Summary:** Electrical has been approved, water improvements are under review.

**Projects in Design:**

**Project:** Day tank and Underground Storage tank replacement.

**Estimated Start of Construction:** TBD

**Estimated Completion:** TBD

**Summary of Work:** Remove and replace the 30-year-old underground storage tank and existing day tank.

**Update Summary:** Project is in the process of being designed.

**Project:** 2<sup>nd</sup> Floor MOB

**Estimated Start of Construction:** TBD

**Estimated Completion:** TBD

**Summary of Work:** Remodel 3 suites of the 2<sup>nd</sup> floor of the MOB.

**Update Summary:** Project is in the process of being designed.

**Project:** Site Improvements Phase 2

**Estimated Start of Construction:** Summer 2019

**Estimated Completion:** Winter 2019

**Summary of Work:** Project include the Levon Parking Structure, Pat and Ollies Parking, Gateway Temporary Lot and MOB East Parking Extension.

**Update Summary:** Project is in the process of being designed.

**Project:** Gateway Medical Office Building

**Estimated Start of Construction:** Spring 2021

**Estimated Completion:** Winter 2024

**Summary of Work:** Create a new medical office building to house multiple hospital entities.

**Update Summary:** Procurement method is in development.

**Project:** Incline Endoscopy and SPD Remodel

**Estimated Start of Construction:** Spring 2021

**Estimated Completion:** Winter 2024

**Summary of Work:** Create a new procedure room for ENDO procedure and enhance SPD for processing.

**Update Summary:** Project is in design.



## Board CNO Report

**By: Karen Baffone, RN, MS**  
Chief Nursing Officer

**DATE: October 2019**

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### **Service: Optimize delivery model to achieve operational and clinical efficiency**

*Use technology to improve efficiencies*

- Monitor project on hold for a Nihon Kodan equipment update for improved reception. Delay expected less than 120 days.
- Performance improvement project data collection started to decrease discharge order to door time
- Performance improvement project for Pain Management

### **Quality: Provide clinical excellence in clinical outcomes**

*Identify and promote best practice and evidence-based medicine*

- **Women and Family**
  - Nevada County receive 1<sup>st</sup> place in the State for breast feeding
- **Level III Trauma**
  - Stop the Bleed education has begun – excellent staffing turnout for the education
  - Lunch and Learn provided for the staff
  - Ongoing data collection
  - Our trauma coordinator Natasha Lukasiewich was nominated for top 50 healthcare workers under 50
- **Care Coordination**
  - Pediatric Care Coordinator hired and in place within the Pediatric Clinic.

### **Growth: Meets the needs of the community**

*Enhance and promote our value to the community*

- Truckee Surgery Center – First several surgeries completed including a pediatric case
  - First Assist Contract processing
  - Open house was held on October 16, 2019
  - Third Party Payer Contracts completed
  - OR will be limited to those procedures that are covered services by our payers.



**By: Jake Dorst, MBA**  
Chief Information and Innovation Officer

**DATE: October 2019**

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**Service: Optimize delivery model to achieve operational and clinical efficiency**

*Use technology to improve efficiencies*

- Interface Resource-David Stinson oriented and actively working
- Cancer Center project sign off of all workflows. Build completed. Testing started.
- Cancer Center Reports for Epic-large work effort
- EEO Project-rebuild or new build of many reports and extracts for move to PB
- Interfaces for Epic Cancer Center to Varian integration project continues
- Varian Rad Oncology upgrade and new server build underway
- PI project on EKG/EKG interpretation and EKG charging
- Formation of a Physician Epic Leadership Team
- Project to archive all OBIX documentation and fetal monitor strips started
- KnowBe4 Baseline Complete ~9% of 496 recipients clicked on “phishing” link (5% better than healthcare industry) – Next: Training
- Assessing hosted “Security Operations Centers” (SOCs) to identify how they may enhance and improve TFHD security posture and ongoing support
- Successfully upgrade 50+ workstations to Windows 10 using automated tools (Access Center). Continuing to target end of November for completion
- Staged TTMG network gear at Squaw to avoid mid-season interruption
- MSC – PC’s & Phone built. Deploying Oct 21
- UltiPro Time clocks swapped throughout district
- Virtual Backup Appliance online. Currently running “full” Job to baseline storage needs
- Cloud based M\*Modal Lab built for clinical IT testing prior to enterprise rollout
- Fortified Risk Assessment Kick-Off scheduled for 4 Nov
- ExtraHop & Introspect Proof of Concept complete. Evaluate with CIO for potential future ROI
- Imprivata still working slow sign-on issues with vendor. They have confirmed the problem is beyond TFHD
- Advancing progress of removing anonymous accounts to more accurately track individual usage/activities for security purposes
- TTMG on schedule
- EEO Training for Parallel testing
- EEO training plans approved by service line leadership
- MyChart Education and Technology Teams preparing for November education and December go live
- Nuance One in progress – waiting on Vendor
- MIM Vista in progress – waiting on department

- ACR Select Phase II build expected complete 11/1. Roll out before year end
- Truckee Surgery Center complete
- Level III Trauma in process
- UltiPro conversion has gone live
- Preparation for November move of clinics to 2<sup>nd</sup> floor cancer center
- IRRG replacement in planning
- KaufmanHall Cost accounting in planning
- Experian Credit Card portal in planning





## Board CMO Report

**By: Shawni Coll, D.O., FACOG**  
Chief Medical Officer

**DATE: October 10, 2019**

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**People: Strengthen a highly-engaged culture that inspires teamwork**

*Attract, develop, and retain strong talent and promote great careers*

- We are actively recruiting for behavioral health and have multiple candidate that are interested along with working diligently to ensure that the transition with TTMG goes smoothly.

**Service: Optimize delivery model to achieve operational and clinical efficiency**

*Implement a focused master plan*

- We are awaiting sign off from the state on the specialty clinics that will occupy the second floor of the Cancer Center.

**Quality: Provide clinical excellence in clinical outcomes**

*Focus on our culture of safety*

- Surgery Committee is modifying the Time Out process to be more team-focused, so that each member of the team can speak up with safety concerns.

**Growth: Meets the needs of the community**

*Define opportunities for growth and recapture outmigration*

- We have identified some areas of outmigration and the Team is evaluating if that is a specialty that we need to bring into the Tahoe Forest Health System. Due to space constraints along with innumerable other projects, this will need to be a well thought out decision.



Date: October 18, 2019

To: Tahoe Forest Hospital District Board of Directors

From: Karli Epstein, Executive Director – Incline Village Community Hospital Foundation

Re: Request to ratify new IVCHF Board Candidate

Dear Tahoe Forest Hospital District:

At the October 14<sup>th</sup> meeting of the IVCHF Board of Directors, the board agreed to vote a new candidate, for the seating of the Foundation Board.

The Board approved this nomination on 10/14/19. These candidates will maintain the membership of the Foundation Board of no less than 6 voting members and 1 ex-officio non-voting member. Full resume is attached.

1. Earl Nemser, Vice Chairman, *Interactive Brokers Group Inc*

Respectfully submitted on behalf of Karli Epstein.

**EARL H. NEMSER**

PO Box 1336  
1 Big Water Drive  
Crystal Bay, NV 89402  
917-689-9994

***Fifty years of experience in dual careers as Vice Chairman of Interactive Brokers Group and as a private corporate lawyer engaged in complex litigation and transactional work in the US and around the world***

Education: New York University, Bachelor of Arts, Economics, 1967  
Boston University, School of Law, J.D. *magna cum laude*, 1970  
Note Editor, Boston University Law Review

Clerkship: U.S. Court of Appeals, Third Circuit, Honorable Collins J. Seitz, Chief Judge 1970-71

Bar Admissions: State of New York,  
The Supreme Court of the United States  
U.S. District Court for the Southern and Eastern Districts of New York  
U.S. Courts of Appeals, First, Second, Third, Fourth, Seventh and Ninth Circuits

Experience:  
1972-1979 Associate, Cadwalader, Wickersham & Taft, New York, New York  
1979-1991 Partner, Cadwalader, Wickersham & Taft, New York, New York  
1991-1997 Partner, Dechert, LLP (predecessor firms), New York, New York  
1997-2018 Special Counsel, Dechert, LLP, New York, New York  
2019-Present Independent Advisor, Dechert, LLP, New York, New York  
1986-Present Vice Chairman, Interactive Brokers Group, Inc. (predecessor firms), Greenwich, CT

Non-Profit  
1982-1988 New York City Transit Authority Advisory Council  
1982-1988 Permanent Citizens Advisory Committee to the Metropolitan Transit Authority  
1987-1997 Member, Panel of Arbitrators, American Arbitration Association  
1995-2019 Member, Board of Directors, Park Avenue and 76<sup>th</sup> Tenants Association  
2005-Present Member, Advisory Board, Lenox Hill Hospital, New York City  
2010-2019 Member of the Board of Directors or Board of Advisors various Greenwich, CT organizations, including Greenwich Land Trust; Greenwich Historical Society; Greenwich Riding Trails Assn

*As a businessman, I am a founding shareholder and serve as Vice Chairman of Interactive Brokers Group, the largest online broker in the world, conducting a broker dealer business on over 125 market destinations worldwide. The company has over 1,500 employees in its offices in the USA, Switzerland, Canada, Hong Kong, UK, Australia, Hungary, Russia, Japan, India, China and Estonia. I have been involved in all aspects of this highly regulated business since inception and I sit on the Company's Board of Directors and that of its affiliates.*

*As a litigator and corporate lawyer, I have been engaged in several areas of law, including:*  
--Financial Services: Represented Securities Brokers, Commodities Brokers and Banks as defense counsel and in transactional work. Clients have included Merrill Lynch, Bank of New York, The Bowery Savings Bank, Home Savings of America, Interactive Brokers, Mocatta Metals Corporation, Dean Witter, Kidder Peabody, Smith Barney, Household International, Oppenheimer, Commodities Corporation, D.E. Jones,

Source Securities, Walsh Greenwood, Lazard, Lombard Wall, Dillon Read, Donaldson Lufkin & Jenrette, Mabon Nugent, Israeli Discount Bank, Banque Cantrade, Banque Indosuez, Financiere Fransad

- Defense of Government Officials and Educators: Clients have included William Colby, Director of Central Intelligence; James Schlesinger, Director of Central Intelligence, Vernon Walters, Deputy Director of Central Intelligence; Robert Cushman, Postmaster General, William Strafford, US Attorney, ND Fla, Andrei Shleifer, Harvard University, Richard Falk, Princeton University
- Manufacturing: Clients have included American Enka and Akzo Noble, Chaus, Jordache Jeans, Cross Pen Company
- Bankruptcy: Represented Rockefeller Properties, American Express Warehousing
- Hospitality, Transportation, Sports and Publishing: Defended Holiday Inns International in class action litigation; defended Martha Stewart International, Defended North American Soccer League; defended jockey Eddie Maple, defended American Steamship Company, prosecuted Baltimore & Annapolis RR for unlawful abandonment, Represented Guana Island Resorts in various matters, represented MacMillan Publishing in various matters
- Criminal Defense: Defended the largest tax fraud case in U.S. History; defended the first lawyer accused of insider trading, defended the first French insider trading case
- Health Care and Pharmaceutical: Defended Booth Memorial Hospital owned by The Salvation Army and engaged in transactional work for Psychogenics, Inc.
- Oil and Gas: Defended Amerada Petroleum Corporation in class action litigation and represented Skelly Oil defensively in tender offer litigation brought by Getty Oil
- Private Client Matters: Represented several families and individuals in various matters including trust and estates matters, divorce proceedings, adoptions and investment matters



FINAL DRAFT

*Report of Independent Auditors and  
Financial Statements*

**Tahoe Forest Hospital District**

*June 30, 2019 and 2018*



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## **Management's Discussion and Analysis**

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FINAL DRAFT

# **Tahoe Forest Hospital District Management's Discussion and Analysis For the Years Ended June 30, 2019, 2018, and 2017**

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Tahoe Forest Hospital District (the "District") is a public entity organized under Local Hospital District Law as set forth in the Health and Safety Code of the State of California. The District includes the following component units which are included as blended component units of the District's combined financial statements: Tahoe Forest Health System Foundation ("TFHSF"), Incline Village Community Hospital Foundation ("IVCHF"), TIRHR, LLC ("TIRHR"), and the Tahoe Institute for Rural Health Research (the "Institute").

