

October 19 2022 Regular Board Meeting

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AGENDA

NORTHERN INYO HEALTHCARE DISTRICT BOARD OF DIRECTORS REGULAR MEETING

October 19, 2022 at 5:30 p.m.

Northern Inyo Healthcare District invites you to join this meeting:

TO CONNECT VIA ZOOM: *(A link is also available on the NIHD Website)*
<https://zoom.us/j/213497015?pwd=TDIiWXRuWjE4T1Y2YVFWbnF2aGk5UT09>
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

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:

1. Call to Order (at 5:30 pm).
2. **Public Comment:** The purpose of public comment is to allow members of the public to address the Board of Directors. Public comments shall be received at the beginning of the meeting and are limited to three (3) minutes per speaker, with a total time limit of thirty (30) minutes for all public comment unless otherwise modified by the Chair. Speaking time may not be granted and/or loaned to another individual for purposes of extending available speaking time unless arrangements have been made in advance for a large group of speakers to have a spokesperson speak on their behalf. Comments must be kept brief and non-repetitive. The general Public Comment portion of the meeting allows the public to address any item within the jurisdiction of the Board of Directors on matters not appearing on the agenda. Public comments on agenda items should be made at the time each item is considered.
3. New Business:
 - A. Approval of the Actuarial Defined Benefit Funding Policy *(Board will consider the approval of this policy)*

- B. 2022 Joint Commission Survey Results (*Board will receive the Joint Commission Survey presentation*)
 - C. NIHD Shadowing, Student and Volunteer Program Opportunities and Partnership Process (*Board will receive this presentation*)
 - D. Northern Inyo Healthcare District 2020/2021 Biennial Rural Health Clinic Evaluation (*Board will receive this presentation and consider the approval of this report*)
 - E. New Foundation Board Member Approval (*Board will consider the approval of a New Foundation Board Member*)
 - F. District Telephone System Update (*Board will receive this information*)
 - G. Interim CEO Contract Approval (*Board will consider approval of the Interim CEO contract*)
4. Chief of Staff Report, Sierra Bourne MD:
- A. Policies (*Board will consider the approval of these Policies*)
 - 1. *Medical Direction RHC*
 - 2. *New Line of Service Implementation*
 - B. Medical Executive Committee Meeting Report (*Board will receive this report*)

Consent Agenda

All matters listed under the consent agenda are considered routine and will be enacted by one motion unless any member of the Board wishes to remove an item for discussion.

- 5. Approval of District Board Resolution 22-16, to continue to allow Board meetings to be held virtually (*Board will consider the adoption of this District Board Resolution*)
- 6. Approval of minutes of the September 21, 2022 Regular Board Meeting (*Board will consider the approval of these minutes*)
- 7. Approval of minutes of the October 6, 2022 Special Board Meeting (*Board will consider the approval of these minutes*)
- 8. Approval of Grand Jury Report dated October 11, 2022 (*Board will consider accepting this report*)
- 9. Financial and Statistical reports for August 31, 2022 (*Board will consider accepting this report*)

10. Approval of Policies and Procedures (*Board will consider the approval of these Policies and Procedures*)

A. Temporary Loaning of District Equipment

B. Accessibility & Labeling of Piped Med Gas System EC.02.05.09 EP11

11. Reports from Board members (*Board will provide this information*).

12. Public comments on closed session items.

13. Adjournment to Closed Session to/for:

A. Conference with Labor Negotiators, Agency Designated Representatives: Irma Rodriguez Moisa and Andrew M. Aller; Employee Organization: AFSCME Council 57 (pursuant to Government Code Section 54957.6)

B. Conference with Legal Counsel- Anticipated Litigation. Gov't Code 54956.9(d)(2).

Number of potential cases: (1)

14. Return to open session and report on any actions taken in closed session.

15. 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 48 hours prior to the meeting.

**NORTHERN INYO HEALTHCARE DISTRICT
RECOMMENDATION TO THE BOARD OF DIRECTORS
FOR ACTION**

Date: September 28, 2022

Title: **APPROVAL OF THE ACTUARIAL DEFINED BENEFIT FUNDING POLICY**

Synopsis: It is recommended that the Board of Directors approve the Actuarial Defined Benefit Funding Policy as recommended by our actuary, Ellen Kucenski from Hooker & Holcombe. The policy is being presented by Ellen as well as Stuart Herskowitz, Senior Vice President, Client Relations from Hooker & Holcombe. The approval of this policy is required per our NIHD Pension Funding Policy which requires annual Board approval.

