PUBLIC NOTICE

MENDOCINO COAST HEALTH CARE DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING

THURSDAY, JUNE 28, 2018
4:30 p.m. Closed Session
6:00 p.m. Open Session

MENDOCINO COAST DISTRICT HOSPITAL
Redwoods Room
700 River Drive
Fort Bragg, California 95437

Mendocino Coast District Hospital Mission Statement

MISSION

To make a positive difference in the health of our rural community.

VISION

MCDH will play a vital role in the overall health and well-being of the community, and will be the key element in the healthcare system serving the needs of our community. We will provide leadership to enhance the efficiency, coordination, quality and range of services provided within our rural healthcare system.

MCDH will be the healthcare provider and employer of choice within our community. We will continually address and keep up with technology and superior clinical skills

We will have a positive impact on health by encouraging personal and community responsibility for health and wellness. Our efforts will play a decisive role in people choosing to stay in our community or to locate here.

VALUES

MCDH is committed to providing excellent quality, patient centered, cost effective health care in a caring, safe and professional environment, and serving the community's healthcare needs with current technology and superior clinical skills. We believe in the right to local access to a wide range of excellent quality healthcare services in our rural community. We promote patient safety and satisfaction, and consistently work toward a high level of care with results in our patients recommending us to others and in their returning to us for needed health care.

Every m ember of our healthcare team will play an active, participative role that effectively utilizes the skills and talents of each. People are our most valuable resource. We encourage professional development that will achieve a level of competence and morale that will attract and maintain the highest quality staff. We strive to build partnership with our employees emphasizing mutual respect and mutual success.

I. ROLL CALL

II. CLOSED SESSION

1. ***Information/Action:*** Hardin v. Mendocino Coast District Hospital, U.S. District Court for the Northern District of California, et al., Case No. 3:17-CV-05554, conference with legal counsel. Government Code §54956.9.
2. ***Information/Action:*** Pursuant to §32155 of the Health and Safety Code May Quality Management and Improvement Council Reports
3. ***Information/Action:*** Pursuant to California Government Code §54954.5 and §32155 of the Health and Safety Code Medical Staff Credentials and Privileges Review
4. ***Information/Action:*** Association of California Healthcare Districts' Survey of January, 2017 required by The Joint Commission (TJC). Exempt from public disclosure pursuant to Government Code §6254(s); Evidence Code §1157; and Health & Safety Code §32,155.
5. ***Information/Action:*** Conference with Legal Counsel regarding the Tort government claim of Deborah Sholin. Government Code §54956.9.
6. ***Information/Action:*** Second Amendment to Emergency Department Physician's Services Agreement with Premier Emergency Physicians of California Medical Group. Government Code §54957
7. ***Information/Action:*** Proposed termination of Summit Pain Alliance (Summit) Agreement with MCDH, pertaining to potential litigation regarding contractual dispute. Government Code §54956.9.

8. ***Information/Action:*** Appointment of Chief Nursing Officer by Board of Directors. Personnel matter. Government Code §54957

III. 6:00 P.M. OPEN SESSION CALL TO ORDER– STEVE LUND, PRESIDENT

IV. ROLL CALL

V. REPORT ON CLOSED SESSION MATTERS

1. Conference with Legal Counsel regarding Hardin v. Mendocino Coast District Hospital — ***Information/Action***
2. May Quality Management and Improvement Council Report — ***Information/Action***
3. Medical Staff Credentials and Privileges Report — ***Information/Action***
4. Board Self Evaluation — ***Information/Action***
5. Conference with Legal Counsel regarding Claim of Deborah Sholin — ***Information/Action***
6. 2nd Amendment to Emergency Departments Physician Services — ***Information/Action***
7. Proposed termination of Summit Pain Alliance Agreement with MCDH — ***Information/Action***
8. Appointment of Chief Nursing Officer — ***Information/Action***

VI. PUBLIC COMMENTS

This portion of the meeting is reserved for persons desiring to address the Board of Directors on any matter over which the District has jurisdiction. You must state your name and address for the record. Time is limited to 3 minutes with a 20-minute total time limit for all comments. The Board of Directors can take no action on your presentation, but can seek clarification to points made in your presentation or comments.

BROWN ACT REQUIREMENTS: *Pursuant to the Brown Act, the Board of Directors cannot discuss issues or take action on any requests during this comment period.*

VII. REVIEW OF THE AGENDA — ***Action***

VIII. BOARD COMMENTS — ***Information***

IX. APPROVAL OF CONSENT CALENDAR — ***Action***

The following items are considered routine and non-controversial by Hospital Staff. Consent items may be approved by one motion if no member of the Board or audience wishes to comment or ask questions. If comment or discussion is desired, the item will be removed from the Consent Agenda and will be considered under new business

1. Approval of Board of Directors meeting minutes of May 31, 2018 — Tab 1
2. Approval of Alysoun Huntley Ford Fund Draw – there were no requests

X. NEW BUSINESS

1. Strategic Plan Update: Bob Edwards, CEO — Tab 2 — ***Action/Information***
   - Parcel Tax
   - Six (6) new Focus Areas
   - Community Health Improvement
   - First Quarter, IQM Scorecard 2018
2. Hospital 47th Birthday — ***Action/Information***
3. Finance Committee Report: Mr. Mike Ellis, CFO — Tab 3 — ***Action/Information***
   - Operations Budget
   - Capital Budget

XI. OLD BUSINESS

1. None

XII. REPORTS

- CEO Report: Mr. Bob Edwards, CEO — *Information*
- Medical Staff Appointments/Report: Dr. John Kermen — Tab 4 — *Action/Information*

A. Re-Appointments to Medical Staff

1. Zoe Berna, MD –Department of Medicine-Family Practice-NCFHC

B. Temporary Privileges

1. Scott Fisher, MD –Department of Medicine-Pediatrics (July 11-18; July 25-Aug 3; Aug 17-24; Sept 7-17; Oct 12-22, 2018)

C. Temporary Privileges: Allied Health Professional Category

1. Melissa Baxter, CRNA –Department of Surgery-Anesthesia (June 21-27; July 25-Aug 1; Sept 23-30; Oct 8-17; Oct 22-31, 2018)

D. Release from Provisional Status & Proctoring/Advance to Active Status

1. Tareq Ali, MD –Department of Medicine- Emergency Department
2. Rajwinder Bahia, MD –Department of Medicine- Hospitalist Service
3. Maher Danhash, MD –Department of Medicine- Family Practice-NCFHC
4. Sandra Fleming, MD –Department of Medicine- Family Practice-NCFHC
5. David Irvine, MD –Department of Medicine- Emergency Medicine
6. Henna Kalsi, MD –Department of Medicine- Hospitalist Service
7. Kelly King, MD –Department of Medicine- Hospitalist Service
8. William Miller, MD –Department of Medicine- Hospitalist Service & Emergency Department
9. Eleanor Oakley, MD –Department of Medicine- Emergency Department
10. Christopher Ryan, MD –Department of Medicine- Hospitalist Service

E. Release from Proctoring- Temporary Privileges/Locums Tenens

1. Scott Fisher, MD –Department of Medicine-Pediatrics

F. Appointment to VRad Tele-Radiology Physicians

1. David Milikow, MD

- Chief Nursing Officer Report: Ms. Lynn Finley — Tab 5 — *Action/Information*
- Planning Committee Report: Mr. Steve Lund — *Action/Information*
- JPA Report: Mr. Steve Lund — *Action/Information*
- Association and Community Service Reports — *Action/Information*

XIII. Public Comments

This portion of the meeting is reserved for persons desiring to address the Board of Directors on any matter over which the District has jurisdiction. You must state your name and address for the record. Time is limited to 3 minutes. The Board of Directors can take no action on your presentation, but can seek clarification to points made in your presentation or comments. Any person desiring to speak on an agenda item will be given an opportunity to do so prior to the Board of Directors taking action on the item.

BROWN ACT REQUIREMENTS: *Pursuant to the Brown Act, the council cannot discuss issues or take action on any requests during this comment period.*

XIV. ADJOURNMENT

**** THIS DOCUMENT WILL BE PROVIDED AT THE MEETING.***

All disabled persons requesting disability related modifications or accommodations, including auxiliary aids or service may make such request in order to participate in a public meeting to Gayl Moon, Secretary to the Board of Directors, 700 River Drive, Fort Bragg, CA 95437, no later than 72 hours prior to the meeting that such matter be included on that month's agenda.

*Per District Resolution, each member of the Public who wishes to speak shall be limited to three minutes each per agenda item. Please identify yourself prior to speaking. Thank you.

TAB 1

BOARD OF DIRECTORS MEETING
HOSPITAL REDWOODS ROOM
THURSDAY, MAY 31, 2018
MINUTES

The Board of Directors of the Mendocino Coast Health Care District met in CLOSED session at 4:30 pm in the Redwoods Room, Steve Lund, Chair presiding

PRESENT: Mr. Lund, Dr. Glusker, Ms. Bruning, Dr. Miller
Mr. John Ruprecht, Legal Counsel
Mr. Bob Edwards, CEO
Mr. Mike Ellis, CFO
Gayl Moon, Executive Assistant

1. **CALL TO ORDER:**
   OPEN Session of the Board of Directors of the Mendocino Coast Health Care District convened at 6:00 p.m. in the Redwoods Room, Steve Lund, Chair presiding

2. **ROLL CALL:**
   PRESENT: Dr. Kevin Miller, Ms. Kitty Bruning, Mr. Steve Lund, Dr. Peter Glusker
   Board Members

   BOARD MEMBERS ABSENT: None

   ALSO PRESENT:
   Mr. John Ruprecht, Legal Counsel
   Mr. Bob Edwards, Chief Executive Officer
   Mr. Mike Ellis, Chief Financial Officer
   Ms. Gayl Moon, Executive Assistant

3. **CLOSED SESSION MATTERS:**
   The Board of Directors reviewed the following items in closed session:

   1. ***INFORMATION/ACTION:*** Hardin v. Mendocino Coast District Hospital, U.S. District Court for the Northern District of California, et al., Case No. 3:17-CV-05554, conference with legal counsel. Government Code §54956.9
      - The Board received an update from legal counsel

   2. ***INFORMATION/ACTION:*** Pursuant to §32155 of the Health and Safety Code April Quality Management and Improvement Council Reports
      - The Board approved the April Quality Management and Improvement Council Report

   3. ***INFORMATION/ACTION:*** Pursuant to California Government Code §54954.5 and §32155 of the Health and Safety Code Medical Staff Credentials and Privileges Review
      - There was no report.

   4. ***INFORMATION/ACTION:*** Association of California Healthcare Districts' Survey of January, 2017 required by The Joint Commission (TJC). Exempt from public disclosure pursuant to Government Code §6254(s); Evidence Code §1157; and Health & Safety Code §32,155.
      - The Board tabled this item until the July Agenda.

   5. ***Information/Action:*** Public Employment: To review and approve Professional Services Agreement Amendment for Dr. Jason Kirkman Government Code §54954.5 & 54957
      - The Board approved the Professional Services Agreement Amendment with Dr. Kirkman

PUBLIC COMMENTS

- There were no public comments.

4. **REVIEW OF THE AGENDA**
   - There was a change to item #2b should say "Reappointments to Medical Staff", not "Appointments to Medical Staff.

5. **BOARD COMMENTS**
   - There were no Board comments.