Our discussion and analysis of the District financial performance provides an overview of the District's financial activities for the years ended June 30, 2019, 2018, and 2017. Please read this in conjunction with the District's combined financial statements and accompanying notes, which begin on page 12. Our discussion and analysis of the District does not include Truckee Surgery Center, LLC, which is a discretely presented component unit.

## **Financial Highlights for Fiscal Year 2019**

- The District's increase in net position was \$20.3 million for 2019 as compared to \$5.4 million for 2018.
- The District's income (loss) from operations for fiscal year 2019 was \$8.5 million as compared to (\$3.9) million for 2018.
- Nonoperating revenues were \$11.8 million in fiscal year 2019 as compared to \$8.9 million for 2018.

The District's combined financial statements consist of the following: combined statements of net position; combined statements of revenues, expenses, and changes in net position; and combined statements of cash flows. These combined financial statements and accompanying notes provide information about the operations of the District as of and for the fiscal years ended June 30, 2019, and 2018.

## **The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position**

One of the most important questions asked about the District's finances is, "Is the District, as a whole, better off or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position report information about the District's resources and its operations in a way that helps answer this question. These two statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position (the difference between assets and liabilities) as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's patient base, and measures of quality of service it provides to the community, as well as local economic factors, in order to assess the overall financial health of the District.



**Tahoe Forest Hospital District  
Management's Discussion and Analysis  
For the Years Ended June 30, 2019, 2018, and 2017**

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**The Statement of Cash Flows**

The final required financial statement is the statement of cash flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operating, noncapital financing, capital and related financing, and investing activities. It provides answers to questions such as “where did the cash come from,” “what was cash used for,” or “what was the change in cash balance during the reporting period?”

**The District's Net Position**

The District's net position is the difference between its assets and liabilities reported in the combined statement of net position found on page 12. The District's net position changed by \$20.3 million for 2019 as compared to \$5.4 million for 2018, as presented in the following table (amounts are in thousands):

	As of June 30,		
	2019	2018	2017
Current assets	\$ 77,208	\$ 61,802	\$ 52,817
Capital assets	178,934	167,112	165,456
Restricted and other assets	67,826	55,959	63,890
<b>Total assets</b>	<b>323,968</b>	<b>284,873</b>	<b>282,163</b>
Deferred outflows of resources	7,386	7,394	8,194
Current liabilities	39,226	27,739	28,224
Long-term liabilities	136,856	129,579	132,614
<b>Total liabilities</b>	<b>176,082</b>	<b>157,318</b>	<b>160,838</b>
Net investment in capital assets	49,845	43,982	40,931
Restricted - expendable	3,625	3,655	3,121
Restricted - nonexpendable	41	35	29
Unrestricted	101,761	87,277	85,438
<b>Total net position</b>	<b>\$ 155,272</b>	<b>\$ 134,949</b>	<b>\$ 129,519</b>

# Tahoe Forest Hospital District

## Management's Discussion and Analysis

### For the Years Ended June 30, 2019, 2018, and 2017

#### Operating Results and Changes in the District's Net Position

During 2019, the District's net position increased by \$20.3 million as compared to \$5.4 million in 2018, as presented in the following table. These increases are comprised of operating and nonoperating components and represent the total change in net position of the District. Three areas of expenses created significant differences between 2019 and 2018: salaries, wages, and benefits \$16.8 million, professional fees \$3.0 million, and supplies \$3.7 million. The increase in salaries, wages, and benefits is due to increased staffing, merit increases, management incentive compensation bonuses, and the employee gain-sharing bonus program (new starting in 2017). The increase in professional fees is due to the addition of several new physician providers. The increase in supplies is due to the cost of surgical implants, medical supplies, and pharmaceuticals primarily related to our cancer program.

	Fiscal years ended June 30,		
	2019	2018	2017
Operating revenues (thousands)			
Net patient service revenues	\$ 188,880	\$ 148,737	\$ 148,296
Other operating revenues	11,105	9,962	8,965
Total operating revenues	<u>199,986</u>	<u>158,700</u>	<u>157,262</u>
Operating expenses (thousands)			
Salaries and wages	65,577	53,747	51,111
Employee benefits	32,733	27,763	24,925
Professional fees	27,823	24,857	22,864
Supplies	25,235	21,490	19,430
Purchased services	16,706	13,870	13,085
Depreciation and amortization	13,534	11,296	10,747
Other operating expenses	9,901	9,534	7,845
Total operating expenses	<u>191,508</u>	<u>162,557</u>	<u>150,007</u>
Income (loss) from operations	<u>8,478</u>	<u>(3,857)</u>	<u>7,255</u>
Nonoperating revenue (expenses) (thousands)			
Property tax revenue	7,549	7,037	7,315
Property tax revenue - general obligation bonds	5,220	3,869	5,561
Interest expense	(5,131)	(5,020)	(3,980)
Other nonoperating items	4,208	2,995	1,952
Total nonoperating revenues	<u>11,845</u>	<u>8,880</u>	<u>10,848</u>
Income before other revenue, expenses, gains and losses	20,323	5,023	18,103
Capital contributions	-	407	361
Increase in net position	<u>\$ 20,323</u>	<u>\$ 5,430</u>	<u>\$ 18,464</u>

#### Operating Gains

The primary component of the overall change in the District's net position is its income (loss) from operations, generally the difference between net patient service revenues and the expenses incurred to perform those services. Income (loss) from operations in 2019 was \$8.5 million as compared to (\$3.9) million in 2018.

**Tahoe Forest Hospital District  
Management's Discussion and Analysis  
For the Years Ended June 30, 2019, 2018, and 2017**

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These changes in the District's operations are attributable to:

- Net patient service revenues increased in 2019 by \$40.1 million (27.0%) due to a combination of changes in volumes, changes in payor mix, a charge increase, and additional reimbursements related to prior periods. Inpatient census days increased in 2019 to 5,802 from 4,356 in 2018. Adjusted patient days were up 13.87% in 2019 as compared to 2018. Inpatient charges increased by \$22.0 million to \$95.0 million in 2019 from \$73.0 million in 2018. Outpatient charges increased by \$67.7 million to \$263.4 million in 2019 from \$195.7 million in 2018, and as a percentage of total charges, outpatient charges increased to 73.5% of the total in 2019 from 72.8% in 2018. In addition, contractual allowances, charity care, and bad debt increased \$50.8 million to \$176.6 million in 2019 from \$125.8 million in 2018. Prior period settlements increased \$1.2 million to \$7.2 million in 2019 from \$6.0 million in 2018.
- An increase in other operating revenues of \$1.1 million (11.5%) in 2019.
- Operating expenses increase of \$29.0 million (17.8%) in 2019 is due to added services and providers, higher outpatient volumes, additional full time equivalents ("FTEs"), increased surgical implants, pharmaceuticals, and medical supply costs, post go-live recovery costs from a system conversion in 2018, and employee gain sharing program and management incentive compensation bonuses.

Employee salaries, wages, and benefits were \$98.3 million in 2019 and \$81.5 million in 2018. The components of these costs are as follows:

- Salaries and wages, totaled \$65.6 million in 2019 and \$53.7 million in 2018. Staffing, as measured by paid full-time equivalents ("FTEs"), was 788 in 2019 and 683 in 2018. The employee gain-sharing program and management incentive compensation bonuses totaled \$5.4 million in 2019 and \$1.7 million in 2018.
- Benefits totaled \$32.7 million in 2019 and \$27.8 million in 2018. The benefits associated with the employee gain-sharing program and management incentive compensation bonuses totaled \$0.7 million in 2019 and \$0.2 million in 2018.
- Salaries, wages, and benefits per paid FTE were \$124,759 in 2019 and \$119,340 in 2018. If we were to remove the 2019 and 2018 gain-sharing program and management incentive compensation bonuses from the salaries, wages, and benefits, then the amount per paid FTE was \$116,995 in 2019 and \$116,604 in 2018.
- Other changes were as follows:
  - There was an increase of \$3.0 million (11.9%) in professional fees. This was primarily due to an increase in providers contracted under professional services agreements to provide care in our multi-specialty clinics.
  - There was a \$3.7 million (17.4%) increase in supplies primarily due to an increase in pharmaceuticals, surgical implants, and medical supply costs, which is directly connected to the increase in volumes.

# Tahoe Forest Hospital District

## Management's Discussion and Analysis

### For the Years Ended June 30, 2019, 2018, and 2017

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- There was a \$2.8 million (20.4%) increase in purchased services primarily due to our annual fee related to our new electronic medical record, repairs and maintenance to the hospital campuses and outlying buildings including snow removal, contracting out our self-pay collections to a third party, and adding additional billing and follow-up resources.
- There was an increase of \$2.2 million (19.8%) in depreciation and amortization expense due mainly to projects coming on line out of construction in progress offset by capital assets reaching the end of their estimated useful lives.
- Other expense category changes (utilities, building and equipment rent, insurance, dues and subscriptions, travel and education, and other) increased \$0.04 million (3.8%) primarily due to an increase in insurance costs and building and equipment rents.

#### **Nonoperating Revenues and Expenses**

Nonoperating revenues consist of property taxes paid to the District, investment income, contributions, unrealized gains and losses, interest expense, and other various types of items not specifically related to the operations of patient care.

#### **The District's Cash Flows**

Changes in the District's cash flows are consistent with the operating income and nonoperating revenues and expenses discussed earlier.

#### **Capital Assets**

At the end of 2018, the District had \$167.1 million in capital assets, net of depreciation, as detailed in the footnotes to the financial statements. At the end of 2019, the District had \$178.9 million invested in capital assets, net of depreciation. In 2019, the District improved facilities and acquired new equipment for a total net investment of \$11.8 million, net of disposals, as compared to \$1.6 million in 2018.

#### **Debt Borrowings**

At the end of 2019, the District has \$140.5 million in long-term debt borrowings outstanding including current maturities. At the end of 2018, the District had \$131.1 million in long-term debt borrowings outstanding including current maturities. In March 2017, the District advance refunded the Series 2002 variable rate demand revenue bonds totaling \$8,890,000 with the Series 2017 variable rate demand revenue bonds totaling \$9,060,000.

In October 2018, the District entered into a fixed rate municipal lease in the amount of \$8 million for the purchase of various capital equipment. The debt is to be repaid over 5 years at an interest rate of 2.82%, with a final maturity of October 2023.

In January 2019, the District purchased land and a building in the amount of \$5.5 million, with seller financing of \$4.95 million of the purchase amount. The debt is to be repaid over 7 years at an interest rate of 4.00%, with a final maturity of February 2026.

# Tahoe Forest Hospital District Management's Discussion and Analysis For the Years Ended June 30, 2019, 2018, and 2017

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In March 2019, the District replaced its copiers through a copier lease purchase agreement in the amount of \$0.24 million. The debt is to be repaid over 5 years at an interest rate of 4.05%, with a final maturity of March 2024.

In September 2019, the District refunded the Series C (2012) General Obligation Bonds totaling \$25.6 million with the Series 2019 General Obligation Refunding Bonds totaling \$24.7 million. The Series C (2012) were redeemed in full on September 4, 2019. The Series 2019 General Obligation Refunding Bonds mature August 2042.

