

Board Meetings

March 24, 2023 Special BOD Meeting

Agenda

2023-03-24 Special Meeting Notice 2

Anesthesia Update

CRNA Presentation 4



NOTICE

NORTHERN INYO HEALTHCARE DISTRICT BOARD OF DIRECTORS SPECIAL MEETING

March 24, 2023 at 5:30 pm

The Board is again meeting in person at 2957 Birch Street Bishop, CA 93514. Members of the public will be allowed to attend in person or via zoom. Public comments can be made in person or via zoom:

TO CONNECT VIA ZOOM: *(A link is also available on the NIHD Website)*

<https://zoom.us/j/213497015?pwd=TDlIWXRuWjE4T1Y2YVFWbnF2aGk5UT09>

Meeting ID: 213 497 015

Password: 608092

PHONE CONNECTION:

888 475 4499 US Toll-free

877 853 5257 US Toll-free

Meeting ID: 213 497 015

Board members will join the meeting remotely from the following locations:

- 2407 Elena Way, Las Cruces, New Mexico 88011
- 234 NE 76th St, Oak Island, North Carolina 28465

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1. Call to Order (at 5:30 pm).
 2. **Public Comment:** At this time, members of the audience may speak only on items listed on the Notice for this meeting, and speakers will be limited to a maximum of three minutes each. The Board is prohibited from generally discussing or taking action on items not included on this Notice.
 3. Open Session:
 - a. Anesthesia Update, Chad Chadwick *(Board will consider the approval of staff's recommendation)*
 4. Adjournment to Closed Session:
 - a. Discussion of Public Employment (Gov. Code § 54957(b)(1))
Title: CEO Candidate
 - b. Conference with Labor Negotiators (Gov. §54957.6) Agency Designated Representative: Northern Inyo Healthcare District Human Resources Director
Unrepresented Employee: CEO Candidate
 5. Adjournment

In compliance with the Americans with Disabilities Act, if you require special accommodations to participate in a District Board meeting, please contact administration at (760) 873-2838 at least 24 hours prior to the meeting.

Financial Status Review

Anesthesia Services

Current NIHD Financial Condition

- ▶ Losses Year to Date (Feb): **-\$15,330,791**
- ▶ Financial Reserve Draw: (FY2021-2022): **\$11,500,000**
(FY2022-2023): **\$16,500,000**
- ▶ Current Reserve Balance (Feb): **\$14,086,682**
Operating Account (Feb): **\$ 7,500,000**
- ▶ Bondholder Update:

Our bondholders on the debt for the new hospital are very concerned about our deteriorating financial position. District management is required to report progress on financial improvement once or often twice per month reporting progress of the recovery and our short-term and long-term actions. Pending audit results we plan to request a waiver of formally reporting our net change in financial position. **In order to receive the waiver the bondholder will require demonstrated sustainable solutions in place.**

Continued unabated financial deterioration can result in lowering our credit rating as well as to declare us in violation of our debt covenants . Both very serious outcomes for the District.

Board Direction

CEO / CFO to implement immediate Action Plan to bring hospital financial performance into balance.

Goals of Management Review

- ▶ Retain Service Quality
- ▶ Maintain Core Service Profile
- ▶ Decisive/Timely Action
- ▶ Community Updates
- ▶ Opportunistic Approach
- ▶ Minimize Organizational Upheaval
- ▶ Balance Impact across District
- ▶ No “sacred cows”

Management Response

Turnaround Action Group (TAG) Implemented January 1st

▶ Cost Reductions

- ▶ Labor Force / Productivity
- ▶ Benefits
- ▶ Supplies and Materials
- ▶ Contracts Review
- ▶ Contract Labor Reduction

▶ Revenue Enhancement

- ▶ RSM Contract
- ▶ Clinical Documentation
- ▶ Charge / Contract Review
- ▶ Collections Practices
- ▶ Discount / Copay Policies

Management Response (con't)

- ▶ Review of District Services
 - ▶ Opportunities for Change
 - ▶ Hours/Days of Service / Efficiency Opportunities
- ▶ Physician Services Review
 - ▶ Fair Market Value Validation
 - ▶ Commercially Reasonable Agreements
 - ▶ Productivity-Based Compensation (RVU) implementation where appropriate
- ▶ Advanced Practice Providers Opportunity Review

Advanced Practice Providers (APP) Assessment

An Advanced Practice Provider (APP) is a health care provider who is not a physician but is licensed to perform medical activities typically performed by a physician. District makes significant use of APPs

- ▶ Domain of APPs currently utilized in District
 - Physician Assistants
 - Registered Nurse Practitioners
 - Certified Nurse Midwives
- ▶ No identified opportunities in the above APPs
- ▶ Other APP commonly used by rural CAH hospitals
 - ▶ Certified Registered Nurse Anesthetists (also known as CRNAs)
- ▶ Looking for optimal Clinical Balance between physicians and APPs
- ▶ Continued opportunistic approach when opportunities present