6. ***ACTION:* APPROVAL OF CONSENT CALENDAR: MR. STEVE LUND, PRESIDENT**
   1. Minutes: Regular Session, April 26, 2018
   2. Alysoun Huntley Ford Fund Draw – There were no requests
   3. Policies and Procedures Tab 2
      MCDH Public Records Request, Form
      Bereavement Leave
      Timecards –Non-Bargaining Unit Employees
      Money Purchase Pension Plan
   - The Public Records Request Form is not mandatory when requesting public records.

   MOTION: To approve the Consent Calendar
   - Glusker moved
   - Miller second
   - Roll call
     - Ayes: Lund, Glusker, Bruning, Miller
     - Noes: None
     - Absent: None
     - Abstain: None
   - Motion carried

7. ***ACTION/INFORMATION:* ACCEPTANCE OF RESIGNATION OF DR. LUCAS CAMPOS FROM BOARD OF DIRECTORS AND REPLACEMENT OF BOARD MEMBER PROCESS: MR. STEVE LUND, CHAIR**

   MOTION: To accept the resignation of Dr. Campos from the Board of Directors
   - Bruning moved
   - Glusker second
   - Roll call
     - Ayes: Miller, Glusker, Lund, Bruning
     - Noes: None
     - Absent: None
     - Abstain: None
   - Motion carried

   The Board decided to interview and appoint someone to replace Dr. Luke Campos until the November election, rather than have a special election.

   MOTION: To choose the interview/appointment process rather than have a special election
   - Glusker
   - Bruning
   - Roll call
     - Ayes: Bruning, Miller, Glusker, Lund
     - Noes: None
     - Absent: None
     - Abstain: None
   - Motion carried

   Interested applicants need to submit their letters of interest and resumes to the Board by the June 30 deadline. The Board will have a Special Board meeting on Monday, July 16 at 5:00 pm in the Redwoods Room at which time they will interview and appoint a community member to replace Dr. Luke Campos until the November election.

Each candidate will have 2 minutes to make an opening statement. There will be a set of 5 questions and each applicant will have 2 minutes to respond to each question; each applicant can make a 2 minute closing statement.

The Board decided that each Board Member will be given a ballot; each Board Member will select their top 3 candidates. Mr. Edwards and 2 community members will total the ballots. The candidate with the most points will be appointed.

MOTION: To appoint a community member to replace the Board vacancy until the November election, and to vote by ballot

- Glusker moved
- Bruning second
- Roll call
  - Ayes: Bruning, Lund, Miller, Glusker
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

8. ***ACTION/INFORMATION:*** **ALL ACCESS TRANSFER AGREEMENT FOR AIRLIFT AND/OR AMBULANCE: MS. LYNN FINLEY**
   - Three (3) contracts were reviewed to compare their services in order to determine which could provide the best value to the Hospital. The Hospital currently uses All Access, and after much comparison, has decided to stay with All Access.

9. ***ACTION/INFORMATION:*** **CANNON/CARESTREAM RADIOLOGY: MR. BOB EDWARDS, CEO**
   - This contract is for digital radio graphing. This image uses 2 to 3 times less radiation, so the safety factor is very great.
   - Mr. Edwards recommended acquiring this equipment for $69,000; accident protection for the first year for $3,700; service will be $26,000; "*drop coverage*" will be $18, 000 for a total of $114,466 for five (5) years.

MOTION: To accept the Cannon/Carestream Radiology Contract

- Bruning moved
- Glusker second
- Roll call
  - Ayes: Glusker, Miller, Bruning, Lund
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

11. ***INFORMATION:*** **CEO REPORT: MR. BOB EDWARDS, CEO**
    - Colene Hickman has started working at MCDH as the permanent Revenue Cycle Director.
    - Brenda Kohler has started working at MCDH as the permanent Revenue Cycle Integrity Manager.
    - Mark Reynolds has been hired as the full-time Registration Service Manager.
    - Mr. Edwards thanked Clara Slaughter for taking the position of Interim Practice Manager for NCFHC.
    - Mr. Edwards showed a new MCDH video regarding the OB Department. The video will be put on the MCDH web-site as well as facebook.
    - The Meditech contract will be brought before the Board in July.
    - Partnership of California recognized MCDH for exceptional performance in the Hospital Quality Improvement Program.

12. ***ACTION/INFORMATION:*** **FACILITY PROJECTS REPORT: MS. NANCY SCHMID**

The final HELP II documents will be signed mid-June. A Special Board meeting will take place on Monday, June 11 at 4:00 pm for the Board to approve the final HELP II Loan documentation and resolution.

- **Nurse Call System**
  - ❖ The final costs will be submitted to OSHPD and Nurse Call is complete.
- **Telemetry**
  - ❖ This project will be complete very soon.
- **HVAC**
  - ❖ The wires need to be rerouted and the Hospital is working with the City of Fort Bragg to make this happen.
- **ATS**
  - ❖ Issues with the generator and the cement pad are currently being worked on. Ms. Schmid will get the costs to correct these problems to the Board.
- **Water Heater Repair**
  - ❖ This project is complete.
- **Water Heater Emergency Project**
  - ❖ Waiting for OSHPD re-approval; it has to be complete within thirty (30) days.

13. ***INFORMATION/ACTION:*** **MEDICAL STAFF: DR. JOHN KERMEN**

A. Appointments to Medical Staff-Provisional Status

1. Christopher Robshaw, MD –Department of Medicine-Pediatrics
2. Evan Wythe, MD – Department of Medicine-Emergency Medicine

MOTION: After careful consideration recommend approval of Appointments to Medical Staff-Provisional Status for Christopher Robshaw, MD: Evan Wythe, MD

- Glusker moved
- Bruning second
- Roll Call
  - ➢ Ayes: Miller, Bruning, Lund, Glusker
  - ➢ Noes: None
  - ➢ Absent: None
  - ➢ Abstain: None
- Motion carried

B. Re-Appointments to Medical Staff

1. John Kermen, DO –Department of Surgery-Anesthesiology
2. Hong Luo, MD –Department of Medicine-Pathology
3. Steve Mertens, MD –Department of Medicine-Pathology
4. Michael Murphy, MD –Department of Medicine-Nephrology
5. Russell Perry, MD –Department of Medicine-Radiology

MOTION: After careful consideration recommend approval of Re-Appointments to Medical Staff for John Kermen, DO: Hong Luo, MD: Steve Mertens, MD: Michael Murphy, MD: Russell Perry, MD

- Bruning moved
- Glusker second
- Roll Call
  - ➢ Ayes: Lund, Glusker, Bruning, Miller
  - ➢ Noes: None
  - ➢ Absent: None
  - ➢ Abstain: None
- Motion carried

C. Re-Appointments to Allied Health Professional Category of the Medical Staff

1. Phillip Conwell, CRNA –Department of Surgery-Anesthesiology
2. Tracy Riddle, CRNA –Department of Surgery-Anesthesiology

MOTION: After careful consideration recommend approval of Re-Appointments to Allied Health Professional Category of the Medical Staff for Phillip Conwell, CRNA: Tracy Riddle, CRNA

- Bruning moved
- Glusker second
- Roll Call
  - Ayes: Miller, Glusker, Lund, Bruning
  - Noes: None
  - Abstain: None
  - Absent: None
- Motion carried

D. Temporary Privileges

1. Kimberly Kilgore, MD –Department of Medicine-Pediatrics (May 31-June 6, 2018)

MOTION: After careful consideration recommend approval of Temporary Privileges for Kimberly Kilgore, MD

- Bruning moved
- Glusker second
- Roll Call
  - Ayes: Bruning, Miller, Glusker, Lund
  - Noes: None
  - Abstain: None
  - Absent: None
- Motion carried

E. Release from Provisional Status & Proctoring/Advance to Active Status

1. John Hau, MD - Department of Surgery-Interventional Pain Medicine
2. Mandaar Gokhale, MD –Department of Medicine-Emergency Medicine
3. Juliet LaMers, MD –Department of Medicine-Emergency Medicine
4. Richard Leach, MD –Department of Medicine-Emergency Medicine
5. Irais Leon, MD –Department of Medicine-Emergency Medicine
6. Robert Pollard, MD –Department of Medicine-Emergency Medicine

MOTION: After careful consideration recommend approval of Release from Provisional Status & Proctoring/Advance to Active Status for John Hau, MD: Mandaar Gokhale, MD: Juliet LaMers, MD: Richard Leach, MD: Irais Leon, MD: Robert Pollard, MD

- Bruning moved
- Glusker second
- Roll Call
  - Ayes: Bruning, Lund, Miller, Glusker
  - Noes: None
  - Abstain: None
  - Absent: None
- Motion carried

F. Release from Proctoring-Allied Health Professional Category

1. Lilo Fink, DNP –Department of Medicine-Family Practice-NCFHC

MOTION: After careful consideration recommend approval of Release from Proctoring for Lilo Fink, DNP

- Bruning moved
- Glusker second
- Roll Call
  - Ayes: Glusker, Miller, Bruning, Lund
  - Noes: None
  - Abstain: None

- Absent: None
- Motion carried

G. Re-Appointment to VRad Tele-Radiology Physicians

1. Jason DiPoce, MD
2. Katen Devae, MD

MOTION: After careful consideration recommend approval of Re-Appointment to VRad Tele-Radiology Physicians for Jason DiPoce, MD: Katen Devae, MD

- Bruning moved
- Glusker second
- Roll Call
  - Ayes: Miller, Bruning, Lund, Glusker
  - Noes: None
  - Abstain: None
  - Absent: None
- Motion carried

Mr. Lee thanked Mendocino Coast Clinic for recruiting Pediatrician Dr. Robshaw. He will cover call ten (10) days per month which will save the Hospital a considerable amount of money.

14. ***ACTION/INFORMATION:*** **CHIEF NURSING OFFICER REPORT: MS. LYNN FINLEY**

- Refer to the attached report as part of these minutes.

15. ***ACTION/INFORMATION:*** **PLANNING COMMITTEE REPORT: MR. STEVE LUND**

- The Planning Committee did not meet. There was no report.

16. ***ACTION/INFORMATION:*** **STATISTICAL/FINANCE REPORT, APRIL 2018: MR. MIKE ELLIS, CFO**

April Summary

- Cash decreased because payments from insurance companies were temporarily delayed in the month of April. Board Designated Funds were below targeted balances because of participating in California IGT grants (once the grant process is completed, Board Designated Funds will return to the targeted balance).
- April's net patient revenues of $4.4 million were $199,000 or 4.8% above budget, and $193,000 below April 2017. The month's total operating expenses of $4.9 million were $288,000 or 6.2% above budget. April had a net operating loss of $410,000 that was $133,000 more than the $277,000 budgeted loss.
- Including April's non-operating revenues and expenses the actual total net loss was $363,000.
- Fiscal YTD (ten months) is a total net loss of $3.3 million compared to the budgeted total net income of $116,000. The largest budget variances are the line items: net patient revenues $1.2 under budget, physician professional fees $.9 million over budget, and other professional fees $.6 million over budget.

MOTION: To approve the Finance and Statistical Report for April 2018

- Bruning moved
- Miller second
- Roll call
  - Ayes: Bruning, Miller, Glusker, Lund
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

18. ***INFORMATION:*** **ASSOCIATION AND COMMUNITY SERVICE REPORTS**

- There were no Association and Community Service Reports.

19. **PUBLIC COMMENTS:**
    - There were no public comments.