## **Other Economic Factors**

The District is located in Truckee, California, and Incline Village, Nevada.

The State of California continues to experience fiscal difficulties. As a result, the District will continue to see pressure placed on its Medi-Cal reimbursement for the foreseeable future.

The District's Board of Directors approved the fiscal year 2020 budget at its June 2019 meeting. For fiscal year 2020, the District is budgeted to increase its net position by \$7.2 million. The increase is due to the following assumptions:

- Inpatient volumes are budgeted to be approximately 14.1% higher than 2019 volumes.
- Outpatient volumes, primarily in the multi-specialty clinics, are projected to increase 11.5%. This is due to the addition of several new providers in the areas of family practice, endocrinology, general surgery, pediatrics, orthopedics, and neurology.
- Loss from operations of \$1.8 million.
- Nonoperating revenues of \$9.0 million.
- The District will increase charges by 5%. As a result, the percentages of contractual allowance are budgeted to increase with an approximate 2.5% increase in net patient service revenue percentage.
- Overall operating costs will increase 6.1% due to an increase in salaries, wages, and benefits due to an increase in our overall FTE's, and purchased services related to repairs and maintenance of our facilities and technology infrastructure, as well as coding and billing services.

## **Payments from Federal and State Health Care Programs**

Entities doing business with governmental payors, including Medicare and Medicaid (Medi-Cal in California), are subject to risks unique to the government-contracting environment that are difficult to anticipate and quantify. Revenues are subject to adjustment as a result of examination by government agencies as well as auditors, contractors, and intermediaries retained by federal, state, or local governments (collectively "Government Agents"). Resolution of such audits or reviews often extends (and in some cases does not even commence until) several years beyond the year in which services were rendered and/or fees received.

# **Tahoe Forest Hospital District Management's Discussion and Analysis For the Years Ended June 30, 2019, 2018, and 2017**

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Moreover, different Government Agents frequently interpret government regulations and other requirements differently. For example, Government Agents might disagree on a patient's principal medical diagnosis, the appropriate code for a clinical procedure, or many other matters. Such disagreements might have a significant effect on the ultimate payout due from the government to fully recoup sums already paid. Governmental agencies may make changes in program interpretations, requirements, or "conditions of participation," some of which may have implications for amounts previously estimated. In addition to varying interpretation and evolving codification of the regulations, standards of supporting documentation and required data are subject to wide variation.

In accordance with generally accepted accounting principles, to account for the uncertainty around Medicare and Medi-Cal revenues, the District estimates the amount of revenue that will ultimately be received under the Medicare and Medi-Cal programs. Amounts ultimately received or paid may vary significantly from these estimates.

## **Public Hospital Redesign and Incentives in Medi-Cal Program (PRIME)**

The Public Hospital Redesign and Incentives in Medi-Cal Program ("PRIME") was created to build upon the foundational delivery system transformation work, expansion of coverage, and increased access to coordinated primary care achieved through the prior California Section 1115 Bridge to Reform demonstration. Activities supported by the PRIME program are designed to accelerate efforts by participating PRIME entities to change care delivery to maximize health care value and strengthen their ability to successfully perform under risk-based alternative payment models ("APMs") in the long term, consistent with Centers for Medicare and Medicaid Services ("CMS") and Medi-Cal 2020 goals. The PRIME program is intentionally designed to be ambitious in scope and time-limited. Using evidence-based, quality improvement methods, the initial work required the establishment of performance baselines followed by target setting and the implementation and ongoing evaluation of quality improvement interventions. Participating PRIME entities consist of two types of entities: Designated Public Hospital ("DPH") systems and the District/Municipal Public Hospitals ("DMPH"). The District is focused on two projects: Million Hearts Initiative and Chronic Non-malignant Pain Management. The District is eligible to receive \$7.9 million in total funding over a five-year period, from 2016 through 2021, and must meet infrastructure building metrics, pay-for-reporting project metrics, and pay-for-performance project metrics for each of the two projects. In 2019, the District received \$0.675 million in PRIME funds related to demonstration year (DY) 14, \$0.944 million related to DY 13, and is expected to receive an additional \$1.025 million related to DY 14 in 2020. In 2018, the District received \$0.755 million related to DY 13, and \$1.494 million related to DY 12.

## **Cautionary Note Regarding Forward-Looking Statements**

Certain information provided by the District, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, which address activities, events, or developments that the District expects or anticipates will or may occur in the future, contain forward-looking information.

**Tahoe Forest Hospital District  
Management's Discussion and Analysis  
For the Years Ended June 30, 2019, 2018, and 2017**

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**Statistical Analysis**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Acute</b>			
Admissions	1,765	1,839	1,802
Length of stay	3.28	2.37	2.68
Average daily census	15.89	11.93	13.23
Occupancy percentage	54%	41%	46%
Patient days	5,802	4,356	4,829
Total ICU days	1,240	689	662
Total medical/surgical days	2,843	2,756	3,202
Total obstetrics days	1,292	911	965
Total swing days	427	389	390
Nursery days	483	763	933
Deliveries	359	305	398
<b>Skilled nursing units</b>			
Patient days	11,673	11,890	11,508
Average daily census	31.98	32.58	31.53
Occupancy percentage	86%	88%	85%

FINAL DRAFT

## **Report of Independent Auditors**

To the Board of Directors  
Tahoe Forest Hospital District

### **Report on Combined Financial Statements**

We have audited the accompanying combined financial statements of Tahoe Forest Hospital District (the "District"), and its discretely presented component unit, Truckee Surgery Center, LLC (the "TSC"), which comprise the combined statements of net position as of June 30, 2019 and 2018, and the related combined statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the combined financial statements.

#### ***Management's Responsibility for the Combined Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Purpose Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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



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

***Opinion***

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the net position of the District and its discretely presented component unit, the TSC, as of June 30, 2019 and 2018, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

***Required Supplementary Information***

The Management's Discussion and Analysis on pages 1 through 8, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational economic, or historical context. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Rancho Cordova, California

October 25, 2019

**Combined Financial Statements**  
**As of and for the Years Ended June 30, 2019 and 2018**

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FINAL DRAFT

**Tahoe Forest Hospital District  
Combined Statements of Net Position  
June 30, 2019 and 2018**

	2019		2018	
	Tahoe Forest Hospital District	Truckee Surgery Center, LLC	Tahoe Forest Hospital District	Truckee Surgery Center, LLC
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 24,369,873	\$ 99,492	\$ 18,757,750	\$ 35,935
Patient accounts receivable, net of allowances for doubtful accounts of \$15,213,979 and \$25,980 in 2019 and \$4,369,686 and \$97,251 in 2018	27,217,842	233,845	24,724,297	216,187
Other receivables	10,831,915	-	6,819,895	-
Assets limited as to use - required for current liabilities	8,780,452	-	6,360,727	-
Inventories	3,484,528	-	3,125,793	-
Prepaid expenses and deposits	2,523,870	-	1,738,575	16,406
Estimated amounts due from third-party payors	-	-	275,458	-
Total current assets	77,208,480	333,337	61,802,495	268,528
Assets limited as to use, net of current	64,951,392	-	53,696,191	-
Capital assets				
Nondepreciable	19,317,747	-	9,213,704	-
Depreciable, net of accumulated depreciation	159,616,415	680,445	157,898,599	725,710
	178,934,162	680,445	167,112,303	725,710
Other assets				
Beneficial interest in trusts	1,689,389	-	1,628,771	-
Other noncurrent receivables	733,064	20,256	633,743	20,656
Investment in Truckee Surgery Center, LLC	451,785	-	-	-
Total assets	323,968,272	1,034,038	284,873,503	1,014,894
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on defeasance, net	6,015,405	-	6,330,799	-
Accumulated decrease in fair value of hedging derivative	1,370,780	-	1,063,457	-
Total deferred outflows of resources	7,386,185	-	7,394,256	-
<b>LIABILITIES</b>				
Current liabilities				
Current maturities of long-term debt and capital lease obligations	4,991,679	-	2,554,645	-
Accounts payable and accrued expenses	8,732,321	267,692	6,433,823	150,596
Accrued payroll and related expense	16,869,030	7,246	11,552,844	26,737
Estimated claims incurred but not reported	5,611,762	-	4,383,018	-
Estimated amounts due to third-party payors	546,821	-	-	-
Other accrued expenses	458,757	23,357	779,208	26,159
Accrued interest	2,015,231	-	2,035,633	-
Total current liabilities	39,225,601	298,295	27,739,171	203,492
Long-term debt and capital lease obligations, net of current portion	135,485,783	-	128,515,422	-
Derivative instrument liability	1,370,780	-	1,063,457	-
Total liabilities	176,082,164	298,295	157,318,050	203,492
<b>NET POSITION</b>				
Net investment in capital assets	49,845,195	-	43,983,410	-
Restricted - expendable	3,624,570	-	3,654,574	-
Restricted - nonexpendable	41,209	-	34,709	-
Unrestricted	101,761,319	735,743	87,277,016	811,402
Total net position	\$ 155,272,293	\$ 735,743	\$ 134,949,709	\$ 811,402

**Tahoe Forest Hospital District**  
**Combined Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended June 30, 2019 and 2018**

	2019		2018	
	Tahoe Forest Hospital District	Truckee Surgery Center, LLC	Tahoe Forest Hospital District	Truckee Surgery Center, LLC
Operating revenues				
Net patient service revenue (net of provision for bad debts of \$14,998,281 and \$36,868 in 2019 and \$10,405,185 and \$23,861 in 2018)	\$ 188,879,762	\$ 1,352,632	\$ 148,736,770	\$ 1,445,458
Other operating revenue	11,105,999	-	9,963,176	-
Total operating revenues	<u>199,985,761</u>	<u>1,352,632</u>	<u>158,699,946</u>	<u>1,445,458</u>
Operating expenses				
Salaries and wages	65,577,227	329,528	53,746,958	533,773
Employee benefits	32,732,830	132,154	27,762,618	118,479
Professional fees	27,823,168	12,578	24,856,521	17,327
Supplies	25,235,058	503,688	21,489,722	616,185
Purchased services	16,705,600	-	13,870,463	-
Depreciation and amortization	13,533,709	45,265	11,296,223	51,088
Insurance	907,767	5,822	1,130,450	18,204
Other	8,992,890	399,256	8,404,033	358,982
Total operating expenses	<u>191,508,249</u>	<u>1,428,291</u>	<u>162,556,988</u>	<u>1,714,038</u>
Income (loss) from operations	<u>8,477,512</u>	<u>(75,659)</u>	<u>(3,857,042)</u>	<u>(268,580)</u>
Nonoperating revenues (expenses)				
Property tax revenue	7,548,681	-	7,037,222	-
Property tax revenue - general obligation bonds	5,220,233	-	3,869,465	-
Contributions, net	1,747,050	-	794,425	-
Special event revenue	741,976	-	732,741	-
Interest income	1,775,147	-	982,274	-
Rental income	423,064	-	416,171	-
Interest expense	(5,131,000)	-	(5,020,361)	-
Loss on disposal of assets	(519,415)	-	-	-
Other	39,336	-	67,938	-
Total nonoperating revenues	<u>11,845,072</u>	<u>-</u>	<u>8,879,875</u>	<u>-</u>
Income (loss) before other revenue, expenses, gains and losses	<u>20,322,584</u>	<u>(75,659)</u>	<u>5,022,833</u>	<u>(268,580)</u>
Capital contributions	<u>-</u>	<u>-</u>	<u>407,154</u>	<u>-</u>
Increase (decrease) in net position	<u>20,322,584</u>	<u>(75,659)</u>	<u>5,429,987</u>	<u>(268,580)</u>
Net position, beginning of year	<u>134,949,709</u>	<u>811,402</u>	<u>129,519,722</u>	<u>1,079,982</u>
Net position, end of year	<u>\$ 155,272,293</u>	<u>\$ 735,743</u>	<u>\$ 134,949,709</u>	<u>\$ 811,402</u>

See accompanying notes.

