ESTES PARK HEALTH
SPECIAL BOARD OF DIRECTORS'
Meeting Minutes – July 7, 2020

Board Members in Attendance:
Dr. David Batey, Chair
Ms. Sandy Begley, Vice Chair (via webinar)
Ms. Diane Muno, Secretary (via webinar)
Mr. William Pinkham, Member-at-Large
Dr. Steve Alper, Treasurer

Other Attendees:
Mr. Vern Carda, CEO
Mr. Tim Cashman, CFO
Ms. Pat Samples, CNO
Mr. Gary Hall, CIO
Mr. Randy Brigham, CHRO
Dr. John Meyer, CMO
Dr. Ken Epstein
Mr. Kevin Mullin, Executive Director, Estes Park Health Foundation

Community Attendees:
None

1. **Call to Order**
   The Special Board meeting was called to order at 3:48 p.m. by Dr. Batey, Chairman of the Board of Directors; there was a quorum present. Notice of the Special Board meeting was posted in accordance with the SUNSHINE Law Regulation.

2. **Approval of Agenda**
   Mr. Pinkham motioned to approve the agenda as submitted. Dr. Alper seconded the motion, which carried unanimously.

3. **Public Comments on Items Not on the Agenda**
   None.

4. **General Board Member Comments Not on the Agenda**
   None.

5. **Proposed Surgical Department Programming Changes**

After studying multiple critical access hospital surgical models, Estes Park Health (EPH) management recommends discontinuing Rural Physician Group (RPG) 24/7 surgicalist coverage at EPH. Furthermore, EPH management recommends reestablishing an employed surgical base. As such, management requests approval for funding and hiring two general surgeons and a per diem surgeon to create an employed 24/7 surgical model. Specific focus of EPH general surgical program will be:

- Enhanced general surgery quality.
- Service excellence to consumers.
- Improve fiscal performance of general surgery service line.

Vision

To achieve a culture of clinical and service excellence through patient-centered care.

Mission

We exist to make a positive difference in the health and wellbeing of all we serve.

Objective

Design, develop, and implement a general surgery program for EPH that exceeds quality and service expectations for community members and satisfies quality expectations of EPH physicians.

Strategies

- Improve general surgery quality.
- Improve general surgery market share.
- Facilitate clinical integration.
- Promote EPH general surgical growth.
- Create awareness and trust of program in community.

Anticipated Timeline

- **7 July 2020 -** Board approval of employed surgical program recommendation.
- **31 July 2020 –** Arrange surgical coverage for gap anticipated in surgical coverage between hire date of general surgeons and general surgeons start.
- **Complete by 15 August 2020 -** Source, interview, and execute signed contracts for two general surgeons plus identify a per diem surgeon.
- **15 August - 15 November 2020 –** Provider enrollment for billing, collection, and business purposes. Process of provider enrollment will consume 90 – 120 days from hire of surgeon.
- **By 15 August 2020** - Devise, develop, and implement marketing campaign.
- **15 August 2020** – Begin employed surgeon credentialing process.
- **January 2021 –** Ongoing performance review of the program will occur at regular intervals to adjust for efficiency and effectiveness.

Current General Surgery Services Offered at EPH

EPH entered into a contractual agreement with Rural Physician Group – Pannu P.L.L.C. (RPG) on November 1, 2018. The RPG surgicalist contract indicates that contractor will provide all surgery coverage services for unassigned patients of EPH. RPG surgicalist coverage consists of twenty-four hours per day seven days per week, 14-day rotational surgical coverage. RPG allows physician to bill and collect for the professional component of services provided to patients. EPH bills and collects the technical components for services rendered in the Hospital. Payment for services provided by

RPG are reimbursed as follows: EPH compensates RPG $798,000 per year or $66,500 per month in year one of the program. This fee was to change in year two of the program to $948,000 per year. However, as the program was sputtering, RPG did not escalate the fee to $948,000 but rather has been charging $66,500 monthly. The original term of the agreement was for one year commencing November 1, 2018. The contract contemplated automatic renewal of successive one-year terms until termination was initiated by either of the parties as provided for via contractual provisions.