20. **ADJOURN:**
    Meeting adjourned at 7:00 pm

Peter Glusker, MD, Secretary Board of Directors	Gayl Moon, Secretary to the Board of Directors

TAB 2

1. Quality/Delivery of Care

Goal: **The Hospital District performs high quality of care.**

Strategies: **Use reviews and inspections by regulatory and accreditation entities to ensure MCDH is maintaining and improving the quality of its services. Share results with patients and the community.**

		Exec. Sponsor	Result
Meet or exceed Accreditation, Regulatory Review, Quality Bonus, Quality Incentive and Inspection standards	Joint Commission, 2nd or 3rd quarter 2018 (see below)	Finley	On May 21, 2018 Lynn Finley, CNO, completed the application process with Joint Commission via a scheduled phone call. As a result, our window is now open for survey anytime between now and October 2018. The Joint Commission will notify us on their day of arrival by way of an email that day at 7 am.
	CDPH, California Department of Public Health, Ongoing, Unannounced	Schmid	
	PRIME, Annual, July 2018	Slaughter	
	CMS, Centers for Medicare and Medicaid Services, Ongoing, Unannounced	Schmid	
	ACHD, Association of California Healthcare Districts, Board Self Evaluation April 2018	Lund	
	NRC Health (HCAHPS) (Patient Experience Survey, Quarterly)	Lee	
Upgrade the Electronic Health Record (E H R) to improve business office performance, revenue cycle data, patient data flow, physician engagement, staff productivity, and progress with National Meaningful Use Standards. Implement a robust, single platform Electronic Health Record for all District entities	Choose Vendor (currently MediTech is the chosen provider)	Finley/Turner	MediTech was selected as the vendor of choice in a number of categories: • Financial – upfront costs were the cheapest of other vendors that were reviewed. • Consistency – Meditech Magic is currently implemented at the hospital as one aspect of our EHR; our financial data as well as our ADR (Admission/Discharge/Registration) data will flow seamlessly to the new product. • Physician Satisfaction – Physicians were impressed with the product demos and the ability to unify both the Ambulatory and Hospital patient records.
	Down payment and contract approval, Contract approval May 18, Down Payment Sept 18	Ellis	• This will be on the June 28th Board agenda.

	Implementation periods for MCDH; NCFHC; Out Patient Clinics; Home Health , Jan. 19 to July 19	Finley/Turner	
	Evaluate improvements related to EHR implementation, Oct 19 NOTE: Electronic Health Record improves Quality of Care by furnishing data in the Plan, Do, Study, Act phases of Performance Improvement. PI processes need data mining. E H R also quickly improves transparency in sharing information between providers, care givers, and patients. E H R systems offer faster collection of safety metrics over human collection and entry. E H R systems on a single platform cause patient infor be in easy identifiable locations. E H R systems assist in improving patient revenue cycle practices.	Finley/Turner	

2. Financial/Fiscal Solvency

Goal: **Adequately fund ongoing operations and capital improvements in order to support advancements in the care provided.**

Strategy: **Stabilize operational funding through a parcel tax or other means.**

Improve the Revenue Cycle processes through recruiting full-time, permanent employee talent into the positions that support the Finance Department and the Revenue Cycle Departments*.

		Executive Sponsor	Results
Stabilize operational funding	Build support for measures that will assist the Hospital by providing information to regarding Hospital finances, management and strategic plans, Jan 19	Ellis	
Improve Finance and Revenue Cycle Departments	Purchasing Manager, hire permanent position Permanent Revenue Cycle Director hired Insurance Denial Lead position, hired Integrity Lead, for claim completeness, hired 2 additional patient account billers hired May 2018	Ellis	• Currently recruiting for the Purchasing Manager position. • All other positions have been hired.
Evaluate ROI on 10 key services	Contract with subscription service to externally extrapolate department ROI (Return on Investment), and determine economic benefit to facility and/or need for negotiating funding from payers, May 2018, start service with first actions July 2018	Edwards/Ellis	
RFP, Expert Legal Counsel to negotiate best pay from third party payers, once we have 'need' determined, as mentioned in ROI	Begin negotiation process on payer reimbursement, August 18, with results in late 2019	Edwards/Ellis/ Legal	We have advertised in the following publications: • The San Francisco Recorder which is strictly a legal newspaper publication • Posted an Ad on the California Society of Healthcare Attorneys Job Board • California Healthcare Attorneys Jobs (this is a different publication than the "CSHA") • Posted on the American Health Lawyers Association. • Ad on the ACHD (Association of California Healthcare Districts)

			In addition, 9 RFP (Request for Proposal) have been sent out to Law firms in California that might have an interest in providing Legal Services.
RFP, In House Legal Services	In House Legal due to retirement of Mr. Ruprecht, or Legal support from existing group, from outside the area, May 2018	Edwards/ Camp	Recruitment in progress.

*(Revenue cycle is defined by HFMA as "All administrative and clinical functions that contribute to the capture, management, and collection of patient service revenue." Elements of Revenue Cycle include: Scheduling and Pre-Registration; Point of Service Registration, Counseling and Collections; Encounter Utilization Review and Case Management; Charge Capture and Coding; Claim Submission; Third Party Follow Up; Remittance Processing and Rejections; Payment Posting, Appeals and Collections.

3. Physical Plant/Facilities

Goals: **Modernize the physical plant to meet or exceed OSHPD seismic standards.**

Develop processes, and income to meet 2030 earthquake standards for all required elements of the hospital.

Strategies: Complete upgrades to achieve 90% compliance with known facility improvements.

Develop a financial feasibility strategy to address hospital building requirement for remodeling or replacement of facility.

		Executive Sponsor	Results
Perform Current Facility improvements	OR HVAC, Operating Room Air Balance, Humidity, Temperature control units. Nov 2018	Schmid	• Construction start is delayed while funding was obtained from HELP Loan. • On Thursday, June 21, 2018 there is a meeting to set a timeline, notice to proceed, order equipment and set date for shovels in the ground. • I expect but cannot confirm the date of July 16, 2018 that construction will begin until the meeting occurs. • There may be a change order as a possible alternative route is explored to go through the ground instead of the Cat walk above the hospital. • The objective will be to complete the project by the end of December.
	ATS, Automatic Transfer Switch, to switch between electric power and generator electric power Nov 2018	Schmid	• Construction start is delayed while funding was obtained from HELP Loan. • On Thursday, June 21, 2018 there is a meeting to set a timeline, notice to proceed, order equipment and set date for shovels in the ground. • I expect but cannot confirm the date of July 16, 2018 that construction will begin until the meeting occurs. • The ATS will take about 4 months from order date to be built. Other work will proceed while the ATS is built. • The objective will be to complete the project by the end of December

	Nurse Call System. Nurse Call System upgrade and installed in required locations in facility. August 2018	Schmid	• The project is complete • A final cost and explanation of increased cost will have to be filed with OSHPD to close the project.
	Emergency Hot Water Tank and Heater, in Emergency Room location needs replacement. Nov 2018	Schmid	• The project will start in July and should be finished by the end of July.
	Parking Lot, repair and resurfacing, to occur in three stages, May 18 to Oct 18	Schmid	• The project is unfunded. • We will fill potholes until MCDH finds a way to fund this project
Identify ongoing facility improvement needs through key stakeholders	Planning Committee, Medical Staff, Employees, Senior Leadership Team, CEO, OSHPD, CDPH, Quality Review Reports (QRR), and Board of Directors review/identify at regular meetings, Bi-Monthly or as Discovered	Edwards & Planning Chair	• On a Bi-Monthly basis the Board will review and identify (as Discovered) facility improvement needs. We will put this Item on the June 2018 Board Agenda • At this time, the CEO or his direct reports have requested facility improvement needs through the following stakeholders: Medical Staff; Employees; Senior Leadership Team; QRR (Quality Reports). • This is also a place holder for the Planning Committee to provide input: And this space will record that he Planning Committee Meeting for June 19, 2018 learned _____. • The Medical Staff and QRR's did identify the need to find a replacement or identify the relocation of Cardiopulmonary Services Department.
Establish a Future Hospital Building Plan that addresses seismic issues and appropriate hospital size/function for c community, within an affordable range.	Geotechnical Soil Analysis, Core Samples of surface to bedrock in multiple locations on campus. Core Samples under existing building and in open area of campus, to determine if present location is better location for building seismic upgrades. Oct 2018	Schmid	• The company has asked for changes. • I've submitted to John Ruprecht to address.
	Architectural Firm RFP. Firm will lead dialogue with stakeholders on plan for seismic upgraded facility. Moneys to pay for this may exceed one million dollars. Prepare and send out to appropriate Architects after Parcel Tax approval. Expect RFP approval and selection by Board in Nov 2018 for RFP.	Schmid	

4. People/Physician, Nursing and Support Staffing

Goals: **Increase the percentage of physicians, nurses and support staff who are permanent residents of the District, and stabilize other staffing as necessary.**

Strategies: Analyze the need to adjust wages and other incentives to recruit for hard-to-fill positions.

		Executive Sponsor	Results
Wage adjustments	Negotiate with labor union, June 2018	Camp/Edwards	Both MCDH and the Union have agreed to extend the Current Memorandum of Understanding indefinitely Beyond the current expiration date of the Agreement, June 30, 2018. Initial Union negotiations will begin On Wednesday and Thursday, July 25 & 26 to be held At MCDH.
	Adjust wages and benefits from the 25th percentile to the 75th percentile of compensation ranges for selected positions, June 2018	Camp	Will be discussed as part of upcoming Union Negotiations.
Recruitment and Retention	Deploy best practices in Health Care Industry to sustain workforce. Best practices may include: Performance incentives; succession planning; assisting with affordable housing; eliminating bully behaviors; benefit selection, Work Place Culture that supports Teamwork. Feb 2018	Camp	
	Establish Registry personnel comparative metric, by department(s) comparing MCDH with local, area, and state metrics. After metrics are determined, establish and set up a department(s) standard for Registry staff within each major employee (department) group. Feb 2019	Camp	

*Market includes Northern California, North Bay, Northern Rural California, Facilities with $50M to $100M income that have over 315 employees. Consider services, differentials for CAH: Rural Health Clinic, Ambulance, Home Health, Hospice and Thrift Store, Oncology, Anesthesiology, Pain Specialists, Nephrologists, Orthopedics, Family Medicine Academic Setting, Ophthalmology, Non-Invasive Cardiology Services.