**Tahoe Forest Hospital District  
Combined Statements of Cash Flows  
For the Years Ended June 30, 2019 and 2018**

	2019		2018	
	Tahoe Forest Hospital District	Truckee Surgery Center, LLC	Tahoe Forest Hospital District	Truckee Surgery Center, LLC
Cash flows from operating activities				
Cash received from patients and third-party payors	\$ 187,208,496	\$ 1,334,974	\$ 143,108,272	\$ 1,391,471
Cash received from other sources	6,163,973	-	13,226,360	-
Cash paid to suppliers for goods and services	(78,830,466)	(790,644)	(69,923,325)	(865,778)
Cash paid to employees for services	(91,864,448)	(480,773)	(82,745,733)	(665,100)
Net cash provided by (used in) operating activities	22,677,555	63,557	3,665,574	(139,407)
Cash flows from noncapital financing activities				
Property tax revenues	7,597,392	-	7,087,664	-
Noncapital grants and contributions, net of other expenses	2,489,026	-	1,527,166	-
Net cash provided by noncapital financing activities	10,086,418	-	8,614,830	-
Cash flows from capital and related financing activities				
Purchase of capital assets	(12,792,114)	-	(12,952,597)	-
Proceeds from sale of capital assets	106,800	-	-	-
Payments on general obligation bonds	(2,366,647)	-	(1,660,176)	-
Interest payments on general obligation bonds	(4,119,479)	-	(4,485,584)	-
Payments on long-term debt and capital leases	(1,100,233)	-	(113,954)	-
Interest payments on long-term debt and capital leases	(1,031,923)	-	(467,894)	-
Capital contributions	-	-	407,154	-
Property tax revenue received for general obligation bonds	5,649,743	-	3,460,115	-
Net cash used in capital and related financing activities	(15,653,853)	-	(15,812,936)	-
Cash flows from investing activities				
Purchases of investments related to assets limited as to use	(30,651,641)	-	(11,931,647)	-
Sales of investments related to assets limited as to use	16,976,715	-	19,778,489	-
Interest received	1,775,147	-	982,274	-
Net cash received for rental activities	423,064	-	416,171	-
Purchases of investments in beneficial interest in trusts	(21,282)	-	(11,471)	-
Net cash (used in) provided by investing activities	(11,497,997)	-	9,233,816	-
Net change in cash and cash equivalents	5,612,123	63,557	5,701,284	(139,407)
Cash and equivalents, beginning of year	18,757,750	35,935	13,056,466	175,342
Cash and equivalents, end of year	\$ 24,369,873	\$ 99,492	\$ 18,757,750	\$ 35,935

**Tahoe Forest Hospital District  
Combined Statements of Cash Flows (continued)  
For the Years Ended June 30, 2018 and 2017**

	2019		2018	
	Tahoe Forest Hospital District	Truckee Surgery Center, LLC	Tahoe Forest Hospital District	Truckee Surgery Center, LLC
Reconciliation of income (loss) from operations to net cash from operating activities				
Income (loss) from operations	\$ 8,477,512	\$ (75,659)	\$ (3,857,042)	\$ (268,580)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation and amortization	13,533,709	45,265	11,296,223	51,088
Provision for doubtful accounts	14,998,184	36,868	10,404,881	23,861
Change in assets and liabilities:				
Patient receivables	(17,491,826)	(54,526)	(16,565,788)	(77,848)
Other receivables	(4,509,739)	-	3,246,586	-
Inventories	(358,735)	-	(126,233)	-
Unconditional promises to give, net	19,595	-	6,058	-
Prepaid expenses and deposits	(785,295)	16,406	(279,561)	15,011
Other noncurrent receivables	(99,321)	400	(370,000)	(400)
Investment in Truckee Surgery Center, LLC	(451,785)	-	-	-
Accounts payable and accrued expenses	2,298,498	117,096	75,095	117,916
Accrued payroll and related expense	5,316,186	(19,491)	(1,475,909)	(12,448)
Estimated amounts due from third-party payors	275,458	-	912,091	-
Patient balances payable	-	-	(379,986)	-
Estimated claims incurred but not reported	1,228,744	-	609,752	-
Estimated amounts due to third-party payors	546,821	-	-	-
Other accrued expenses	(320,451)	(2,802)	169,407	11,993
Total adjustments	<u>14,200,043</u>	<u>139,216</u>	<u>7,522,616</u>	<u>129,173</u>
Net cash provided by (used in) operating activities	<u>\$ 22,677,555</u>	<u>\$ 63,557</u>	<u>\$ 3,665,574</u>	<u>\$ (139,407)</u>
Supplemental disclosure of noncash investing and financing activities				
Loss on disposal of capital assets	<u>\$ 519,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in fair value of beneficial interest in trusts	<u>\$ 39,336</u>	<u>\$ -</u>	<u>\$ 57,094</u>	<u>\$ -</u>
Capital expenditures funded by notes payable	<u>\$ 12,950,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital expenditure funded by capital lease obligations	<u>\$ 239,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

# Tahoe Forest Hospital District

## Notes to Combined Financial Statements

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying combined financial statements follows:

**Reporting entity** – Tahoe Forest Hospital District (the “District”) is a political subdivision of the State of California. The District was established in 1949 under the provisions of Local Health Care District Law as set forth in the Health and Safety Code of the State of California. The District operates Tahoe Forest Hospital in Truckee, California, and Incline Village Community Hospital in Incline Village, Nevada, which provide health care services to residents of the surrounding communities and visitors to the area. The District derives a significant portion of revenue from third-party payors, including Medicare, Medi-Cal, and commercial insurance organizations.

The District includes the following component units, which are included as blended component units of the District’s combined financial statements: Tahoe Forest Health System Foundation (the “TFHSF”), Incline Village Community Hospital Foundation (the “IVCHF”), collectively (the “Foundations”), Tahoe Institute for Rural Health Research (the “Institute”), and TIRHR, LLC (“TIRHR”). The Institute is a nonprofit public benefit corporation and is not organized for the private gain of any person. The purposes for which the Institute is formed are for scientific research. The Institute, as a tax-exempt, nonprofit public corporation, was ill-suited to pursue proposals for support that hinged on participation by private person in future profit. Therefore, TIRHR, a for-profit, was formed in order that research programs that the Institute was pursuing and that were identified as potentially suitable for private investment could be transferred. The Truckee Surgery Center, LLC (the “TSC”), is organized and operated for the purpose of owning and lawfully operating the facility as a Medicare certified ambulatory surgery center that principally performs musculoskeletal surgery and related anesthesia services, all consistent with the purposes of the District of furthering the health care services of the surrounding communities and visitors to the area. TSC is included in the District’s combined financial statements as a discretely presented component unit.

In October 2018, the District entered into a Membership Purchase Agreement with TSC to purchase an additional 48% membership interest in TSC for \$451,785.

The District maintains its financial records in conformity with guidelines set forth by Local Health Care District Law and the Office of Statewide Health Planning and Development of the State of California.

**Basis of preparation** – The combined financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America, including all applicable statements of the Governmental Accounting Standards Board (“GASB”). The proprietary fund method of accounting is followed and uses the economic resources measurement focus and the accrual basis of accounting. In addition, these statements follow generally accepted accounting principles applicable to the health care industry, which are included in the American Institute of Certified Public Accountants’ Audit and Accounting Guide, *Health Care Entities*, to the extent that these principles do not contradict GASB standards.

**Accounting standards** – Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (“FASB”) and American Institute of Certified Public Accountants (“AICPA”) Pronouncements*, the District’s proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements as well as codified pronouncements issued on or before November 30, 1989 and the California Code of Regulations, Title 2, Sections 1131, State Controller’s *Minimum Audit Requirements* for California Special Districts and the State Controller’s Office prescribed reporting guidelines.

## Tahoe Forest Hospital District Notes to Combined Financial Statements

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**Use of estimates** – The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amount of revenues and expenses during the reporting period. Major items requiring estimates and assumptions include net patient service revenue, allowance for contractual and doubtful accounts receivables, amounts due to or from third-party payors, uninsured losses for medical malpractice liabilities, liabilities for worker's compensation claims, useful lives of capital assets, and valuation of financial instruments. Actual results could differ from those estimates.

**Cash and cash equivalents** – The District considers cash and cash equivalents to include cash on deposit and investments in highly liquid debt instruments with an initial maturity of three months or less, excluding amounts whose use is limited by board designation or other arrangements. Cash and cash equivalents also include investments in the Local Agency Investment Fund ("LAIF"), the State Treasurer's pooled investment program and values participants' shares on an amortized cost basis.

**Assets limited as to use** – Assets limited as to use include amounts designated by the Board of Directors for replacement or purchases of capital assets, and other specific purposes, and amounts held by trustees under specified agreements. Amounts required to meet current liabilities of the District are included in current assets. Assets limited as to use also include investments in the LAIF.

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

**Inventories** – Inventories are stated at the lower of cost or market. Cost is determined by the weighted-average, first-in, first-out method.

**Beneficial interest in trusts** – The TFHSF has been named a beneficiary under the terms of the Community for Cancer Care Endowment (the "Fund") administered by the Tahoe Truckee Community Foundation ("TTCF"). Under the terms of the agreement, distributions from the Fund shall be in accordance with the spending policy established by the Board of Directors of TTCF. Distributions shall be made annually or, as the parties may, from time to time, agree. Distributions in excess of TTCF's spending policy may be made to the Foundation in any year as determined by the Board of Directors of TTCF. The TFHSF may request, at any time, that TTCF disburse up to 100% of the Fund to the TFHSF. Such a request, however, is not binding on TTCF and may be accepted or rejected, in whole or in part, by TTCF at its sole and absolute discretion. At the establishment of the Fund, the TFHSF granted variance power to TTCF. That power gives TTCF the right to distribute the income and principal of the Fund to another not-for-profit organization of its choice if the TFHSF ceases to exist or if that governing board of TTCF votes that support of the Foundation is no longer necessary or inconsistent with the needs of TTCF. The Fund had a value of \$1,636,957 and \$1,587,161 as of June 30, 2019 and 2018, respectively, and is reported in the combined financial statements as beneficial interest in trusts.



## Tahoe Forest Hospital District Notes to Combined Financial Statements

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The IVCHF entered into agreements with The Parasol Tahoe Community Foundation (“Parasol”) to establish endowment and improvement funds with Parasol. The purpose of the endowment and improvement funds is to provide support to or for the benefit of the IVCHF and its activities in pursuit of its mission to deliver optimal health care services in the communities served by Incline Village Community Hospital. The IVCHF Endowment Fund (the “Endowment”) is protected from obsolescence in accordance with the provisions specified in the Articles of Incorporation and Bylaws creating Parasol. Should the purposes for which the Endowment was created become obsolete or incapable of fulfillment, it is Parasol’s Board of Director’s responsibility, after contacting and being advised by the IVCHF, to revise the charitable intent of remaining funds to use for a purpose as similar to those set forth in the agreement. The Endowment had a value of \$52,432 and \$41,610 as of June 30, 2019 and 2018, respectively, and is reported in the combined financial statements as beneficial interest in trusts.

The Foundation’s interest in the endowment assets is recorded in the accompanying statements of revenues, expenses, and changes in net position. The change in fair value attributable to the interests of the Foundations are recorded in other nonoperating revenues in the accompanying statements of revenues, expenses, and changes in net position. This change in fair value may include community or donor gifts to the Funds, investments results, and distributions from the Funds.