Historical Surgical Volumes

Gen Surgery	**2015**	**2016**	**2017**	**2018**	**2019**	**(May) 2020**	**Proforma 2020**
IP	18	16	15	14	17	9	15
OP	110	86	69	70	73	25	56
Total	128	102	84	84	90	34	71

Brief Volume Analysis

- Outpatient surgical volume has decreased approximately 50% between 2015 and 2020.
- Inpatient surgical volume has remained relatively steady averaging approximately 16 cases/year.
- Dr. Woodard began reducing caseload as early as 2015 and formally phasing out in late 2017-early 2018.

Issues Driving General Surgical Volume Decline

- The unintended consequence of inconsistent and multiple surgeons rotating through EPH created less than optimal EPH physician to RPG physician relationships.
- Not all surgicalists provided by RPG had the same skillsets.
- Lack of alignment exists between EPH and RPG organizational strategies.
- RPG surgeons' community connection not optimal due to 14-day surgical rotation schedule.
- EPH instrument sterilizer crashed on September 11, 2019 and was approved for operation late February of 2020.

Objective-Strategies

Objective

Design, develop, and implement a general surgery program for EPH that exceeds quality and service expectations of community members and local/employed physicians. Quality and service expectations will be measured by community perception, quality monitoring and financial performance of program.

- EPH family medicine physicians will have an enhanced ability to interact daily with consistent, like-minded, community-based physician surgeon colleagues who share contiguous office space.
- Community members will enjoy the opportunity to evaluate and utilize the services of employed, consistent, board-certified general surgeons.

Strategies

One of the most notable shifts in healthcare is more active participation by the general public in selection and interaction with their personal healthcare product. Despite this shift, and the advent of healthcare reform, measurement and transparency of outcomes that matters to all of us remains limited. As EPH has an obligation to improve its general surgical programming, and move its care platform from volume to value, it will become very important to improve the alignment between EPH, EPH physicians, and EPH general surgeons. Employment of surgeons, as well as surgery

department general operational improvement, will be essential to enhancing patient and physician satisfaction and improving each element of the value equation. Value is the product of the quality of care plus the patient experience at a given cost. Key strategies identified to improve general surgery include:

- **Improve general surgery quality.**

  EPH has always worked to observe the highest quality standards in our surgical services and other clinical departments. Following is a description of the various components of our quality program as it does and will relate to our surgical services program.

  National patient safety goals:
  - Two patient identifiers prior to giving medications, blood, or blood products and when providing any procedure.
  - Report critical results of tests and diagnostic procedures on a timely basis.
  - Label all medications on/off the sterile field in the perioperative and other procedural areas.
  - Reduce the likelihood of harm associated with the use of anticoagulants.
  - Obtain and communicate accurate patient medical information.
  - Hand hygiene.
  - Safe surgery: Mark the procedure site and perform time out.

  Specific surgery outcomes:
  - Length of procedure vs. best practice.
  - Post-op complications (readmission, surgical site infection, bleeding, post-op VTE, pneumonia).
  - Patient admitted vs. discharged home after outpatient procedure.

  Peer Review:
  - External quality management. EPH will require surgeon to be board-certified.

  Board Certification through American Board of Surgery:
  - Continuous Certification documents a surgeon's ongoing commitment to professionalism, lifelong learning, and practice improvement following initial board certification. The new ABS Continuous Certification Program has been designed to provide flexible, high-quality, practice-related learning and assessment to support surgeons in their practice.

  Operative Log:
  - Submit an appropriate operative log.

  Practice Improvement:
  - Ongoing participation in a local, regional, or national outcomes registry or quality assessment program through Estes Park Health.
  - Education and Assessment.
  - CME and Self-Assessment.
  - 150 credits of Category 1 CME over five years, of which at least 50 must include self-assessment.
  - Continuous Certification Assessment.