5. Community Engagement/Involvement

Goal: **Increase both the utilization of hospital facilities and community identification, loyalty and investment in the Hospital.**

Strategies: **Utilize a variety of strategies including Board Committees, public meetings, forums and presentations to community groups to regularly communicate with the public regarding hospital financing (e.g., Parcel Tax, bonds) and strategic planning (including desired services, facility retrofit/replacement).**

		Executive Sponsor	Results
Community engagement in funding strategies	Engage the community (press, speakers, etc.) regarding the benefits of a District Parcel Tax (within the legal parameters for lobbying) J June 5, 2018 or Nov 6, 2018	Edwards & Parcel Tax Community Committee	The June 5, 2018 ballot had Measure C to support key services and recruit and retain physicians. The use of a community survey was done to establish a $144 per parcel tax rate. Outreach efforts to civic clubs, community meetings, and special groups were done by Hospital Staff and Steve Lund, Board Chair to inform the community. A Community Committee to support and organize the voting effort was done by community members and volunteers. This committee advertised in the media, did door to door campaigning in Fort Bragg, made voter registration list phone calls, distributed signs, and engaged the community about the importance of Measure C. The election of June 5, 2018 has not been certified. At this date, over 2700 ballots have been counted and over 5100 ballots are left to be tabulated and certified. State law requires the election to be certified within 28 days of the election. We all recognize a 66.7% vote is a steep hill.
Community engagement in facility strategies	Implement systems to receive community, employee, medical staff, Architect, State of California for design build, OSHPD input into the strategic planning process, especially as it relates to the required retrofit/replacement of the facility.	Edwards/ Schmid	
	Continue a robust community dialogue regarding financing future facility retrofit/replacement (bond measures). After parcel tax positive vote, RFP Architect, Engineering	Edwards/ Board of Directors	

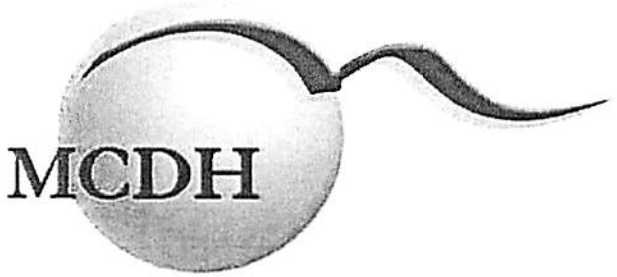
6. Governance

Goal: **Have a District Board that continues to provide the leadership and vision required to guide healthcare delivery over the next two decades.**

Strategy:

		Executive Sponsor	Results
Provide Board members with the information, skills and knowledge needed to be effective. Support a leadership team philosophy.	Develop and implement a plan for board education and development, Nov 2018	Board Chair person	
Prepare for Board Elections, Nov. 2018	Work with the League of Women Voters to inform potential members of board duties and responsibilities, June 2018 to Oct 2018	Edwards	CEO and Board Chair reached out to Ms. Sharon Gilligan, League of Women Voters liaison to MCDH about this tactic. In addition, CEO reached out to League of Women Voters to assist with July 16, 2018 interview of Board Candidates. Assistance would include: Naming a reader (Moderator) of questions to the individual Board Candidates; Collecting appropriate questions from the current MCDH Board members, and keeping those questions confidential; keeping candidate responses to the policy limit (2 minutes); being one of the public who count ballot results with the CEO
	Revise Bylaws, Policies, Ethics Standards, Conduct Standards, Board member job description, Dec 2018	Board Chair person	
Review and refine the organization's Mission, Vision and Values	Review and refine the Organization's Mission, Vision and Values	Newly elected Board to review and consider changes to our Mission, Vision and Values statements.	

TAB 3



MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA

Unaudited Financial Statements

for

For the month ended May 31, 2018

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended May 31, 2018

TABLE OF CONTENTS

MENDOCINO COAST HEALTHCARE DISTRICT

EXECUTIVE FINANCIAL SUMMARY

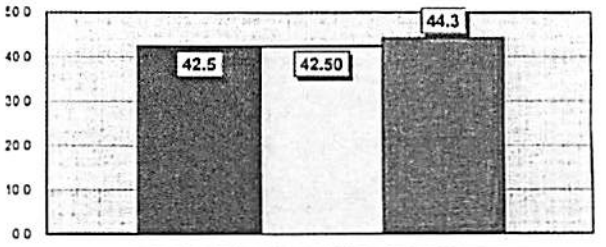
For the month ended May 31, 2018

BALANCE SHEET	5/31/2018	6/30/2017
ASSETS		
Current Assets	$11,648,159	$13,880,481
Assets Whose Use is Limited	4,850,809	5,584,672
Property, Plant and Equipment (Net)	14,656,041	15,207,783
Total Unrestricted Assets	**31,155,009**	**34,672,936**
Total Assets	**$31,155,009**	**$34,672,936**
LIABILITIES AND NET ASSETS		
Current Liabilities	$12,479,357	$11,042,656
Long-Term Debt	13,361,606	14,826,981
Total Liabilities	**25,840,963**	**25,869,637**
Net Assets	5,314,046	8,803,299
Total Liabilities and Net Assets	**$31,155,009**	**$34,672,936**

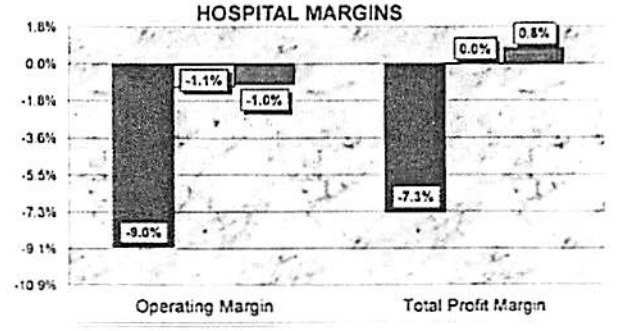
STATEMENT OF REVENUE AND EXPENSES - YTD	*ACTUAL*	*BUDGET*
Revenue:		
Gross Patient Revenues	$107,086,317	$104,651,865
Deductions From Revenue	(61,311,139)	(57,984,028)
Net Patient Revenues	45,775,178	46,667,836
Other Operating Revenue	2,131,260	2,226,456
Total Operating Revenues	**47,906,437**	**48,894,292**
Expenses:		
Salaries, Benefits & Contract Labor	30,225,154	29,238,822
Purchased Services & Physician Fees	8,731,207	6,770,501
Supply Expenses	7,794,668	7,774,546
Interest Expense	0	0
Depreciation Expense	1,377,719	1,683,276
Other Operating Expenses	4,098,146	3,986,250
Total Expenses	**52,226,895**	**49,453,394**
NET OPERATING SURPLUS	**(4,320,457)**	**(559,102)**
Non-Operating Revenue/(Expenses)	830,960	562,165
TOTAL NET SURPLUS	**($3,489,498)**	**$3,063**

BOND COVENANTS	*REQUIREMENT*	*ACTUAL*
DEBT SERVICE COVERAGE RATIO	1.25	-1.31
CURRENT RATIO	1.00	0.93
DAYS CASH ON HAND	30.00	37.93

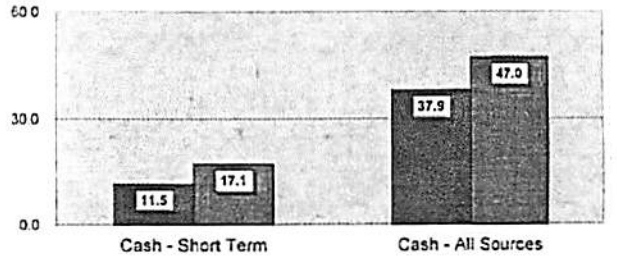
NET DAYS IN ACCOUNTS RECEIVABLE



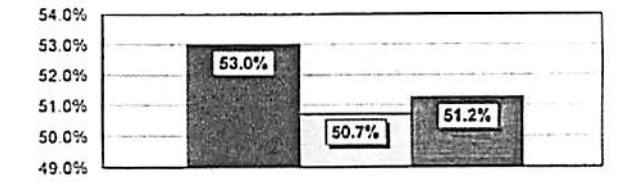
HOSPITAL MARGINS



DAYS CASH ON HAND



SALARY AND BENEFIT EXPENSE AS A PERCENTAGE OF NET PATIENT REVENUE



MENDOCINO COAST HEALTHCARE DISTF	5/31/2018
Budget	5/31/2018
Prior Fiscal Year End	6/30/2017

Balance Sheet - Assets

MENDOCINO COAST HEALTHCARE DISTRICT

FORT BRAGG, CA

For the month ended May 31, 2018

	Current Month 5/31/2018	Prior Month 4/30/2018	ASSETS Positive/ (Negative) Variance	Percentage Variance	Prior Year End 6/30/2017
CURRENT ASSETS					
CASH	$ 1,584,338	$ 1,024,678	$ 559,660	55%	$ 2,538,201
PATIENT RECEIVABLES	$ 18,541,903	$ 18,405,147	$ 136,756	1%	$ 17,140,710
LESS: RESERVES FOR ALLOWANCES FOR RECEIVABLES	$ (12,857,671)	$ (13,005,066)	$ 147,395	-1%	$ (10,261,795)
NET PATIENT ACCOUNTS RECEIVABLES	$ 5,684,232	$ 5,400,081	$ 284,151	5%	$ 6,878,915
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	$ 2,916,757	$ 3,505,845	$ (589,088)	-17%	$ 2,431,527
OTHER RECEIVABLES	$ 220,043	$ 448,436	$ (228,393)	-51%	$ 668,749
INVENTORIES	$ 818,054	$ 819,831	$ (1,777)	0%	$ 833,534
PREPAID EXPENSES	$ 424,735	$ 487,674	$ (62,939)	-13%	$ 529,555
TOTAL CURRENT ASSETS	**$ 11,648,159**	**$ 11,686,545**	**$ (38,386)**	**0%**	**$ 13,880,481**
ASSETS WHOSE USE IS LIMITED					
BOARD DESIGNATED FUNDS	$ 3,628,750	$ 3,626,750	$ 2,000	0%	$ 4,226,086
PLAN FUND	$ 13,750	$ 13,750	$ -	0%	$ 148,534
SPECIFIC PURPOSE FUND	$ -	$ -	$ -	0%	$ -
BONDS	$ 677,792	$ 744,470	$ (66,678)	-9%	$ 641,303
BOND COSTS	$ 530,517	$ 546,767	$ (16,250)	-3%	$ 568,749
TOTAL LIMITED USE ASSETS	**$ 4,850,809**	**$ 4,931,737**	**$ (80,928)**	**-2%**	**$ 5,584,672**
PROPERTY, PLANT, & EQUIPMENT					
LAND	$ 117,490	$ 117,490	$ -	0%	$ 117,490
LAND IMPROVEMENTS	$ 805,398	$ 805,398	$ -	0%	$ 805,398
BUILDINGS & IMPROVEMENTS	$ 24,604,464	$ 24,604,464	$ -	0%	$ 24,604,464
LEASEHOLD IMPROVEMENTS	$ 546,439	$ 546,439	$ -	0%	$ 546,439
EQUIPMENT	$ 21,883,057	$ 21,866,209	$ 16,848	0%	$ 20,225,944
CONSTRUCTION-IN-PROGRESS	$ 247,215	$ 247,632	$ (417)	0%	$ 1,137,653
GROSS PROPERTY, PLANT, & EQUIPMENT	$ 48,204,063	$ 48,187,632	$ 16,431	0%	$ 47,437,388
LESS: ACCUMULATED DEPRECIATION	$ (33,548,022)	$ (33,417,347)	$ (130,675)	0%	$ (32,229,605)
NET PROPERTY, PLANT, & EQUIPMENT	**$ 14,656,041**	**$ 14,770,285**	**$ (114,244)**	**-1%**	**$ 15,207,783**
TOTAL ASSETS	**$ 31,155,009**	**$ 31,388,567**	**$ (233,558)**	**-1%**	**$ 34,672,936**