**Capital assets** – Capital assets consist of property and equipment and are reported on the basis of cost, or in the case of donated items, on the basis of fair market value at the date of donation. All purchased capital assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Construction-in-progress includes capitalized interest costs of related borrowings, net of interest earned on unspent proceeds of the related borrowings. It is the policy of the District to capitalize equipment costing more than \$1,500. Costs of assets sold or retired are removed from the accounts in the year of sale or retirement, with any gain or loss included in the operating statements.

The District periodically evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the capital asset. There were no impairment losses in 2019 and 2018, respectively.

Depreciation of capital assets and amortization of capital assets under capital leases are computed by the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the assets, which range from 2 to 40 years for land improvements, 5 to 40 years for buildings and improvements, and 3 to 20 years for equipment and software.

Routine maintenance and repairs are charged to expense as incurred. Expenditures that increase values, change capacities, or extend useful lives are capitalized.

**Capitalized interest** – Interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The District’s interest cost capitalized was approximately \$0 for the years ended June 30, 2019 and 2018, respectively.

## Tahoe Forest Hospital District Notes to Combined Financial Statements

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**Deferred loss on defeasance** – The deferred loss on defeasance of the 1999 Series B Bonds is amortized using the straight-line method over the life of the bonds. The original amount of deferred loss on defeasance is \$769,305. Accumulated amortization as of June 30, 2019 and 2018, was \$342,631 and \$303,843, respectively. Amortization expense for each of the years ended June 30, 2019 and 2018, was \$38,788; and is estimated to be \$38,788 for each of the next five years.

The deferred gain on defeasance of the Series 2006 Revenue bonds is amortized using the straight-line method over the life of the bonds. The original amount of deferred gain on defeasance is \$141,300. Accumulated amortization as of June 30, 2019 and 2018, was \$31,400 and \$23,550, respectively. Amortization income for each of the years ended June 30, 2019 and 2018, was \$7,850; and is estimated to be \$7,850 for each of the next five years.

The deferred loss on defeasance of the Series A (2008) General Obligation Bonds is amortized using the effective-interest method over the life of the bonds. The original amount of deferred loss on defeasance is \$2,016,320. Accumulated amortization as of June 30, 2019 and 2018, was \$366,604 and \$274,953, respectively. Amortization expense for each of the years ended June 30, 2019 and 2018, was \$91,651; and is estimated to be \$91,651 for each of the next five years.

The deferred loss on defeasance of the Series B (2010) General Obligation Bonds is amortized using the effective-interest method over the life of the bonds. The original amount of deferred loss on defeasance is \$4,627,331. Accumulated amortization as of June 30, 2019 and 2018, was \$578,415 and \$385,610, respectively. Amortization expense for each of the years ended June 30, 2019 and 2018, was \$192,805; and is estimated to be \$192,805 for each of the next five years.

There was no significant gain or loss on defeasance of the Series 2002 Revenue Bonds with the Series 2017 Revenue Bonds.

**Deferred outflows of resources** – In addition to assets, the combined statements of net position include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and, as such, will not be recognized as an outflow of resources (expense/expenditures) until that time. The District has two items that qualify for reporting in this category, which are the net deferred loss on defeasance and accumulated decrease in fair value of hedging derivatives reported in the combined statement of net position. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

**Net position** – The net position of the District is comprised of net investment in capital assets, restricted - expendable, restricted - nonexpendable, and unrestricted net positions.

**Net investment in capital assets** – Net investment in capital assets represents investments in all capital assets (land, construction in progress, land improvements, building and building improvements, and equipment), net of depreciation/amortization, less any debt issued to finance those capital assets.

**Restricted - expendable** – The restricted expendable net position is restricted through external constraints imposed by creditors, grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation and includes assets in self-insurance trust funds, revenue bond reserve fund assets, and net position restricted to use by donors.

## Tahoe Forest Hospital District Notes to Combined Financial Statements

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**Restricted - nonexpendable** – The restricted nonexpendable net position is equal to the principal portion of permanent endowments. The endowments remain intact, with unrestricted earnings on such funds available for use as expendable assets.

**Unrestricted** – Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets, restricted expendable, or restricted nonexpendable.

**Statements of revenues, expenses, and changes in net position** – All revenues and expenses directly related to the delivery of health care services are included in operating revenues and operating expenses in the combined statement of revenues, expenses, and changes in net position. Nonoperating revenues and expenses consist nonexchange revenues, including property tax revenues, gifts, bequests, and contributions received for purposes other than capital asset acquisition.

**Net patient service revenues** – Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Delinquent patient accounts are recorded as bad debts and transferred for collection. Recoveries are recorded, net of recovery costs estimated, as an increase to net patient service revenue.

**Charity care** – The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The District accepts all patients regardless of their ability to pay. Partial payments to which the District is entitled from public assistance programs on behalf of patients that meet the District's charity care criteria are reported as patient service revenue. Charity care, which is excluded from recognition as receivables or revenue in the combined financial statements, is measured on the basis of uncompensated cost. The gross charges excluded from net patient service revenue under the District's charity care policy were, \$13,478,925 and \$8,810,418 for the years ended June 30, 2019 and 2018, respectively. Using the District's Medicare Cost to Charge Ratio, the estimated cost of these charges was \$6,163,346 and \$4,449,931 for the years ended June 30, 2019 and 2018, respectively.

**Property tax revenues** – Property taxes are levied by Nevada and Placer Counties on the District's behalf during the year, and are intended to help finance the District's activities during the same year. The amount of property tax received is dependent upon the assessed real property valuation, as determined by Nevada and Placer Counties Assessors. Nevada and Placer Counties have established certain dates to levy, lien, mail bills, and receive payments from property owners during the year. Property taxes are considered delinquent on the day following each payment due date. These funds are used to support the general maintenance and operation of the District, including charity care and uncompensated care programs, and to service the debt on the general obligation bonds. The District received approximately 6% and 7% of its financial support from property taxes for the years ended June 30, 2019 and 2018, respectively, exclusive of property taxes received to pay principal and interest payments of the general obligation bonds.

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

## Tahoe Forest Hospital District Notes to Combined Financial Statements

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The District participates in a risk management authority for comprehensive liability self-insurance. The District is also partially self-insured for employee health insurance and workers' compensation insurance, up to certain stop-loss limits. The District estimates liabilities for claims incurred but not reported based on historical claims' activity. Paid claims, estimated losses, and changes in reserves are expensed in the current period. These self-insurance programs are more fully described in Note 9.

**Income taxes** – The District operates under the purview of the Internal Revenue Code ("IRC"), Section 115, and corresponding California Revenue and Taxation Code provisions. As such, it is not subject to state or federal taxes on income.

The Foundations are exempt from federal income tax under Section 501(c)(3) of the IRC. TFHSF is also exempt under Section 23701d of the California Franchise Tax Board except to the extent of unrelated business taxable income as defined under IRC Sections 511 through 515. The Foundations have not entered into any activities that would jeopardize its tax-exempt status. Therefore, no provision for income taxes is required.

**New accounting pronouncements** – In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities* ("GASB 84"). GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The adoption of GASB 84 is effective for the District beginning July 1, 2019. The District is currently assessing the impact of this standard on the District's combined financial statements.

In May 2017, the GASB issued GASB Statement No. 86, *Certain Debt Extinguishment Issues* ("GASB 86"), which provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Under this statement, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. The District adopted GASB 86 in the current fiscal year. The adoption did not have a material impact on the District's combined financial statements.

In June 2017, the GASB issued GASB Statement No. 87, *Leases* ("GASB 87"). GASB 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The adoption of GASB 87 is effective for the District beginning July 1, 2020. The District is currently assessing the impact of this standard on the District's combined financial statements.

# Tahoe Forest Hospital District

## Notes to Combined Financial Statements

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In April 2018, the GASB issued GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (“GASB 88”). Among other things, GASB 88 clarifies which liabilities governments should include in their note disclosures related to debt. GASB 88 requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. GASB 88 further defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement further requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The adoption of GASB 88 is effective for the District beginning July 1, 2019. The District is currently assessing the impact of this standard on the District’s combined financial statements.

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* (“GASB 89”). GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The adoption of GASB 89 is effective for the District beginning July 1, 2020. The District is currently assessing the impact of this standard on the District’s combined financial statements.

### **NOTE 2 – NET PATIENT SERVICE REVENUE**

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

*Medicare:* Payments for inpatient acute care services rendered to Medicare program beneficiaries are based on prospectively determined rates, which vary according to the patient diagnostic classification system. Outpatient services are generally paid under an outpatient classification system subject to certain limitations. Certain reimbursement areas are still subject to final settlement that are determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. At June 30, 2019, Tahoe Forest Hospital and Incline Village Community Hospital cost reports through June 30, 2017, have been audited or otherwise final settled.

## Tahoe Forest Hospital District Notes to Combined Financial Statements

*Medi-Cal:* Prior to July 1, 2013, inpatient acute care services rendered to Medi-Cal program beneficiaries were reimbursed under a cost reimbursement methodology; however, the District is also subject to per discharge limits. The District was paid for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by Medi-Cal. Per discharge limits for the District have been determined by Medi-Cal through June 30, 2011. Beginning on July 1, 2013, inpatient acute care services were rendered to Medi-Cal program beneficiaries under a diagnostic related group (“DRG”) methodology. Under this methodology, similar to Medicare, services are paid at prospectively determined rates per discharge according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient skilled nursing care services rendered to Medi-Cal program beneficiaries are reimbursed at prospectively determined per diem rates. Outpatient services rendered to Medi-Cal program beneficiaries are reimbursed based on prospectively determined fee schedules. At June 30, 2019, cost reports through June 30, 2017, have been audited or otherwise final settled. Medi-Cal I-IMO services are paid on a pre-determined rate and are not subject to cost reimbursement.

*Other:* Payments for services rendered to other than Medicare and Medi-Cal program beneficiaries are based on established rates or on agreements with certain commercial insurance companies, health maintenance organizations, and preferred provider organizations that provide for various discounts from established rates.

Net patient service revenue is comprised of the following for the years ended June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Daily hospital service	\$ 35,823,810	\$ 27,486,491
Inpatient ancillary services	61,069,998	47,073,026
Outpatient services	268,634,835	199,927,791
Gross patient service revenues	365,528,643	274,487,308
Less contractual allowances and provision for doubtful accounts	(176,648,881)	(125,750,538)
Net patient service revenue at Tahoe Forest Hospital District	188,879,762	148,736,770
Net patient service revenue at Truckee Surgery Center, LLC	1,352,632	1,445,458
Total net patient service revenue	\$ 190,232,394	\$ 150,182,228

# Tahoe Forest Hospital District

## Notes to Combined Financial Statements

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Gross patient service revenue, before any provision for bad debts, summarized by payor is as follows, for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Commercial	43%	42%
Medicare	38%	36%
Medi-Cal	16%	18%
Others	3%	4%
	<u>100%</u>	<u>100%</u>

Medicare and Medi-Cal revenue accounts for a large percentage of the District's gross patient revenues for each year. Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Over five years, up to \$7.5 billion in combined federal and state funds will be available to participating entities from the Public Hospital Redesign and Incentives in Medi-Cal Program ("PRIME"), which is a successor program within the Medi-Cal waiver. As a result of participating in PRIME, the District recorded a receivable of \$512,500 and \$477,222 at June 30, 2019 and 2018, respectively. This program requires a qualitative assessment of certain metrics and is subject to future audits by CMS.

The District receives funds through the AB 915 legislation through an intergovernmental transfer ("IGT"), where funds are put up by the District to be matched by the federal government. As a result of two of these IGT programs, the District recorded a receivable of \$5,966,469 at June 30, 2019, for funds related to fiscal years 2019 and 2018, and a receivable of \$6,634,867 at June 30, 2018, for funds related to fiscal years 2018 and 2017.