- **Improve general surgery market share.**
  UCHealth MCR and Poudre Valley hospitals equally share 42% of the general surgery market share migrating from the Estes Valley. Estes Park Health currently serves approximately 28% of the Estes Valley general surgery market while Boulder Community Health maintains a 13% share. The remaining 17% of surgical market share is distributed to various health care entities across the front range. Consistent, quality-minded, board-certified general surgeons and quality-minded surgical support staff will enable improved market penetration.
  - Improve general surgery market share from 28% to 50% by 2023. Comparable critical access hospitals achieve between 40% and 62% of their individual markets. Those hospitals employing surgeons generally achieve a greater market share than if another model.

- **Facilitate clinical integration.**
  - Surgical coverage at EPH will be available around the clock.
  - The employed surgical group will create programming that provides 24/7 coverage, staffed by two surgeons and one backup surgeon (to cover unforeseen events). This employed model has been successful at multiple rural critical access hospitals.
  - The EPH employed surgical group will provide:
    1. Hospital ED surgery call coverage.
    2. Consultation services to hospitalized patients.
    3. Outpatient consultations to the community and community physicians.
    4. Day surgeries at Estes Park Health.
    5. Stabilization and transfer of patients with high acuity on presentation.

- **Promote EPH general surgical growth.**
  - Grow professional fees from $0 (current state) to $330,000 at FY end 2022.
  - Improve facility fees from approximately $2MM to $3.7 MM in 2022.
  - Grow total number of general surgical cases from 71 to 134.

Surgical Models

The table above identifies critical access hospitals that are similar in size, scope, and complexity to that of Estes Park Health. Furthermore, these critical access hospitals all have a general surgical program utilizing slightly different staffing models that provide surgical coverage for their patients on a 24/7 basis:

- **Employment Model.** CAH #1 employs 1 FTE surgeon. While this model is cost effective, significant market leakage occurs with multiple surgeries leaving to competitors. CAH #1 has arranged a backup surgeon to cover employed surgeon select absences. Multiple time periods remain uncovered in this model and represent a significant weakness.
- **Physician Lease Model.** CAH #2 utilizes a surgeon leased from its management partner. In addition to the leased surgeon, CAH #2 employs a .5 surgeon bringing its total general surgical coverage to 1.5 FTE. The cost of the leased surgeon is a pass-through cost. Additionally, the leased surgeon is board-certified and peer-reviewed via the management partner. Many of the more complex cases are sent to tertiary partner for surgery resulting in significant out referral of surgical cases.
- **Employment Model.** CAH #3 employs two FTE who capture "desired market share" of approximately 60% of general surgical volume in this rural market. Additionally, one of the two general surgeons is board-certified. This hospital has earned recognition from the Chartis Center for Rural Health/iVantage Health Analytics as one of the top 100 Critical Access Hospitals in the

country, ranking among the top 25 rural hospitals nationwide in part due to superior quality, cost, and financial benchmarking.

- **Shared Employment Model between two critical access hospitals and a tertiary referral system partner.** CAHs # 4 and #5 partner each hospital's employed surgeon to provide consistent service and consistent surgeon coverage to their respective communities. The highlight of this model is that each hospital employs one general surgeon, and the tertiary health system management partner (a third player in this model) employs a general surgeon leased back to each hospital as a pass-through cost. The third surgeon provides coverage to each hospital on a scheduled basis and lives in one of the communities.

Recommendation

After studying the above critical access hospital surgical models, Estes Park Health (EPH) management recommends following the model described as CAH #3, the employment model with two FTEs. This is the superior model for our community and location in the market. EPH desires to discontinue Rural Physician Group (RPG) 24/7 surgicalist coverage at EPH and reestablish an employed surgical base. As such, management requests approval for funding and hiring two general surgeons and a per diem surgeon to create an employed 24/7 surgical model. Specific focus of EPH general surgical program will be:

- Enhanced general surgery quality.
- Service excellence to consumers resulting in long-term trust by community.
- Improve fiscal performance of general surgery service line.