Balance Sheet - Liabilities and Net Assets

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended May 31, 2018

	Current Month 5/31/2018	Prior Month 4/30/2018	Positive/ (Negative) Variance	Percentage Variance	Prior Year End 6/30/2017
LIABILITIES AND FUND BALANCE					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	$ 6,868,812	$ 6,952,687	$ 83,875	1%	$ 4,435,532
ACCRUED PAYROLL	$ 675,129	$ 470,214	$ (204,915)	-44%	$ 671,277
ACCRUED VACATION/HOLIDAY/SICK PAY	$ 1,129,859	$ 1,118,187	$ (11,672)	-1%	$ 1,294,330
PAYROLL TAXES PAYABLE	$ 44,862	$ 32,403	$ (12,459)	-38%	$ 92,976
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	$ 1,542,028	$ 1,544,177	$ 2,149	0%	$ 3,107,493
OTHER CURRENT LIABILITIES	$ 36,424	$ 35,838	$ (586)	-2%	$ 35,343
INTEREST PAYABLE	$ 1,123,223	$ 1,108,337	$ (14,886)	-1%	$ 1,195,705
PREVIOUS FY PENSION PAYABLE	$ 832,353	$ 832,353	$ -	0%	$ -
CURRENT PORTION OF LTD (BONDS/MORTGAGES)	$ 16,667	$ 33,333	$ 16,666	50%	$ -
CURRENT PORTION OF LTD (OTHER NON-CURRENT LIABILITIES)	$ 210,000	$ 210,000	$ -	0%	$ 210,000
TOTAL CURRENT LIABILITIES	**$ 12,479,357**	**$ 12,337,529**	**$ (141,828)**	**-1%**	**$ 11,042,656**
LONG TERM LIABILITIES					
CAPITALIZED LEASES	$ -	$ -	$ -	0%	$ -
BONDS PAYABLE	$ 10,523,820	$ 10,785,324	$ 261,504	2%	$ 11,374,245
OTHER NON-CURRENT LIABILITIES	$ 1,995,116	$ 1,995,116	$ -	0%	$ 2,620,383
CURRENT FY PENSION PAYABLE (NON-CURRENT LIABILITY)	$ 842,670	$ 761,435	$ (81,235)	-11%	$ 832,353
TOTAL LONG TERM LIABILITIES	**$ 13,361,606**	**$ 13,541,875**	**$ 180,269**	**1%**	**$ 14,826,981**
TOTAL LIABILITIES	**$ 25,840,963**	**$ 25,879,404**	**$ 38,441**	**0%**	**$ 25,869,637**
FUND BALANCE					
UNRESTRICTED FUND BALANACE	$ 8,803,300	$ 8,803,300	$ -	0%	$ 9,527,663
TEMPORARY RESTRICTED FUND BALANCE	$ -	$ -	$ -	0%	$ -
Net Revenue/(Expenses) (YTD)	$ (3,489,254)	$ (3,294,137)	$ 195,117	-6%	$ (724,364)
TOTAL NET ASSETS	**$ 5,314,046**	**$ 5,509,163**	**$ 195,117**	**4%**	**$ 8,803,299**
TOTAL LIABILITIES AND NET ASSETS	**$ 31,155,009**	**$ 31,388,567**	**$ 233,558**	**1%**	**$ 34,672,936**

Statement of Revenue and Expense

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended May 31, 2018

	CURRENT MONTH				
	Actual 05/31/18	Budget 05/31/18	Positive (Negative) Variance	Percentage Variance	Prior Year 05/31/17
GROSS PATIENT SERVICE REVENUES					
INPATIENT	$ 1,710,663	$ 2,043,935	$ (333,272)	-16%	$ 2,409,310
SWING BED	$ 220,196	$ 246,432	$ (26,236)	-11%	$ 222,249
OUTPATIENT	$ 7,406,473	$ 6,722,310	$ 684,163	10%	$ 7,046,432
NORTH COAST FAMILY HEALTH CENTER	$ 524,096	$ 437,892	$ 86,204	20%	$ 549,028
HOME HEALTH	$ 142,913	$ 127,485	$ 15,428	12%	$ 130,399
TOTAL PATIENT SERVICE REVENUES	$ 10,004,341	$ 9,578,054	$ 426,287	4%	$ 10,357,419
DEDUCTIONS FROM REVENUE					
CONTRACTUAL ALLOWANCES	$ (5,256,354)	$ (5,288,052)	$ 31,698	1%	$ (5,816,273)
POLICY DISCOUNTS	$ (6,463)	$ (19,052)	$ 12,589	66%	$ (18,274)
STATE PROGRAMS	$ -	$ 115,903	$ (115,903)	100%	$ -
BAD DEBT	$ (156,000)	$ (108,976)	$ (47,024)	-43%	$ (151,351)
CHARITY	$ (10,580)	$ (5,138)	$ (5,442)	-106%	$ (4,106)
TOTAL DEDUCTIONS FROM REVENUES	$ (5,429,397)	$ (5,305,315)	$ (124,082)	-2%	$ (5,990,004)
NET PATIENT SERVICE REVENUES	$ 4,574,944	$ 4,272,739	$ 302,205	7%	$ 4,367,415
OPERATING TAX REVENUES	$ -	$ -	$ -	0%	$ 61,418
OTHER OPERATING REVENUES	$ 206,014	$ 202,405	$ 3,609	2%	$ 146,114
TOTAL OPERATING REVENUES	$ 4,780,958	$ 4,475,144	$ 305,814	7%	$ 4,574,947
OPERATING EXPENSES					
SALARIES & WAGES - STAFF	$ 1,547,441	$ 1,481,475	$ (65,966)	-4%	$ 1,517,843
EMPLOYEE BENEFITS	$ 752,490	$ 677,322	$ (75,168)	-11%	$ 762,650
PROFESSIONAL FEES - PHYSICIAN	$ 562,637	$ 425,128	$ (137,509)	-32%	$ 578,195
OTHER PROFESSIONAL FEES - REGISTRY	$ 615,241	$ 525,230	$ (90,011)	-17%	$ 524,677
OTHER PROFESSIONAL FEES - OTHER	$ 128,543	$ 61,245	$ (67,298)	-110%	$ 40,968
SUPPLIES - DRUGS	$ 418,903	$ 462,299	$ 43,396	9%	$ 275,377
SUPPLIES - MEDICAL	$ 249,205	$ 241,739	$ (7,466)	-3%	$ 239,627
SUPPLIES - OTHER	$ 106,722	$ 84,462	$ (22,260)	-26%	$ 171,588
PURCHASED SERVICES	$ 134,783	$ 123,980	$ (10,803)	-9%	$ 115,977
REPAIRS & MAINTENANCE	$ 80,652	$ 79,348	$ (1,304)	-2%	$ 62,186
UTILITIES	$ 73,138	$ 64,115	$ (9,023)	-14%	$ 68,513
INSURANCE	$ 42,769	$ 45,209	$ 2,440	5%	$ 42,719
DEPRECIATION & AMORTIZATION	$ 130,675	$ 189,008	$ 58,333	31%	$ 77,876
RENTAL/LEASE	$ 54,614	$ 39,976	$ (14,638)	-37%	$ 45,755
OTHER EXPENSE	$ 129,830	$ 128,776	$ (1,054)	-1%	$ 151,444
TOTAL OPERATING EXPENSES	$ 5,027,643	$ 4,629,311	$ (398,332)	-9%	$ 4,675,395
NET OPERATING SURPLUS (LOSS)	$ (246,685)	$ (154,166)	$ (92,519)	60%	$ (100,448)
NON-OPERATING REVENUES (EXPENSES)					
OPERATING TAX REVENUES	$ 61,418	$ 61,270	$ 148	0%	$ 500
INVESTMENT INCOME	$ 2,000	$ 500	$ 1,500	300%	$ 59,045
DONATIONS	$ -	$ 29,166	$ (29,166)	-100%	$ -
INTEREST EXPENSE (ALL)	$ (44,017)	$ (78,064)	$ 34,047	-44%	$ (43,014)
EXTRAORDINARY GAINS/(LOSS)	$ -	$ -	$ -	0%	$ -
BOND EXPENSE (ALL)	$ 4,450	$ -	$ (4,450)	0%	$ -
TAX SUBSIDIES FOR GO BONDS	$ 27,716	$ 27,716	$ -	0%	$ 27,716
TOTAL NON OPERATING INCOME (LOSS)	$ 51,567	$ 40,588	$ 10,979	27%	$ 44,247
TOTAL NET INCOME (LOSS)	$ (195,118)	$ (113,579)	$ (81,539)	72%	$ (56,201)
Operating Margin	-5.2%	-3.4%			-2.2%
Total Profit Margin	-4.1%	-2.5%			-1.2%
EBIDA	-2.6%	0.8%			-0.5%
Cash Flow Margin	-1.9%	1.1%			-0.1%

Statement of Revenue and Expense

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended May 31, 2018

	YEAR-TO-DATE				
	Actual 05/31/18	Budget 05/31/18	Positive (Negative) Variance	Percentage Variance	Prior Year 05/31/17
GROSS PATIENT SERVICE REVENUES					
INPATIENT	$ 20,569,789	$ 22,229,716	$ (1,659,927)	-7%	$ 22,966,717
SWING BED	$ 2,248,350	$ 2,926,971	$ (678,622)	-23%	$ 2,761,810
OUTPATIENT	$ 77,008,530	$ 73,316,604	$ 3,691,926	5%	$ 72,426,087
NORTH COAST FAMILY HEALTH CENTER	$ 5,849,393	$ 4,923,731	$ 925,661	19%	$ 5,052,661
HOME HEALTH	$ 1,410,256	$ 1,254,843	$ 155,414	12%	$ 1,292,116
TOTAL PATIENT SERVICE REVENUES	$ 107,086,317	$ 104,651,865	$ 2,434,452	2%	$ 104,499,391
DEDUCTIONS FROM REVENUE					
CONTRACTUAL ALLOWANCES	$ (60,773,748)	$ (57,794,138)	$ (2,979,610)	-5%	$ (56,264,041)
POLICY DISCOUNTS	$ (133,490)	$ (209,576)	$ 76,086	36%	$ (249,565)
STATE PROGRAMS	$ 1,428,850	$ 1,274,933	$ 153,917	-12%	$ -
BAD DEBT	$ (1,660,001)	$ (1,198,732)	$ (461,269)	-38%	$ (1,111,843)
CHARITY	$ (172,751)	$ (56,515)	$ (116,235)	-206%	$ (63,192)
TOTAL DEDUCTIONS FROM REVENUES	$ (61,311,139)	$ (57,984,028)	$ (3,327,111)	-6%	$ (57,688,641)
NET PATIENT SERVICE REVENUES	$ 45,775,178	$ 46,667,836	$ (892,659)	-2%	$ 46,810,750
OPERATING TAX REVENUES	$ -	$ -	$ -	0%	$ 675,597
OTHER OPERATING REVENUES	$ 2,131,260	$ 2,226,456	$ (95,196)	-4%	$ 1,596,038
TOTAL OPERATING REVENUES	$ 47,906,437	$ 48,894,292	$ (987,855)	-2%	$ 49,082,386
OPERATING EXPENSES					
SALARIES & WAGES - STAFF	$ 16,019,080	$ 15,572,230	$ (446,850)	-3%	$ 15,491,206
EMPLOYEE BENEFITS	$ 8,239,397	$ 8,098,366	$ (141,031)	-2%	$ 8,292,483
PROFESSIONAL FEES - PHYSICIAN	$ 5,967,064	$ 4,886,197	$ (1,080,867)	-22%	$ 5,114,786
OTHER PROFESSIONAL FEES - REGISTRY	$ 5,966,677	$ 5,568,226	$ (398,452)	-7%	$ 5,469,207
OTHER PROFESSIONAL FEES - OTHER	$ 1,331,809	$ 620,182	$ (711,627)	-115%	$ 731,283
SUPPLIES - DRUGS	$ 4,259,656	$ 4,472,560	$ 212,904	5%	$ 3,916,631
SUPPLIES - MEDICAL	$ 2,657,848	$ 2,458,854	$ (198,994)	-8%	$ 2,472,709
SUPPLIES - OTHER	$ 877,163	$ 843,131	$ (34,032)	-4%	$ 925,471
PURCHASED SERVICES	$ 1,432,335	$ 1,264,122	$ (168,213)	-13%	$ 1,252,941
REPAIRS & MAINTENANCE	$ 893,374	$ 840,747	$ (52,627)	-6%	$ 778,928
UTILITIES	$ 737,761	$ 709,543	$ (28,218)	-4%	$ 672,524
INSURANCE	$ 492,662	$ 474,271	$ (18,391)	-4%	$ 463,073
DEPRECIATION & AMORTIZATION	$ 1,377,719	$ 1,683,276	$ 305,557	18%	$ 1,368,634
RENTAL/LEASE	$ 495,722	$ 508,131	$ 12,409	2%	$ 488,390
OTHER EXPENSE	$ 1,478,628	$ 1,453,557	$ (25,070)	-2%	$ 1,361,180
TOTAL OPERATING EXPENSES	$ 52,226,895	$ 49,453,394	$ (2,773,501)	-6%	$ 48,799,446
NET OPERATING SURPLUS (LOSS)	$ (4,320,457)	$ (559,102)	$ (3,761,356)	673%	$ 282,940
NON-OPERATING REVENUES (EXPENSES)					
OPERATING TAX REVENUES	$ 675,599	$ 673,968	$ 1,631	0%	$ 21,600
INVESTMENT INCOME	$ 43,664	$ 22,000	$ 21,664	98%	$ 559,045
DONATIONS	$ 325,068	$ 320,833	$ 4,235	1%	$ -
INTEREST EXPENSE (ALL)	$ (591,904)	$ (759,512)	$ 167,608	-22%	$ (497,610)
EXTRAORDINARY GAINS/(LOSS)	$ 63,482	$ -	$ 63,482	0%	$ -
BOND EXPENSE (ALL)	$ 10,174	$ -	$ 10,174	0%	$ 4,788
TAX SUBSIDIES FOR GO BONDS	$ 304,876	$ 304,876	$ 0	0%	$ 304,876
TOTAL NON OPERATING INCOME (LOSS)	$ 830,960	$ 562,165	$ 268,795	48%	$ 392,699
TOTAL NET INCOME (LOSS)	$ (3,489,498)	$ 3,063	$ (3,492,561)	-114010%	$ 675,639
Operating Margin	-9.0%	-1.1%			0.6%
Total Profit Margin	-7.3%	0.0%			1.4%
EBIDA	-6.8%	2.3%			3.3%
Cash Flow Margin	-5.0%	2.8%			3.5%