Anesthesia Assessment

- ▶ Current Circumstance
 - ▶ 3 Anesthesiologists under ongoing contract with District
 - ▶ 1 Anesthesiologist under expiring contract with Eastern Sierra Emergency Physicians (ESEP). Not District contract.
 - ▶ 0 Certified Registered Nurse Anesthetists (CRNA) with District
- ▶ Retaining 4 Anesthesiologists would require a new District Contract with physician whose ESEP contract is expiring
- ▶ Opportunity available to assess alternative approaches for anesthesia coverage in the case of Anesthesiologist whose contract is expiring

Future Anesthesia Coverage Options

Option 1: New contract with Anesthesiologist - \$450,000 /year retaining Anesthesiologist-only department

Or

Option 2: Do not establish new contract with Anesthesiologist and instead contract with a Certified Registered Nurse Anesthetist (CRNA) at \$220,000 / year creating a hybrid CRNA / Anesthesiology Department

Option Considerations

- ▶ Option 1:
 - ▶ Retain known anesthesiologist with high quality skills
 - ▶ Comfortable and clinically secure for medical staff and clinical employees
 - ▶ 100% Physician Department
 - ▶ Preferred by existing anesthesiologists
 - ▶ No District savings achieved

Option Considerations

- ▶ Option 2:
 - ▶ Resume usage of CRNAs (District has used CRNAs previously)
 - ▶ Save District \$230,000 per year
 - ▶ No inherent quality/outcome difference, but some organizational learning for new provider
 - ▶ Required to lose existing quality physician (Anesthesiologist)
 - ▶ No longer 100% Physician Department
 - ▶ Resume typical anesthesia profile for critical access hospitals

CRNA is not an Anesthesiologist

- ▶ CRNA is a Registered Nurse with Advanced Licensing credential / certification
- ▶ Anesthesiologist is a Board-Certified Physician
- ▶ However, both can provide unsupervised anesthesia services in California in all specialty areas including Obstetrics and Surgery

CRNA Practice Overview

- ▶ Authorized legally to practice unsupervised in California
- ▶ No quality/outcome difference demonstrated in research
- ▶ Previous District CRNAs demonstrated no quality deficiencies and were well received by medical staff, employees and patients
- ▶ CRNAs are represented in 77% of rural Critical Access Hospitals nationally
- ▶ Economical clinical approach for financially stressed hospitals

Criticisms of Process

- ▶ No transparency with medical staff leadership
 - ▶ Valid criticism notwithstanding emergent financial circumstances
 - ▶ CEO has subsequently met with many concerned medical staff members including anesthesiologists
- ▶ Insufficient notice to affected clinician
 - ▶ Since clinician was not contracted with District it was not District Responsibility.
 - ▶ ESEP did provided 100 day contractual notification of intent not to renew agreement.
 - ▶ District at no time committed to enter into agreement with physician in lieu of ESEP failure to renew contract.

Criticisms of Process

- ▶ Reduction of Anesthesiology staffing should have been based on seniority in District
 - ▶ Existing contracts precluded this approach - an opportunity presented itself
 - ▶ Seniority is not typically used in the past for such changes in non-employee clinical staffing
- ▶ Quality of care will suffer
 - ▶ This is not demonstrated by the literature or past District experience
- ▶ If proceeding, severance should be considered
 - ▶ Regrettably clinician was not contracted with District
 - ▶ Any payment to physician would likely be construed as a “gift of public funds” and is not permitted

Criticisms of Process

- ▶ An increased clinical burden is placed on remaining anesthesiologists
 - ▶ We are committed to recruit a seasoned CRNA who can equally share call obligations, and all clinical expectations including OB.
 - ▶ We do not envision an added burden for existing staff except proctoring the new clinician
- ▶ Unfair Process
 - ▶ Regrettably the District's financial condition is, in itself, not fair
 - ▶ Management has been required to move "immediately" to stabilize District

Management Recommendation

It is the recommendation of management that the District not enter into a new agreement with the affected anesthesiologist, and instead proceed with seeking and contracting with a Certified Registered Nurse Anesthetist (CRNA) to provide anesthesia services at the District.

Merits of Recommendation

- ▶ Retains current service profile
- ▶ Retains quality of services
- ▶ Responds to Board of Directors directive
- ▶ Adheres to Management Goals
- ▶ Saves District \$230,000 annually
- ▶ Constructive “everybody contributes” messaging

Implementation

- ▶ Post CRNA Opening (completed)
- ▶ Establish candidate interview and selection process (underway)
 - ▶ To include existing medical staff in anesthesia and surgery specialties
- ▶ Contract with selected CRNA at market rates for skills and experience
- ▶ Anticipated that CRNA would start June 1st

Medical Staff Assurances

- ▶ Improved proactive communication transparency in future
- ▶ Committed to collective planning pertaining to actions or strategies impacting medical staff before implementation
- ▶ Committed to existing medical staff contractual arrangements

Acknowledging, however.....

- ▶ Financial stability has not yet been achieved

In conclusion.....

We value, appreciate, and depend upon our medical staff.

We regret the need to make these and other changes that affect individuals in the District and our communities.

While we believe these actions are necessary to be responsible stewards of public resources and to ensure the viability of the District's ability to deliver quality services in the years to come, we acknowledge and regret the undesirable impact they may create for individuals.

Thank you.