Proforma

ESTES PARK MEDICAL CENTER
General Surgery Proforma 2020

	Proforma 2022	Proforma 2021	Forecast 2020	Budget 2020	Actual 2019	Actual 2018	Actual 2017	Actual 2016
Pro Fees	330,000	300,000	5,000		-	286,894	309,946	364,945
Deductions (est)	(165,000)	(150,000)	(2,500)	-	-	(143,447)	(154,973)	(182,473)
Facility Fees	3,763,200	3,565,824	1,999,200	2,841,516	2,507,220	1,588,780	2,571,988	2,685,660
Deductions (est)	(1,881,600)	(1,782,912)	(999,600)	(1,420,758)	(1,253,610)	(794,390)	(1,285,994)	(1,342,830)
Net Revenues	**2,046,600**	**1,932,912**	**1,002,100**	**1,420,758**	**1,253,610**	**937,837**	**1,440,967**	**1,525,303**
Expenses								
Dr Woodard						352,112	416,460	403,880
RPG			498,750	948,000	798,000	133,000		
Back up cover							350,000	350,000
Physician Coverage (2.2 FTE)	700,000	700,000	291,667					
Benef	140,000	140,000	58,333			70,422	83,292	80,776
Malpractice Ins	36,640	33,309	30,281	50,000	28,000	27,526	25,000	25,000
Total Expenses	**876,640**	**873,309**	**879,031**	**998,000**	**826,000**	**583,060**	**874,752**	**859,656**
Contribution Margin	42.8%	45.2%	87.7%	70.2%	65.9%	62.2%	60.7%	56.4%
Hospital Costs, per Cost Report	1,118,002	1,059,364	593,938	844,180	744,865	472,007	764,107	797,877
Net Gain/(Loss)	**$ 51,958**	**$ 239**	**$ (470,869)**	**$ (421,422)**	**$ (317,255)**	**$ (117,231)**	**$ (197,892)**	**$ (132,231)**
Statistics	134	128	71	102	90	84	84	102
Avg Chg per Case	28,000	27,858	28,000	27,858	27,858	18,914	30,619	26,330

Assumptions/Comments

Proforma 2021 & 2022 assume break even in # cases
Dr Woodard begin phasing out his schedule in late 2017 thru 2018
RPG Contract effective Nov 1, 2018. Difficulties with finding qualified surgeons; integration in to Community.
RPG allowed to bill for Pro fees; loss to EPH
New arrangement allows for EPH to keep Pro fees
Proforma for 2021 is based in 2020 Budget, plus Pro fees. Proforma for 2022 assumes 5% increase in visits.
Malpractice Insurance remains the expense for EPH.

Potential Challenges
Challenges may result after general surgeons are hired and program is implemented including:

- A lack of community awareness on part of community members regarding surgical capabilities at EPH. Referring physicians' and community's awareness will need to be improved. As such, a plan for developing community awareness will need development and implementation.
- As general surgeons grow their practice and become embedded in the community, one could anticipate higher acuity cases. Perhaps a need for ICU or eICU beds and enhanced nursing skills will arise? A nursing workforce plan focused on skills development to cultivate nursing enhanced skillset will likely be required.
- Surgical volume growth may necessitate the need for ancillary staffing growth in various departments. As growth occurs, ancillary staffing will need to be evaluated on a case by case basis.

Periodic review of the general surgical programming at Estes Park Health will occur at regular intervals. The review results will be reported to the board of directors at regular intervals. Additionally, appropriate program adjustments will be made to address potential challenges enabling the program to attain continuous quality improvement.

Summary
Surgical services is a key program to the success of EPH. The hospital must rebuild a strong, safe and highly regarded surgery program in order to keep the organization financially healthy.

The General Surgery program "Surgicalist" with RPG did not work well and our General Surgery program needs to be remodeled. EPH has the opportunity to own this program going forward with the expectation of better community relationships, better coordination with the physician community, better quality, and better service. Plus, it makes financial sense.

The EPH management team examined opportunistic ways in which the access to and delivery of general surgical care could be improved both quantitatively and qualitatively. It is management's belief that employed general surgeons will facilitate enhanced quality, greatly improve patient satisfaction, and capture market share which will generate contribution margin to Estes Park Health (EPH).

6. **Adjournment**
Mr. Pinkham motioned to adjourn the meeting at 5:25 p.m. Dr. Alper seconded the motion, which carried unanimously

David M. Batey, Chair
Estes Park Health Board of Directors