### **NOTE 3 – CASH AND CASH EQUIVALENTS AND ASSETS LIMITED AS TO USE**

The District has deposits invested in various financial institutions in the form of operating cash and cash equivalents. All of these funds are held in deposits, which are collateralized in accordance with the California Government Code ("CGC"), except for \$250,000 per account that is federally insured.

The District is generally authorized, under state statute and local resolutions, to invest in demand deposits with financial institutions, savings accounts, certificates of deposit, U.S. Treasury securities, federal agency securities, State of California notes or bonds, notes or bonds of agencies within the State of California, obligations guaranteed by the Small Business Administration, bankers' acceptances, commercial paper, and the LAIF.

## Tahoe Forest Hospital District Notes to Combined Financial Statements

As of June 30, 2019 and 2018, cash and cash equivalents and assets limited as to use, at carrying value, consisted of the following:

	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ 24,369,873	\$ 18,757,750
Assets limited as to use - to meet current liabilities	8,780,452	6,360,727
Assets limited as to use, net of current	64,951,392	53,696,191
 Total at Tahoe Forest Hospital District	 98,101,717	 78,814,668
 Total Truckee Surgery Center, LLC	 99,492	 35,935
 Total	 \$ 98,201,209	 \$ 78,850,603

As of June 30, 2019 and 2018, assets limited as to use, at carrying value, have been set aside as follows:

	<b>2019</b>	<b>2018</b>
Board designated assets	\$ 65,373,715	\$ 55,048,794
Assets held by trustees	8,358,129	5,008,124
 Total	 \$ 73,731,844	 \$ 60,056,918

A summary of scheduled maturities by investment type at June 30, 2019 and 2018, were as follows:

	<b>2019</b>			
	<b>Carrying Value</b>	<b>Investment Maturities (in years)</b>		
		<b>Less than 1</b>	<b>1 to 5</b>	<b>6 to 10+</b>
Investment type				
Cash and cash equivalents	\$ 33,384,048	\$ 33,384,048	\$ -	\$ -
Local agency investment fund	64,817,161	64,817,161	-	-
 Total	 \$ 98,201,209	 \$ 98,201,209	 \$ -	 \$ -
	<b>2018</b>			
	<b>Carrying Value</b>	<b>Investment Maturities (in years)</b>		
		<b>Less than 1</b>	<b>1 to 5</b>	<b>6 to 10+</b>
Investment type				
Cash and cash equivalents	\$ 24,356,014	\$ 24,356,014	\$ -	\$ -
Local agency investment fund	54,494,589	54,494,589	-	-
 Total	 \$ 78,850,603	 \$ 78,850,603	 \$ -	 \$ -

**Interest rate risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.



## Tahoe Forest Hospital District Notes to Combined Financial Statements

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**Credit risk and concentration of credit risk** – Investment activities of the District are governed by sections of the CGC, which specify the authorized investments that may be made by the District. The District's investment policy (the "Policy") requires that all investing activities of the District comply with the CGC and also sets forth certain additional restrictions which exceed those imposed by the CGC. Investment activities of the Foundations are governed by the Internal Revenue Code; therefore, its investment activities are not subject to the same requirements as the District.

CGC, Section 53635, places the following concentration limits on LAIF, which is unrated:

No more than 40% may be invested in eligible commercial paper; no more than 10% may be invested in the outstanding commercial paper of any single issuer; and no more than 10% of the outstanding commercial paper of any single issuer may be purchased.

CGC, Section 53601, places the following concentration limits on the District's investments:

No more than 5% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 10% of the outstanding commercial paper of any single issuer may be purchased; no more than 30% may be invested in bankers' acceptances of any one commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% of the value of the portfolio may be invested in reverse repurchase agreements; and no more than 30% may be invested in medium-term notes.

The District's policy maximizes the return on invested cash while minimizing risk of capital loss. The District's policy limits investments to one and one half years, unless otherwise approved by the Board of Directors. This District was in compliance with their investment policies as of June 30, 2019.

**Custodial credit risk** – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event or failure of the counter party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party.

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

**Tahoe Forest Hospital District  
Notes to Combined Financial Statements**

**NOTE 4 – FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

**Level 1** – Quoted prices in active markets for identical assets or liabilities.

**Level 2** – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** – Unobservable inputs supported by little or no market activity and significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies and inputs used for instruments measured at fair value on a recurring basis and recognized in the accompanying combined statements of net position or for which the fair value is disclosed in the notes to the combined financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2019 and 2018.

**Beneficial interest in trusts** – As described in Note 1, the Foundations are the beneficiary of funds held at TTCF and Parasol. The fair value of the beneficial interest is estimated using the fair value of the assets held in trust reported by the trustees as of June 30, 2019 and 2018.

**Hedging derivative** – The fair value of the hedging derivative is valued using market to market valuations as of June 30, 2019 and 2018.

The following tables present the fair value measurements of instruments recognized in the accompanying combined statements of net position measured on a recurring basis and the level within the GASB 72 fair value hierarchy in which the fair value measurements fall at June 30:

Description	2019			Total
	Level 1	Level 2	Level 3	
Hedging derivative	\$ -	\$ (1,370,780)	\$ -	\$ (1,370,780)
Beneficial interest in trusts	-	-	1,689,389	1,689,389
Total by fair value level	<u>\$ -</u>	<u>\$ (1,370,780)</u>	<u>\$ 1,689,389</u>	<u>318,609</u>
Cash and cash equivalents				<u>33,384,048</u>
Total				<u>\$ 33,702,657</u>

# Tahoe Forest Hospital District

## Notes to Combined Financial Statements

Description	2018			Total
	Level 1	Level 2	Level 3	
Hedging derivative	\$ -	\$ (1,063,457)	\$ -	\$ (1,063,457)
Beneficial interest in trusts	-	-	1,628,771	1,628,771
Total by fair value level	\$ -	\$ (1,063,457)	\$ 1,628,771	565,314
Cash and cash equivalents				24,356,014
Total				\$ 24,921,328

The following table summarizes the changes in the District's Level 3 financial instruments for the years ended June 30, 2019 and 2018:

	2019	2018
Beginning balance	\$ 1,628,771	\$ 1,560,206
Purchases	21,282	11,471
Change in value of beneficial interest in trusts	39,336	57,094
Ending balance	\$ 1,689,389	\$ 1,628,771

The table below presents information about significant unobservable inputs related to material categories of Level 3 financial instruments as of June 30, 2019:

Description	Fair Value as of June 30, 2019	Valuation Technique	Unobservable Input	Range
Beneficial interest in trusts	\$ 1,689,389	Asset fair value from Trustee	Asset fair value from Trustee	Varies

### NOTE 5 – PATIENT ACCOUNTS RECEIVABLE

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

## Tahoe Forest Hospital District Notes to Combined Financial Statements

Patient accounts receivable is comprised of the following as of June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Medicare and Medicare managed care	\$ 17,448,736	\$ 17,060,156
Medi-Cal and Medi-Cal managed care	17,862,642	15,576,761
Other payors	30,669,661	25,313,858
Self-pay	16,222,969	6,166,886
Gross patient accounts receivable	82,204,008	64,117,661
Less allowances for contractual adjustments and bad debts	(54,986,166)	(39,393,364)
Net patient accounts receivable at Tahoe Forest Hospital District	27,217,842	24,724,297
Net patient accounts receivable at Truckee Surgery Center, LLC	233,845	216,187
Total net patient accounts receivable	\$ 27,451,687	\$ 24,940,484

Concentration of net patient accounts receivable as of June 30, 2019 and 2018, were as follows:

	<b>2019</b>	<b>2018</b>
Commercial and other payors	56%	53%
Medicare	25%	27%
Medi-Cal	16%	17%
Self-pay	3%	3%
Total	100%	100%

# Tahoe Forest Hospital District

## Notes to Combined Financial Statements

### NOTE 6 – CAPITAL ASSETS

The capital asset activity of the District for the years ended June 30, 2019 and 2018, were as follows:

	2019				Balance June 30, 2019
	Balance June 30, 2018	Increases	Decreases	Transfers	
Capital assets - nondepreciable					
Land	\$ 2,829,147	\$ -	\$ -	\$ -	\$ 2,829,147
Construction in progress, net	5,543,536	13,192,732	-	(3,092,926)	15,643,342
Property held for future expansion	841,021	4,237	-	-	845,258
	<u>9,213,704</u>	<u>13,196,969</u>	<u>-</u>	<u>(3,092,926)</u>	<u>19,317,747</u>
Capital assets - depreciable					
Land improvements	3,914,004	433,052	-	-	4,347,056
Building and improvements	198,223,153	6,976,535	(1,113,712)	2,680,595	206,766,571
Equipment and software	88,807,260	5,374,759	(986,182)	412,331	93,608,168
Capital assets at Truckee Surgery Center, LLC	1,197,538	-	-	-	1,197,538
	<u>292,141,955</u>	<u>12,784,346</u>	<u>(2,099,894)</u>	<u>3,092,926</u>	<u>305,919,333</u>
Less accumulated depreciation for					
Land improvements	2,981,948	156,681	-	-	3,138,629
Building and improvements	60,468,921	7,557,173	(575,328)	-	67,450,766
Equipment and software	69,594,949	5,819,387	(898,351)	-	74,515,985
Capital assets at Truckee Surgery Center, LLC	471,828	45,265	-	-	517,093
	<u>133,517,646</u>	<u>13,578,506</u>	<u>(1,473,679)</u>	<u>-</u>	<u>145,622,473</u>
Total capital assets - depreciable, net	<u>158,624,309</u>	<u>(794,160)</u>	<u>(626,215)</u>	<u>3,092,926</u>	<u>160,296,860</u>
Total capital assets, net	<u>\$ 167,838,013</u>	<u>\$ 12,402,809</u>	<u>\$ (626,215)</u>	<u>\$ -</u>	<u>\$ 179,614,607</u>
	2018				
	Balance June 30, 2017	Increases	Decreases	Transfers	Balance June 30, 2018
Capital assets - nondepreciable					
Land	\$ 2,829,147	\$ -	\$ -	\$ -	\$ 2,829,147
Construction in progress, net	41,653,418	8,933,576	-	(45,043,458)	5,543,536
Property held for future expansion	836,353	4,668	-	-	841,021
	<u>45,318,918</u>	<u>8,938,244</u>	<u>-</u>	<u>(45,043,458)</u>	<u>9,213,704</u>
Capital assets - depreciable					
Land improvements	3,867,334	46,670	-	-	3,914,004
Building and improvements	162,251,200	926,553	-	35,045,400	198,223,153
Equipment and software	75,768,073	3,041,129	-	9,998,058	88,807,260
Capital assets at Truckee Surgery Center, LLC	1,197,538	-	-	-	1,197,538
	<u>243,084,145</u>	<u>4,014,352</u>	<u>-</u>	<u>45,043,458</u>	<u>292,141,955</u>
Less accumulated depreciation for					
Land improvements	2,825,528	156,420	-	-	2,981,948
Building and improvements	54,459,700	6,009,221	-	-	60,468,921
Equipment and software	64,464,368	5,130,581	-	-	69,594,949
Capital assets at Truckee Surgery Center, LLC	420,740	51,088	-	-	471,828
	<u>122,170,336</u>	<u>11,347,310</u>	<u>-</u>	<u>-</u>	<u>133,517,646</u>
Total capital assets - depreciable, net	<u>120,913,809</u>	<u>(7,332,958)</u>	<u>-</u>	<u>45,043,458</u>	<u>158,624,309</u>
Total capital assets, net	<u>\$ 166,232,727</u>	<u>\$ 1,605,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,838,013</u>