Statement of Revenue and Expense - 13 Month Trend

MENDOCINO COAST HEALTHCARE DISTRICT

FORT BRAGG, CA	1	2	3	4	5	6	7
	Actual 5/31/2018	Actual 4/30/2018	Actual 3/31/2018	Actual 2/28/2018	Actual 1/31/2018	Actual 12/31/2017	Actual 11/30/2017
GROSS PATIENT SERVICE REVENUES							
INPATIENT	1,710,663	1,918,063	2,345,794	1,401,056	2,435,408	2,186,036	1,670,126
SWING BED	220,196	286,394	146,671	119,614	170,724	170,022	266,001
OUTPATIENT	7,406,473	6,633,628	7,221,110	6,289,580	7,409,907	6,917,963	6,637,765
NORTH COAST FAMILY HEALTH CENTER	524,096	426,332	471,848	455,403	520,402	490,838	588,523
HOME HEALTH	142,913	127,248	134,653	119,436	122,497	99,586	130,336
TOTAL PATIENT SERVICE REVENUES	10,004,341	9,391,665	10,320,076	8,385,088	10,658,939	9,864,445	9,292,752
DEDUCTIONS FROM REVENUE							
CONTRACTUAL ALLOWANCES	(5,256,354)	(4,848,733)	(5,707,481)	(4,607,108)	(6,399,923)	(6,438,648)	(5,719,682)
POLICY DISCOUNTS	(6,463)	(11,048)	(12,931)	(5,306)	(13,975)	(20,568)	(15,988)
STATE PROGRAMS	0	4,332	115,274	115,274	118,562	115,274	115,274
BAD DEBT	(156,000)	(146,000)	(160,124)	(125,126)	(354,172)	279,795	(483,145)
CHARITY	(10,580)	(29,245)	(454)	(24,611)	(10,203)	(22,110)	0
TOTAL DEDUCTIONS FROM REVENUES	(5,429,397)	(5,030,694)	(5,765,716)	(4,646,875)	(6,659,711)	(6,086,258)	(6,103,542)
NET PATIENT SERVICE REVENUES	4,574,944	4,360,971	4,554,360	3,738,213	3,999,228	3,778,187	3,189,210
OPERATING TAX REVENUES	0	0	0	0	0	0	0
OTHER OPERATING REVENUES	206,014	158,264	155,205	218,356	231,306	225,803	168,405
TOTAL OPERATING REVENUES	4,780,958	4,519,235	4,709,565	3,956,569	4,230,534	4,003,991	3,357,616
OPERATING EXPENSES							
SALARIES & WAGES - STAFF	1,547,441	1,424,056	1,521,365	1,303,034	1,514,147	1,369,234	1,484,823
EMPLOYEE BENEFITS	752,490	735,667	714,786	716,454	797,370	755,014	729,710
PROFESSIONAL FEES - PHYSICIAN	562,637	585,949	545,248	525,065	561,695	559,939	562,026
OTHER PROFESSIONAL FEES - REGISTRY	615,241	603,219	582,688	485,542	566,752	479,436	556,089
OTHER PROFESSIONAL FEES - OTHER	128,543	116,212	170,740	182,466	154,099	110,675	87,846
SUPPLIES - DRUGS	418,903	343,074	356,336	363,368	335,916	393,037	456,388
SUPPLIES - MEDICAL	249,205	310,746	323,152	204,694	308,642	164,061	221,532
SUPPLIES - OTHER	106,722	74,882	78,263	115,777	83,697	62,509	83,655
PURCHASED SERVICES	134,783	184,502	119,827	125,112	151,991	77,187	150,931
REPAIRS & MAINTENANCE	80,652	71,791	81,919	93,613	67,831	87,487	70,457
UTILITIES	73,138	67,452	65,622	71,501	66,886	67,351	67,582
INSURANCE	42,769	49,884	41,691	42,732	50,516	40,874	42,758
DEPRECIATION & AMORTIZATION	130,675	139,628	126,792	125,175	120,319	121,390	123,690
RENTAL/LEASE	54,614	64,701	42,232	41,440	41,086	43,288	43,791
OTHER EXPENSE	129,830	157,475	134,852	145,370	133,555	124,636	122,062
TOTAL OPERATING EXPENSES	5,027,643	4,929,238	4,905,513	4,541,348	4,954,501	4,456,117	4,803,342
NET OPERATING SURPLUS (LOSS)	(246,685)	(410,003)	(195,948)	(584,777)	(723,967)	(452,127)	(1,445,726)
NON-OPERATING REVENUES (EXPENSES)							
OPERATING TAX REVENUES	61,418	61,418	61,418	61,418	61,418	61,418	61,418
INVESTMENT INCOME	2,000	2,000	12,843	2,000	1,000	10,361	1,000
DONATIONS	0	0	8,076	0	306,915	0	86
INTEREST EXPENSE (ALL)	(44,017)	(44,480)	(44,213)	(48,446)	(73,024)	(19,292)	(49,925)
EXTRAORDINARY GAINS/(LOSS)	0		0	0	63,482	0	0
BOND EXPENSE (ALL)	4,450		0	0	0	0	1,112
TAX SUBSIDIES FOR GO BONDS	27,716	27,716	27,716	27,716	27,716	27,716	27,716
TOTAL NON OPERATING INCOME (LOSS)	51,567	46,654	65,840	42,688	387,508	80,204	41,408
TOTAL NET INCOME (LOSS)	(195,118)	(363,349)	(130,108)	(542,089)	(336,459)	(371,922)	(1,404,318)
Operating Margin	-5%	-9%	-4%	-15%	-17%	-11%	-43%
Total Profit Margin	-4%	-8%	-3%	-14%	-8%	-9%	-42%
EBIDA	-1%	-4%	0%	-10%	-5%	-7%	-38%
Cash Flow Margin	0%	-3%	1%	-9%	-4%	-5%	-37%

Statement of Revenue and Expense

MENDOCINO COAST HEALTHCARE DISTRICT — PAGE 8

FORT BRAGG, CA

	8	9	10	11	12	13
	Actual 10/31/2017	Actual 9/30/2017	Actual 8/31/2017	Actual 7/31/2017	Actual 6/30/2017	Actual 5/31/2017
GROSS PATIENT SERVICE REVENUES						
INPATIENT	1,685,650	1,807,779	2,026,947	1,378,340	1,929,442	2,409,310
SWING BED	286,589	260,817	219,593	101,728	224,813	222,249
OUTPATIENT	7,068,018	7,198,017	7,789,932	6,440,064	7,133,727	7,046,432
NORTH COAST FAMILY HEALTH CENTER	475,065	998,834	453,065	444,987	482,240	549,028
HOME HEALTH	148,389	118,384	158,325	108,490	141,357	130,399
TOTAL PATIENT SERVICE REVENUES	9,663,711	10,383,831	10,647,861	8,473,609	9,911,579	10,357,419
DEDUCTIONS FROM REVENUE						
CONTRACTUAL ALLOWANCES	(5,191,525)	(6,122,523)	(6,081,215)	(4,400,558)	(5,636,984)	(5,816,273)
POLICY DISCOUNTS	(4,914)	(5,779)	(19,507)	(17,010)	(14,402)	(18,274)
STATE PROGRAMS	498,796	114,259	231,806	0	0	0
BAD DEBT	(314,528)	(32,999)	(47,846)	(119,856)	(221,990)	(151,351)
CHARITY	(1,248)	(57,557)	(4,779)	(11,963)	(4,833)	(4,106)
TOTAL DEDUCTIONS FROM REVENUES	(5,013,419)	(6,104,599)	(5,921,541)	(4,549,388)	(5,878,209)	(5,990,004)
NET PATIENT SERVICE REVENUES	4,650,292	4,279,232	4,726,320	3,924,222	4,033,370	4,367,415
OPERATING TAX REVENUES	0	0	0	0	61,418	61,418
OTHER OPERATING REVENUES	157,932	208,733	200,450	200,791	226,125	146,114
TOTAL OPERATING REVENUES	4,808,224	4,487,965	4,926,770	4,125,013	4,320,913	4,574,947
OPERATING EXPENSES						
SALARIES & WAGES - STAFF	1,513,412	1,471,287	1,478,779	1,391,502	1,509,099	1,517,843
EMPLOYEE BENEFITS	759,682	755,319	710,211	812,694	761,523	762,650
PROFESSIONAL FEES - PHYSICIAN	528,459	543,615	521,267	471,164	515,479	578,195
OTHER PROFESSIONAL FEES - REGISTRY	648,892	452,688	486,897	489,234	468,551	524,677
OTHER PROFESSIONAL FEES - OTHER	134,582	88,407	73,020	85,218	72,392	40,868
SUPPLIES - DRUGS	437,517	362,363	442,520	350,234	325,275	275,377
SUPPLIES - MEDICAL	241,807	226,089	241,249	166,671	216,798	239,627
SUPPLIES - OTHER	64,237	80,479	64,380	62,562	158,798	171,588
PURCHASED SERVICES	126,122	101,329	171,935	88,616	110,211	115,977
REPAIRS & MAINTENANCE	86,541	85,465	79,409	88,210	93,442	62,186
UTILITIES	70,063	59,334	77,454	51,379	64,816	68,513
INSURANCE	40,874	50,061	42,045	48,457	42,401	42,719
DEPRECIATION & AMORTIZATION	122,541	122,693	130,761	114,054	77,876	77,876
RENTAL/LEASE	44,499	43,434	41,366	35,272	53,308	45,755
OTHER EXPENSE	166,565	99,924	126,503	137,856	117,756	151,444
TOTAL OPERATING EXPENSES	4,985,793	4,542,487	4,687,796	4,393,123	4,631,712	4,718,409
NET OPERATING SURPLUS (LOSS)	(177,569)	(54,522)	238,975	(268,110)	(310,799)	(143,462)
NON-OPERATING REVENUES (EXPENSES)						
OPERATING TAX REVENUES	61,418	61,418	61,418	61,418	8,471	500
INVESTMENT INCOME	1,000	10,460	500	500	0	59,045
DONATIONS	0	0	2,800	7,191	0	0
INTEREST EXPENSE (ALL)	(142,776)	(39,348)	(42,984)	(43,400)	(43,987)	(43,014)
EXTRAORDINARY GAINS/(LOSS)	0	0	0	0	0	0
BOND EXPENSE (ALL)	1,112	3,391	54	54	0	0
TAX SUBSIDIES FOR GO BONDS	27,716	27,716	27,716	27,716	27,716	27,716
TOTAL NON OPERATING INCOME (LOSS)	(51,530)	63,637	49,504	36,187	(7,800)	278,216
TOTAL NET INCOME (LOSS)	(229,099)	9,115	288,479	(231,923)	(318,599)	134,754
Operating Margin	-4%	-1%	5%	-6%	-7%	-3%
Total Profit Margin	-5%	0%	6%	-6%	-7%	3%
EBIDA	1%	2%	8%	-2%	-3%	1%
Cash Flow Margin	0%	3%	9%	-1%	-3%	7%