This policy has been reviewed and approved by Stephen DelRossi, CFO and it is recommended to amortize the unfunded liability over a 20 year period at 4.0%, plus the Normal Cost, with interest at \$4,960,082 for the 2022/2023 fiscal year.

Prepared by: Alison Murray, Director of Human Resources

Approved by: *Kelli Davis*
Kelli Davis
Chief Executive Officer



hooker & holcombe

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August 5, 2022

Northern Inyo Healthcare District
150 Pioneer Lane
Bishop, CA 93514

***Northern Inyo County Local Hospital District Retirement Plan
Funding Policy***

The purpose of this letter is to provide analysis and recommendations on the funding policy for the Northern Inyo County Local Hospital District Retirement Plan.

The current funding policy of the plan targets a funding level of 110% of the Accumulated Benefit Obligation (ABO) over a 6- year period. In addition to this, the Normal Cost (i.e. the value of benefits your active employees accrue in the upcoming year) would be contributed to the plan. Interest would be added to these figures to adjust to actual payment date of the contribution. Under this policy, the January 1, 2022 valuation develops a recommended contribution of \$9.581 million for the 2022/2023 fiscal year.

The current policy of closing the gap and having assets of the plan equal 110% of the ABO liability in a 6- year period is a very aggressive timeframe for fully funding a plan. By design this period will decrease by one with each future valuation, leading to higher and potentially more volatile contributions in the future. It was likely designed because of the annuity purchases that were occurring at retirement and the plan needed significant assets to fund those purchases.

A temporary funding policy was adopted for 2021 in which only the Normal Cost on an Entry Age Normal (EAN) basis was to be contributed to the plan. Under this method, the contribution for the 2022/2023 fiscal plan year is \$1.43 million. It is unlikely this temporary policy would be sufficient to pay retiree benefits beyond the current year.

We are recommending a change to the policy beginning with the January 1, 2022 valuation. A common funding policy is to amortize the Entry Age Normal (EAN) unfunded liability over a 15-20 year time horizon, plus the Normal Cost. Given the recent move to pay retiree benefits from plan assets on a monthly basis, it would be reasonable to amortize the unfunded liability over this time period. We are suggesting that the plan target funding 100% of the EAN liability rather than 110% of the Accumulated Benefit Obligation (ABO). By design the EAN liability accounts for a portion of benefits that active employees are expected to accrue in the future, while the ABO liability only takes into account benefits active employees have accrued to date. The EAN liability is required to be disclosed under GASB financial reporting, and so making this change would mean your funding and accounting liabilities are consistent. The recommended policy is as follows:

1). Amortize the EAN unfunded liability over a closed 20 year period, plus 2.) the EAN Normal Cost

As of January 1, 2022, the EAN liability is \$54.49 million and the Normal Cost is \$1.38 million. These figures are based on the same set of assumptions as disclosed in the January 1, 2021 valuation report prepared by Milliman, and updated participant data as of January 1, 2022.

Plan assets as of January 1, 2022 are \$6.53 million, though the majority of those assets are held with New York Life, and it is unclear how much of those assets may be used for participants who are not currently retired and receiving benefits from New York Life.


Assuming the full value of assets may be allocated to future retirees, the unfunded liability on an EAN basis as of January 1, 2022 is \$47.96 million (\$54.49 million liability less \$6.53 million in assets). Amortizing this over a 20 year period at 4.0%, plus the Normal Cost, with interest, leads to a **recommended contribution of \$4,960,082 for the 2022/2023 fiscal year.**

Under the recommended policy, the 20 year amortization period would reduce by one each year until an ultimate level of 15 years is reached. At that point, the period would be reset to 15 with each valuation.

Currently only assets held in the Schwab trust are available to pay participant benefits for employees who have not had an annuity purchased through New York Life. As of July 1, 2022, the Schwab asset value was approximately \$3.0 million. It is expected that with this value and the recommended funding policy, the plan's assets will be sufficient to cover upcoming benefits for the 2022/2023 fiscal year. However, **it is recommended that New York Life be contacted as soon as possible to obtain a buyout quote and determine if any of the assets held with them are eligible to be transferred to the Schwab account.**

If you have any questions on the above or would like to discuss, please let us know.

Sincerely,


Ellen Kucenski, FSA, FCA, MAAA
Enrolled Actuary 20-07674

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