# Tahoe Forest Hospital District

## Notes to Combined Financial Statements

### NOTE 7 – LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

A summary of long-term debt and capital lease obligations as of June 30, 2019 and 2018, were as follows:

2019						
	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2019
General obligation bonds						
2016 GOB	March 2016	August 2040	2.00% - 5.00%	\$600,000 - \$3,625,000	\$ 45,110,000	\$ 43,415,000
2015 GOB	February 2015	August 2038	2.00% - 5.00%	\$370,000 - \$2,895,000	30,810,000	29,715,000
Series C (2012) GOB	July 2012	August 2042	3.00% - 5.50%	\$175,000 - \$2,440,000	26,100,000	25,790,000
Revenue bonds						
Series 2017	March 2017	July 2032	1.49%	\$503,082 - \$663,805	9,060,000	8,196,918
Series 2015	March 2015	July 2033	3.87%	\$896,124 - \$1,583,873	20,979,000	18,459,025
Notes payable						
11046 Donner Pass Road	January 2019	February 2026	4.00%	\$205,668 - \$533,255	4,950,000	4,744,332
Opus Bank Muni Lease	October 2018	November 2023	2.82%	\$876,332 - \$714,103	8,000,000	7,127,231
Capital lease obligations						
US Bank Equipment Financing	June 2016	July 2021	5.28%	\$228 monthly	12,069	5,213
US Bank Equipment Financing	June 2014	July 2019	4.40%	\$727 monthly	39,240	727
Westamerica Bank	March 2019	March 2024	4.05%	\$10,868 - \$50,336	239,669	228,801
					\$ 145,299,978	\$ 137,682,247
2018						
	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2018
General obligation bonds						
2016 GOB	March 2016	August 2040	2.00% - 5.00%	\$530,000 - \$3,625,000	\$ 45,110,000	\$ 44,015,000
2015 GOB	February 2015	August 2038	2.00% - 5.00%	\$165,000 - \$2,895,000	30,810,000	30,085,000
Series C (2012) GOB	July 2012	August 2042	3.00% - 5.50%	\$135,000 - \$2,440,000	26,100,000	25,965,000
Revenue bonds						
Series 2017	March 2017	July 2032	1.49%	\$360,000 - \$663,805	9,060,000	8,700,000
Series 2015	March 2015	July 2033	3.87%	\$761,114 - \$1,583,873	20,979,000	19,355,149
Capital lease obligations						
Bank of America Public Capital	July 2012	July 2017	2.21%	\$103,515 monthly	6,000,000	-
US Bank Equipment Financing	June 2016	July 2021	5.28%	\$228 monthly	12,069	7,619
US Bank Equipment Financing	June 2014	July 2019	4.40%	\$727 monthly	39,240	9,249
					\$ 138,110,309	\$ 128,137,017

# Tahoe Forest Hospital District

## Notes to Combined Financial Statements

The following tables summarize the District's long-term debt and capital lease transactions for the years ended June 30, 2019 and 2018:

	2019				
	Balance June 30, 2018	Net Borrowings	Payments During Year	Balance June 30, 2019	Current Portion
2016 General obligation bond	\$ 44,015,000	\$ -	\$ (600,000)	\$ 43,415,000	\$ 675,000
2015 General obligation bond	30,085,000	-	(370,000)	29,715,000	435,000
Series C (2012) General obligation bond	25,965,000	-	(175,000)	25,790,000	220,000
General obligation bond premium/discount	2,933,050	-	(137,835)	2,795,215	-
Series 2017 Revenue bonds	8,700,000	-	(503,082)	8,196,918	513,143
Series 2015 Revenue bonds	19,355,149	-	(896,124)	18,459,025	930,804
11046 Donner Pass Road	-	4,950,000	(205,668)	4,744,332	633,688
Opus Bank Muni Lease	-	8,000,000	(872,769)	7,127,231	1,536,193
US Bank equipment financing	7,619	-	(2,406)	5,213	2,537
US Bank equipment financing	9,249	-	(8,522)	727	727
Westamerica Bank	-	239,669	(10,868)	228,801	44,587
	<u>\$ 131,070,067</u>	<u>\$ 13,189,669</u>	<u>\$ (3,782,274)</u>	<u>\$ 140,477,462</u>	<u>\$ 4,991,679</u>

	2018				
	Balance June 30, 2017	Net Borrowings	Payments During Year	Balance June 30, 2018	Current Portion
2016 General obligation bond	\$ 44,545,000	\$ -	\$ (530,000)	\$ 44,015,000	\$ 600,000
2015 General obligation bond	30,395,000	-	(310,000)	30,085,000	370,000
Series C (2012) General obligation bond	26,100,000	-	(135,000)	25,965,000	175,000
General obligation bond premium/discount	3,070,883	-	(137,833)	2,933,050	-
Series 2017 Revenue bonds	8,700,000	-	-	8,700,000	503,082
Series 2015 Revenue bonds	20,217,886	-	(862,737)	19,355,149	896,124
Bank of America public capital	103,516	-	(103,516)	-	-
US Bank equipment financing	9,903	-	(2,284)	7,619	2,284
US Bank equipment financing	17,404	-	(8,155)	9,249	8,155
	<u>\$ 133,159,592</u>	<u>\$ -</u>	<u>\$ (2,089,525)</u>	<u>\$ 131,070,067</u>	<u>\$ 2,554,645</u>

As of June 30, 2019, the District's long-term debt and capital lease obligation requirements to maturity are as follows:

Years Ending June 30,	Long-Term Debt			Capital Lease Obligations		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 4,943,828	\$ 4,698,770	\$ 9,642,598	\$ 47,851	\$ 8,664	\$ 56,515
2021	5,259,816	4,536,639	9,796,455	49,101	6,683	55,784
2022	5,584,708	4,356,872	9,941,580	48,342	4,690	53,032
2023	5,938,638	4,154,519	10,093,157	50,336	2,695	53,031
2024	5,316,462	3,954,624	9,271,086	39,111	663	39,774
2025 - 2029	25,091,833	16,773,606	41,865,439	-	-	-
2030 - 2034	34,777,221	11,454,693	46,231,914	-	-	-
2035 - Thereafter	50,535,000	6,195,132	56,730,132	-	-	-
	<u>\$ 137,447,506</u>	<u>\$ 56,124,855</u>	<u>\$ 193,572,361</u>	<u>\$ 234,741</u>	<u>\$ 23,395</u>	<u>\$ 258,136</u>

**Advanced refunding** – On April 13, 2006, the District advance refunded the 1999 Series A Bonds totaling \$11,790,000 with Series 2006 Revenue Bonds totaling \$24,347,998. The 1999 Series A Bonds were redeemed on July 1, 2009, in accordance with the escrow agreement.

On March 10, 2015, the District advance refunded the Series A (2008) General Obligation Bonds totaling \$29,345,000 with the 2015 General Obligation Bonds totaling \$30,810,000 at a premium of \$1,040,802. Resources totaling \$31,361,320 were placed in an escrow account for the purpose of generating resources for all future debt service payments.

## Tahoe Forest Hospital District Notes to Combined Financial Statements

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This advance refunding was undertaken to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding general obligation bonds) of \$3,631,371. As a result of the refunding, total debt service payments over the next 24 years will decrease by \$5,184,014.

On May 29, 2015, the District advance refunded the Series 2006 Revenue Bonds totaling \$23,240,000 with the Series 2015 Revenue Bonds totaling \$20,979,000. Resources totaling \$24,036,325 were placed in an escrow account for the purpose of generating resources for all future debt service payments.

This advance refunding was undertaken to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding revenue bonds) of \$2,331,620. As a result of the refunding, total debt service payments over the next 22 years will decrease by \$2,570,928.

On April 7, 2016, the District advance refunded the Series B (2010) General Obligation Bonds totaling \$42,785,000 with the 2016 General Obligation Bonds totaling \$45,110,000. Resources totaling \$47,412,331 were placed in an escrow account for the purpose of generating resources for all future debt service payments.

This advance refunding was undertaken to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding general obligation bonds) of \$7,718,216. As a result of the refunding, total debt service payments over the next 22 years will decrease by \$10,617,709.

On March 27, 2017, the District advance refunded the Series 2002 Variable Rate Demand Revenue Bonds totaling \$8,890,000 with the Series 2017 Variable Rate Demand Revenue Bonds totaling \$9,060,000.

This advance refunding was undertaken to obtain an economic gain by eliminating the required line of credit associated with the Series 2002 Bonds, therefore saving approximately \$100,000 annually for the District. The Series 2017 Bonds were issued on a parity as to payment and security with the District's Series 2015 Bonds.

### **NOTE 8 – INTEREST RATE SWAP AGREEMENT**

In May 2005, as a means to lower its borrowing costs when compared against fixed rate bonds, the District entered into an interest rate swap in connection with its Series 2002 Variable Rate Revenue Bonds. The intention of the swap was to effectively change the District's variable interest rate on the Bonds to a synthetic fixed rate of 3.54%.

The Series 2002 Bonds, and the related swap agreement, mature on July 1, 2033. The swap's original notional amount of \$11,800,000 matched the variable-rate bonds at the agreement date. The swap commenced three years after the Bonds were issued (July 2002). Starting in fiscal year 2005, the notional value of the swap, and the principal amount of the associated debt, will decline each principal payment made by the District. Under the swap, the District pays the counterparty a fixed payment of 3.54% and receives a variable payment computed as 70% of the London Interbank Offered Rate (LIBOR) one-month rate.

In 2017, the 2002 bonds were defeased and the funds were used to issue the Series 2017 Revenue Bonds. The Series 2017 Revenue bonds are for a marginally larger notional amount, with the same end date, the same interest rate based on the same driver. The swap was then found to be still effective with the new Series 2017 Revenue Bonds, and hedge accounting for the swap continued forward. At the date of defeasance, the value of the swap was approximately \$1,400,000.



## Tahoe Forest Hospital District Notes to Combined Financial Statements

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As interest rates have declined since execution of the swap, the swap had negative fair values of \$1,370,780 and \$1,063,457 as of June 30, 2019 and 2018, respectively. The swap's negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the District's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated using mathematical approximations of market values derived from proprietary models. The valuations are calculated on a mid-market basis and do not include bid/offer spread that would be reflected in an actual price quotation. It should be assumed that the actual price quotations for unwinding the transactions would be different. In connection with the fair value determination of the interest rate swap, the District has recorded a derivative instrument liability in the amount of \$1,370,780 and \$1,063,457 at June 30, 2019 and 2018, respectively, and a corresponding accumulated decrease in fair value of hedging derivative (deferred outflow of resources). Fair values are based on a market to market report which is considered a Level 2 fair value input.

**Credit risk** – As of June 30, 2019, the District was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the District would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated AA-/Aa3 as of June 30, 2019. To mitigate the potential for credit risk, if the counterparty's credit quality falls below AA/Aa, the fair value of the swap will be fully collateralized by the counterparty with U.S. government securities. Collateral would be posted with a third-party custodian.

**Termination risk** – The District, or the counterparty, may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the District if the counterparty's credit rating falls below A3/A-/A-. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. If at the time of termination, the swap has a negative fair value, the District would also be liable to the counterparty for a payment equal to the swap's fair value.

### NOTE 9 – INSURANCE PLANS

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. The District carries insurance for medical malpractice and general comprehensive liability, and workers' compensation claims.

**Workers' compensation insurance** – The District is self-insured for workers' compensation claims. A stop-loss insurance contract executed with an insurance carrier covers individual claims in excess of \$500,000 per plan year with an aggregate limit of \$1,000,000. There were no significant changes in insurance coverage from the prior year.