Statement of Cash Flows

MENDOCINO COAST HEALTHCARE DISTRICT

FORT BRAGG, CA

For the month ended May 31, 2018

	CASH FLOW	
	Current Month 5/31/2018	Current Year-To-Date 5/31/2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	($195,118)	($3,489,498)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	130,675	1,377,719
(Increase)/Decrease in Net Patient Accounts Receivable	(284,151)	1,194,683
(Increase)/Decrease in Other Receivables	228,393	448,706
(Increase)/Decrease in Inventories	1,777	15,480
(Increase)/Decrease in Pre-Paid Expenses	62,939	104,820
(Increase)/Decrease in Third Party Receivables	589,088	(485,230)
Increase/(Decrease) in Accounts Payable	(83,875)	2,433,280
Increase/(Decrease) in Notes and Loans Payable	(1,780)	(55,815)
Increase/(Decrease) in Accrued Payroll and Benefits	229,046	(208,733)
Increase/(Decrease) in Previous Year Pension Payable	0	832,353
Increase/(Decrease) in Third Party Liabilities	(2,149)	(1,565,465)
Increase/(Decrease) in Other Current Liabilities	586	1,082
Net Cash Provided by Operating Activities:	675,431	603,381
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant and Equipment	(16,431)	(825,977)
(Increase)/Decrease in Limited Use Cash and Investments	(2,000)	732,120
(Increase)/Decrease in Other Limited Use Assets	82,928	1,743
Net Cash Used by Investing Activities	64,497	(92,114)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase/(Decrease) in Bond/Mortgage Debt	(261,504)	(850,425)
Increase/(Decrease) in Capital Lease Debt	0	0
Increase/(Decrease) in Other Long Term Liabilities	81,235	(614,950)
Net Cash Used for Financing Activities	(180,269)	(1,465,375)
(INCREASE)/DECREASE IN RESTRICTED ASSETS	1	245
Net Increase/(Decrease) in Cash	559,659	(953,863)
Cash, Beginning of Period	1,024,678	2,538,201
Cash, End of Period	$1,584,338	$1,584,338

Patient Statistics

MENDOCINO COAST HEALTHCARE DISTRICT

FORT BRAGG, CA

For the month ended May 31, 2018

Current Month					Year-To-Date			
Actual 05/31/18	Budget 05/31/18	Positive/ (Negative) Variance	Prior Year 05/31/17	STATISTICS	Actual 05/31/18	Budget 05/31/18	Positive/ (Negative) Variance	Prior Year 05/31/17
				Admissions				
16	20	(20.0%)	20	Critical Care Services	135	179	(24.6%)	179
50	39	28.2%	39	General	543	481	12.9%	481
66	59	11.9%	59	Subtotal Medical & Surgical Admissions	678	660	2.7%	660
4	9	(55.6%)	9	OB	88	114	(22.8%)	114
70	68	2.9%	68	Total Admissions	766	774	(1.0%)	774
8	16	(50.0%)	16	Swing Bed	120	164	(26.8%)	164
5	7	(28.6%)	7	Total Deliveries	80	99	(19.2%)	99
				Inpatient Days				
52	84	(38.1%)	84	Critical Care Services	467	608	(23.2%)	608
167	192	(13.0%)	192	General	1946	1967	(1.1%)	1967
219	276	(20.7%)	276	Subtotal Medical & Surgical Inpatient Days	2413	2575	(6.3%)	2575
10	18	(44.4%)	18	OB	205	259	(20.8%)	259
229	294	(22.1%)	294	Total Inpatient Days	2618	2834	(7.6%)	2834
93	97	(4.1%)	97	Swing Bed	1108	1279	(13.4%)	1279
10	20	(50.0%)	20	Total Newborn Days	176	209	(15.8%)	209
				Average Length of Stay				
3.25	4.20	(22.6%)	4.20	Critical Care Services	3.46	3.40	1.8%	3.40
3.34	4.92	(32.2%)	4.92	General	3.58	4.09	(12.4%)	4.09
3.32	4.68	(29.1%)	4.68	Subtotal Medical & Surgical	3.56	3.90	(8.8%)	3.90
2.50	2.00	25.0%	2.00	OB	2.33	2.27	2.5%	2.27
3.27	4.32	(24.3%)	4.32	Total Inpatient (CAH)	3.42	3.66	(6.7%)	3.66
11.63	6.06	91.8%	6.06	Swing Bed	9.23	7.80	18.4%	7.80
				Avg Daily Census - Hospital				
1.7	2.7	(38.1%)	2.7	Critical Care Services (4 Beds)	1.4	1.8	(23.2%)	1.8
5.4	6.2	(13.0%)	6.2	General (8 Beds)	5.8	5.9	(1.1%)	5.9
7.1	8.9	(20.7%)	8.9	Subtotal Medical & Surgical (12 Beds)	7.2	7.7	(6.3%)	7.7
0.3	0.6	(44.4%)	0.6	OB (3 Beds)	0.6	0.8	(20.8%)	0.8
7.4	9.5	(22.1%)	9.5	Subtotal Acute (15 Beds)	7.8	8.5	(7.6%)	8.5
3.0	3.1	(4.1%)	3.1	Swing Care (10 Beds)	3.3	3.8	(13.4%)	3.8
10.4	12.6	(17.6%)	12.6	Total Hospital (25 Beds Available)	11.1	12.3	(9.4%)	12.3
				Emergency Department				
784	792	(1.0%)	792	Outpatients Treated in ED - Emergent	8637	8597	0.5%	8,597
60	46	30.4%	46	Patients Admitted from ED	541	553	(2.2%)	553
844	838	0.7%	838	Total Patients treated in ED	9,178	9150	0.3%	9,150
				Ambulance Service				
121	156	(22.4%)	156	911 - Transports	1614	1538	4.9%	1538
0	1	(100.0%)	1	Transfer - Transports	9	16	(43.8%)	16
121	157	(22.9%)	157	Total Ambulance Transports	1623	1554	4.4%	1554
				Surgery - Cases				
15	14	7.1%	14	Inpatient Cases	194	195	(0.5%)	195
7	6	16.7%	6	Total Implant Cases	67	47	42.6%	47
210	195	7.7%	195	Outpatient Cases	2067	2022	2.2%	2022
232	215	7.9%	215	Total Surgery Cases	2328	2264	2.8%	2264
				North Coast Family Health Center				
2,841	2,908	(2.3%)	2,908	Visits	28,945	27,857	3.9%	27,857
				Home Health				
570	514	10.9%	514	Visits	5777	5,236	10.3%	5,236
				Outpatient				
5,650	5,135	10.0%	5,135	Encounters	55,793	52,953	5.4%	52,953

Key Financial Ratios

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended May 31, 2018

	Year to Date 5/31/2018	Compare Year to Date BUDGET	Prior Fiscal Year End 06/30/17	Compare TBD
Profitability:				
Operating Margin	-9.0%	-1.1%	-1.0%	
Total Profit Margin	-7.3%	0.0%	0.8%	
EBIDA	-6.8%	2.3%	2.8%	
Contractual Allowance % To Gross Charges	61.0%	58.9%	57.9%	
Inpatient Gross Revenue Percentage (Hospital)	22.9%	25.5%	26.0%	
Outpatient Gross Revenue Percentage (Hospital)	77.1%	74.5%	74.0%	
Liquidity:				
Days of Cash on Hand, Short Term	10.5		17.1	
Days Cash, All Sources	34.5		47.0	
Net Days in Accounts Receivable	42.5		44.3	
Gross Days in Accounts Receivable	58.7		48.0	
Cash Flow Margin	-5.0%		3.9%	
Average Payment Period	64.2		40.9	
Current Ratio	0.9		1.3	
Capital Structure:				
Average Age of Plant (Annualized)	22.5		22.9	
Capital Costs as a % of Total Exp.	3.8%		3.8%	
Capital Spend as a % of Annual Depreciation	60.0%		88.2%	
Long Term Debt to Net Position	71.5%		60.1%	
Debt Service Coverage Ratio	(1.3)		1.7	
Productivity and Efficiency:				
Net Patient Service Revenue per FTE	$169,168	$172,771	$174,830	
Salary & Benefits Expense per Paid FTE	($89,650)	($87,632)	($89,589)	
Salary & Benefits as a % of Total Expenses	46.4%	47.9%	48.3%	
Salary and Benefits as a % of Net Pat Rev.	53.0%	50.7%	51.2%	
Employee Benefits as a % of Salaries	51.4%	52.0%	53.3%	
Other Ratios:				
FTE - PRODUCTIVE	236.2	232.0	225.1	
FTE - NON-PRODUCTIVE	26.7	34.2	37.2	
FTE - REGISTRY/CONTRACT	32.3	28.5	28.5	
FTE - TOTAL PAID	295.2	294.7	290.8	
Cost To Charge Ratio	48.8%	48.0%	47.1%	
Medicare Revenue as a % of Total Revenue	55.9%	55.3%	55.3%	
Medi-cal Revenue as a % of Total Revenue	21.8%	23.5%	23.7%	
BC/BS Ins Revenue as a % of Total Revenue	15.0%	13.8%	13.7%	
Other Ins Revenue as a % of Total Revenue	5.0%	5.8%	5.8%	
Self-Pay Revenue as a % of Total Revenue	2.3%	1.8%	1.6%	