Workers' compensation benefits costs from reported and unreported claims were accrued based on estimates that incorporate the District's past experience, as well as other considerations, including the nature of each claim or incident and other relevant trend factors. While the ultimate amount of workers' compensation liability is dependent on future developments, management is of the opinion that the associated liabilities for claims pending and incurred but not reported recognized in the accompanying combined financial statements is adequate to cover such claims. The liability has not been discounted. Management is aware of no potential workers' compensation liability the settlement of which, if any, would have a material adverse effect on the District's net position for the years ended June 30, 2019 and 2018.

## Tahoe Forest Hospital District Notes to Combined Financial Statements

**Employee health insurance** – The District is self-insured to provide group medical, dental, and vision coverage. The District funds its liability based on actual claims. A stop-loss insurance contract executed with an insurance carrier provides a specific stop-loss deductible per claim of \$225,000 with an aggregate specific annual deductible of \$100,000. There were no significant changes in insurance coverage from the prior year.

The liability for unpaid claims is estimated using an industry average that is based on actual claims paid. The estimated liability for claims pending and incurred but not reported at June 30, 2019 and 2018, has been included in the accompanying combined statements of net position under estimated claims incurred but not reported.

The following is a summary of the changes in the workers' compensation and employee health insurance liabilities for the years ended June 30, 2019 and 2018:

	<b>2019</b>			
	<b>Balance June 30, 2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2019</b>
Workers' compensation	\$ 1,886,163	\$ 510,697	\$ -	\$ 2,396,860
Employee health	1,312,436	730,234	-	2,042,670
	<b>\$ 3,198,599</b>	<b>\$ 1,240,931</b>	<b>\$ -</b>	<b>\$ 4,439,530</b>
	<b>2018</b>			
	<b>Balance June 30, 2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2018</b>
Workers' compensation	\$ 1,703,225	\$ 182,938	\$ -	\$ 1,886,163
Employee health	1,211,751	100,685	-	1,312,436
	<b>\$ 2,914,976</b>	<b>\$ 283,623</b>	<b>\$ -</b>	<b>\$ 3,198,599</b>

**Medical malpractice insurance** – The District participates in a joint powers agreement (“JPA”) with the Program BETA Risk Management Authority (the “Program”).

The Program was formed for the purpose of operating a comprehensive liability self-insurance program for certain hospital districts of the Association of California Healthcare Districts, Inc. (“ACHD”). The Program operates as a separate JPA established as a public agency separate and distinct from ACHD. Each member hospital pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the Program. The District maintains coverage on a claims-made basis.

Coverage under a claims-made policy could expose the District to a gap in coverage if the District were to terminate coverage with the Program. In order to mitigate this potential gap in coverage, the District has accrued and estimated premium to purchase an unlimited extended reporting amendment (tail coverage) in the amount of \$1,172,232 and \$1,184,419 for the years ended June 30, 2019 and 2018, respectively.

**Tahoe Forest Hospital District  
Notes to Combined Financial Statements**

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**NOTE 10 – RESTRICTED NET ASSETS**

Net assets are maintained for the following programs and services at June 30:

	<u>2019</u>	<u>2018</u>
Restricted - expendable net assets		
Cancer prevention	\$ 665,891	\$ 823,471
Cancer care	1,636,958	1,591,155
Hospice and other	<u>1,321,721</u>	<u>1,239,948</u>
	<u>\$ 3,624,570</u>	<u>\$ 3,654,574</u>
Restricted - nonexpendable net assets		
Investments in perpetuity, the income from which is expendable to support;		
Parasol endowment	<u>\$ 41,209</u>	<u>\$ 34,709</u>
	<u>\$ 41,209</u>	<u>\$ 34,709</u>

**NOTE 11 – EMPLOYEES’ RETIREMENT PLANS**

The District contributes to the Tahoe Forest Hospital District Employee Money Purchase Pension Plan (the “MPP Plan”), a defined contribution pension plan administered by the District. The MPP Plan covers employees who complete 1,000 hours of service in a calendar year. The District is required to make annual contributions to the MPP Plan equal to 3% of each eligible employee’s annual compensation, plus 3% of an eligible employee’s annual compensation in excess of the Social Security tax wage base. Employee contributions are voluntary and are limited to 10% of an employee’s annual compensation.

The District also offers its employees a deferred compensation plan (the “457 Plan”) created in accordance with Internal Revenue Code Section 457(b). The 457 Plan allows employees to defer a portion of their current compensation until future years. The District matches participant’s deferrals from 3% to 7% of compensation. Employee contributions are limited to 100% of total employee compensation or the maximum amount allowable by law. The employer matching contributions under the 457 Plan are deposited into employee accounts in the MPP Plan.

Total employer contributions under the above retirement plans were \$4,452,525 and \$3,900,305 for the years ended June 30, 2019 and 2018, respectively. As of June 30, 2019 and 2018, the District has accrued \$2,162,198 and \$1,823,661, respectively, of employer contributions related to the above retirement plans in accrued payroll and related expense on the accompanying combined statements of net position.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**Construction in progress** – As of June 30, 2019 and 2018, the District had recorded \$15,643,342 and \$5,543,536, respectively, as construction-in-progress representing cost capitalized for various remodeling, major repair, and expansion projects on the District's premises. Estimated cost to complete all projects as of June 30, 2019, is approximately \$2,250,000.

**Litigation** – The District is a defendant in various legal proceedings arising out of the normal conduct of its business. In the opinion of management and its legal representatives, the District has valid and substantial defenses, and settlements or awards arising from legal proceedings, if any, will not exceed existing insurance coverage, nor will they have a material adverse effect on the net position, results of operations, or liquidity of the District.

**Regulatory environment** – The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. The District is subject to routine surveys and reviews by federal, state, and local regulatory authorities. The District has also received inquiries from health care regulatory authorities regarding its compliance with laws and regulations. Although the District management is not aware of any violations of laws and regulations, it has received corrective action requests as a result of completed and ongoing surveys from applicable regulatory authorities. Management continually works in a timely manner to implement operational changes and procedures to address all corrective action requests from regulatory authorities. Breaches of these laws and regulations and noncompliance with survey corrective action requests could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

**Hospital Seismic Safety Act** – The California Hospital Facilities Seismic Safety Act ("SB 1953") specifies certain requirements that must be met at various dates in order to increase the probability that a California hospital can maintain uninterrupted operations following a major earthquake. Management believes that the Hospital is currently substantially in compliance with these requirements.

**Arbitrage** – The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. During the current year, the District performed calculations of excess investment earnings on various bonds and financings and, at June 30, 2019, does not expect to incur a significant liability.

**Tahoe Forest Hospital District  
Notes to Combined Financial Statements**

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**Operating leases** – The District leases various equipment and facilities under operating leases expiring at various dates. Total building and equipment rent expense for the years ended June 30, 2019 and 2018 were \$2,682,686 and \$2,614,423, respectively. Future minimum lease payments, by year and in the aggregate, for all operating leases consist of the following:

<u>Years ending June 30,</u>	
2020	\$ 1,875,797
2021	1,062,636
2022	492,006
2023	173,391
2024	174,460
Thereafter	<u>404,943</u>
	<u><u>\$ 4,183,233</u></u>

**NOTE 13 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the combined statement of net position date but before the combined financial statements are issued. The District recognizes in the combined financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the combined statement of net position, including the estimates inherent in the process of preparing the combined financial statements. The Districts combined financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the combined statement of net position but arose after the combined statement of net position date and before the combined financial statements are issued.

In September 2019, the District issued \$24,710,000 of Tahoe Forest Hospital District (Placer and Nevada Counties, California), 2019 General Obligation Refunding Bonds to refund the Series C (2012) General Obligation Bonds. The Series C 2012 General Obligation Bonds were redeemed in full in September 2019. The 2019 General Obligation Refunding Bonds mature August 2042.



## **Board Informational Report**

**By: Jim Hook**  
Corporate Compliance  
Consultant, The Fox Group

**DATE:** October 24, 2019

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### **2019 Compliance Program 3<sup>rd</sup> Quarter Report (Open Session)**

The Compliance Committee is providing the Board of Directors (BOD) with a report of the 3<sup>rd</sup> Quarter 2019 Compliance Program activities (Open Session). This report assists the BOD to meet its obligations to be knowledgeable about the content and operation of the seven components of the Compliance Program.

## 2019 Corporate Compliance Program 2<sup>nd</sup> Quarter Report

### OPEN SESSION

Period Covered by Report: **April 1, 2019- June 30, 2019**  
Completed by: James Hook, Compliance Officer, The Fox Group

#### **1. Written Policies and Procedures**

1.1. The District's Corporate Compliance Policies and Procedures are reviewed and updated as needed. The following policies were reviewed with recommendations by the Compliance Department:

1.1.1. AIT-100 TFHD Network Usage Policy (NUP)

#### **2. Compliance Oversight / Designation of Compliance Individuals**

2.1. Corporate Compliance Committee Membership as of September 30, 2019:

Jim Hook, The Fox Group – Compliance Consultants  
Judy Newland, RN – Chief Operating Officer  
Karen Baffone RN- Chief Nursing Officer  
Harry Weiss – Chief Executive Officer  
Crystal Betts – Chief Financial Officer  
Jake Dorst – Chief Information and Innovation Officer  
Alex MacLennan – Chief Human Resources Officer  
Matt Mushet – In-house Legal Counsel  
Stephanie Hanson, RN – Compliance Analyst  
Temera Royston, Health Information Management Director  
Shelly Thewlis, Interim HIM Director  
Scott Baker, Executive Director of Physician Services  
Todd Johnson, Privacy Officer and Risk Manager

#### **3. Education & Training**

3.1. The Compliance Department furnishes Compliance Program training to new directors, managers and supervisors every quarter.  
3.2. All employees are assigned HIPAA and Compliance Program training via Health Stream.  
3.3. Code of Conduct and Health Stream compliance and privacy training for new Medical staff members and physician employees are completed as part of initial orientation.

#### **4. Effective Lines of Communication/Reporting**

4.1. A Compliance log is maintained for all calls to the Compliance Hotline and other reports made to the Compliance Department. Three reports were made either directly to the Compliance Department or through the hot line in the 3<sup>rd</sup> Quarter of 2019.

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- 4.2. HIPAA violations are reported to the Privacy Officer. The Privacy Officer maintains a log of reported events and investigations. Ten reports were made to the Privacy Officer in the 3<sup>rd</sup> Quarter of 2019.
- 4.3. The Compliance Department published two articles in the Pacesetter in the 3<sup>rd</sup> quarter of 2019.

**5. Enforcing Standards through well-publicized Disciplinary Guidelines**

- 5.1. One hundred percent of Health Stream corporate compliance and HIPAA privacy modules were completed by employees for the 3<sup>rd</sup> Quarter of 2019.
- 5.2. All new staff hires, and newly privileged physicians, receive criminal background checks and are checked against the OIG and GSA list of exclusions prior to hiring/appointment. Members of the Medical Staff are checked against the OIG/GSA exclusion lists each month. All employees are screened against the OIG/GSA exclusion list every quarter. All vendors are checked continuously using the vendor credentialing program.

**6. Auditing & Monitoring**

- 6.1. One audit was completed during the 3<sup>rd</sup> Quarter of 2019 as part of the 2019 corporate compliance work plan.
  - 6.1.1. An audit of Documentation of F-to-F visits during the first half of the year showed 100% of required F-to-F visits completed for both Home Health and Hospice patients.

**7. Responding to Detected Offenses & Corrective Action Initiatives**

- 7.1. Investigations of suspected and actual compliance issues incidents were initiated. Some investigations revealed no violations. Remediation measures included: additional staff training, changes in processes, and updated policies and procedures were implemented to prevent further violations.

**8. Routine Compliance Support**

- 8.1. The Compliance Department provides routine support to important TFHD initiatives, such as the terms and conditions of physician employment, and questions about billing and compliance with other laws and regulations.