TAB 4

MENDOCINO COAST DISTRICT HOSPITAL

DATE: June 21, 2018

TO: BOARD OF DIRECTORS

FROM: JOHN KERMEN, DO
CHIEF OF STAFF

SUBJECT: MEDICAL EXECUTIVE COMMITTEE RECOMMENDATIONS

The Medical Executive Committee considered the following items and recommends them to the Board of Directors for approval:

Re-Appointments to Medical Staff-

- **Zoe Berna, MD-** Department of Medicine-Family Practice- North Coast Family Health Center

Temporary Privileges-

- **Scott Fisher, MD-** Department of Medicine-Pediatrics *(July 11-18; July 25-August 3; August 17-24; September 7-17; October 12-22, 2018)*

Temporary Privileges- Allied Health Professional Category

- **Melissa Baxter, CRNA-** Department of Surgery-Anesthesia *(June 21-27; July 25-August 1; September 23-30; October 8-17; October 22-31, 2018)*

Release from Provisional Status & Proctoring/Advance to Active Status

- **Tareq Ali, MD-** Department of Medicine- Emergency Department
- **Rajwinder Bahia, MD-** Department of Medicine- Hospitalist Service
- **Maher Danhash, MD-** Department of Medicine- Family Practice- North Coast Family Health Center
- **Sandra Fleming, MD-** Department of Medicine- Family Practice- North Coast Family Health Center
- **David Irvine, MD-**Department of Medicine-Emergency Medicine
- **Henna Kalsi, MD-** Department of Medicine- Hospitalist Service
- **Kelly King, MD-** Department of Medicine- Hospitalist Service
- **William Miller, MD-** Department of Medicine- Hospitalist Service & Emergency Department
- **Eleanor Oakley, MD-** Department of Medicine- Emergency Department
- **Christopher Ryan, MD-** Department of Medicine- Hospitalist Service

Release from Proctoring- Temporary Privileges/Locums Tenens

- **Scott Fisher, MD-** Department of Medicine-Pediatrics

Appointment to VRad Tele-Radiology Physicians

- **David Millikow, MD**

Department of Medical Staff Services
William Lee, CPCS, CPMSM~ Director
700 River Drive • Fort Bragg, California 95437
Phone: (707 961-4740 • Fax: (707) 961-4786

TAB 5

June 2018

Highlights

Sally McGregor has joined our team as our Staff Development Coordinator. She comes to us with experience in pre-hospital care education and administration in rural (Mendocino and Shasta Counties) and urban areas (San Francisco Bay Area). She is an Registered Nurse with emergency, pediatrics and NICU experience. She has dived right into the job, attending key meetings as well as with staff directly to get a clear picture of what our needs are. She is an excellent addition.

We are also hiring a dietician to provide outpatient education as well as provide back up and support to Anne Sansom, our fulltime Registered Dietician. We have an excellent candidate with the background and skill set to assist us in developing and outpatient program to assist diabetics in their nutritional education. We are hopeful that he will accept the position.

Our very own Doug Shald played the role of hero this month. While visiting our hospice thrift store a customer decided they needed the donation jar more than our hospice. Doug was able to follow that customer and retrieve the donations without difficulty. Thank you Doug.

MENDOCINO COAST HEALTH CARE DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING

THURSDAY, DECEMBER 6, 2018
4:00 p.m. Closed Session
6:00 p.m. Open Session

MENDOCINO COAST DISTRICT HOSPITAL
Redwoods Room
700 River Drive
Fort Bragg, California 95437

Mendocino Coast District Hospital Mission Statement

MISSION

To make a positive difference in the health of our rural community.

VISION

MCDH will play a vital role in the overall health and well-being of the community, and will be the key element in the healthcare system serving the needs of our community. We will provide leadership to enhance the efficiency, coordination, quality and range of services provided within our rural healthcare system.

MCDH will be the healthcare provider and employer of choice within our community. We will continually address and keep up with technology and superior clinical skills

We will have a positive impact on health by encouraging personal and community responsibility for health and wellness. Our efforts will play a decisive role in people choosing to stay in our community or to locate here.

VALUES

MCDH is committed to providing excellent quality, patient centered, cost effective health care in a caring, safe and professional environment, and serving the community's healthcare needs with current technology and superior clinical skills. We believe in the right to local access to a wide range of excellent quality healthcare services in our rural community. We promote patient safety and satisfaction, and consistently work toward a high level of care with results in our patients recommending us to others and in their returning to us for needed health care.

Every member of our healthcare team will play an active, participative role that effectively utilizes the skills and talents of each. People are our most valuable resource. We encourage professional development that will achieve a level of competence and morale that will attract and maintain the highest quality staff. We strive to build partnership with our employees emphasizing mutual respect and mutual success.

I. ROLL CALL

II. CLOSED SESSION

1. ***Information:*** Hardin v. Mendocino Coast District Hospital, U.S. District Court for the Northern District of California, et al., Case No. 3:17-CV-05554, conference with legal counsel. Government Code §54956.9.
2. ***Information/Action:*** Pursuant to §32155 of the Health and Safety Code October Quality Management and Improvement Council Reports
3. ***Information/Action:*** Pursuant to California Government Code §54954.5 and §32155 of the Health and Safety Code Medical Staff Credentials and Privileges Review
4. ***Information/Action:*** Pursuant to Government Code §54957.6: closed session Board Meeting with the District's Labor Union Negotiators, CEO Bob S. Edwards, Jr., CFO Mike Ellis, Mr. Dan Camp, Special Labor Union and Employment Counsel David Reis, and the District's General Legal Counsel. Government Code §54,957.6.
5. ***Information/Action:*** Public Employee Performance Review and Evaluation, Chief Executive Officer of the District. Government Code §§54957(b)(1) and (b)(2); Government Code §54954.5.

III. 6:00 P.M. OPEN SESSION CALL TO ORDER– STEVE LUND, PRESIDENT

IV. ROLL CALL

V. REPORT ON CLOSED SESSION ITEMS

1. Conference with Legal Counsel regarding Hardin v. Mendocino Coast District Hospital — ***Information***
2. October Quality Management and Improvement Council Report — ***Information/Action***
3. Medical Staff Credentials and Privileges Report — ***Information/Action***
4. Union Negotiations Update — ***Information/Action***
5. Performance Review and Evaluation, Chief Executive Officer of the District — ***Information/Action***

VI. PUBLIC COMMENTS

This portion of the meeting is reserved for persons desiring to address the Council on any matter over which the District has jurisdiction and not on the agenda. You must state your name and address for the record. Time is limited to 3 minutes with a 20-minute total time limit for all comments. The Council can take no action on your presentation, but can seek clarification to points made in your presentation or comments.

BROWN ACT REQUIREMENTS: *Pursuant to the Brown Act, the Board of Directors cannot discuss issues or take action on any requests during this comment period.*

VII. REVIEW OF THE AGENDA — ***Action***

VIII. BOARD COMMENTS — ***Information***

IX. APPROVAL OF CONSENT CALENDAR — ***Action***

The following items are considered routine and non-controversial by Hospital Staff. Consent items may be approved by one motion if no member of the Board or audience wishes to comment or ask questions. If comment or discussion is desired, the item will be removed from the Consent Agenda and will be considered under new business

1. Approval of Board of Directors meeting minutes of October 25, 2018 — Tab 1
2. Approval of Alysoun Huntley Ford Fund Draw
3. Policies — Tab 2

Name	*Number*
Criteria Bases Job Description of CEO (OBSOLETE)	100.1001
Organization Chart (OBSOLETE)	100.1008
Goals and Objectives (OBSOLETE)	100.1010
Annual Evaluation of Services (OBSOLETE)	100.1011
Facility Plan for the Provision of Care (OBSOLETE)	100.1012
Calendar of Administrative Events (OBSOLETE)	100.1019
Budget Policy (OBSOLETE)	100.1023

X. NEW BUSINESS

1. Approval or Rejection of Draft Independent Audit Report for FYE 2017/2018 — Tab 3 ***Action/Information***

2. Strategic Plan Update: Mr. Bob Edwards — Tab 4 ***Action/Information***
   a. Quality/Delivery of Care: Ms. Lynn Finley/Ms. Clara Slaughter
      1. Meditech Update: Mr. Mike Ellis, CFO
      2. Facility Score Card: Ms. Nancy Schmid
      3. Pain Management Recruitment: Mr. Will Lee
      4. The Joint Commission: Ms. Lynn Finley
      5. Community Health Improvement Plan (CHIP) PRIME Update: Ms. Clara Slaughter
      6. ACHD Personnel Training January 2019: Mr. Bob Edwards, CEO
      7. Nuclear Medicine Update: Mr. Mike Ellis, CFO
   b. Financial/Fiscal Solvency: Mr. Mike Ellis, CFO
   c. Physical Plant/Facilities: Ms. Nancy Schmid
      1. RFP Next Steps Architect Services
      2. Facility Project Updates: Ms. Nancy Schmid
   d. People/Physician Nursing and Support Staffing: Mr. Dan Camp
   e. Community Engagement/Involvement: Mr. Steve Lund, Chair
      Parcel Tax: Mr. Steve Lund, Chair
   f. Governance: Mr. Steve Lund

3. Approval of Planning Committee Member, Mary Anderson: Mr. Steve Lund — ***Action/Information***

4. Approval of Oversight Committee Bylaws: Mr. Steve Lund — Tab 5 ***Action/Information***

5. Approval of Oversight Committee Members — ***Action/Information***
   1. Myra Beals
   2. Lea Christensen
   3. Kathe Charter
   4. Jim Hurst
   5. Steve Antler
   6. Robert Becker
   7. Kitty Bruning

6. Contract with attorney Steven Schnier of the Law Firm Arent Fox, LLP: Mr. Bob Edwards, CEO — Tab 6 ***Action/Information***

7. Professional Services Amendment for Dr. Zoe Berna: Mr. Mike Ellis, CFO — Tab 7 ***Action/Information***
   a. Meditech Implementation Agreement: Mr. Mike Ellis, CFO — Tab 8 ***Action/Information***

8. Hospitalist Services Agreement Addendum with Rural Physicians Group: Mr. Bob Edwards, CEO — Tab 9 ***Action/Information***

XI. OLD BUSINESS

None

XII. REPORTS

- CEO Report — *Information*
- Medical Staff Appointments/Report: Dr. John Kermen — Tab 10 *Action/Informatio*
  a. Appointments to Medical Staff
  1. Christina Tsao, MD –Department of Medicine-Hospitalist Medicine
  b. Appointments to Allied Health Professional Staff
  1. Melissa Turner, FNP –Department of Medicine-Oncology
  2. David Milikow, MD
- Chief Nursing Officer Report: Ms. Lynn Finley — Tab 11 *Action/Informatio*
- Finance Report: Dr. Peter Glusker — Tab 12 *Action/Informatio*
- Association and Community Service Reports — *Action/Informatio*

XIII. Public Comments

This portion of the meeting is reserved for persons desiring to address the Board of Directors on any matter over which the District has jurisdiction. You must state your name and address for the record. Time is limited to 3 minutes. The Board of Directors can take no action on your presentation, but can seek clarification to points made in your presentation or comments. Additionally, members can ask staff for factual information or refer the item to staff and/or calendar the item on a future agenda. Any person desiring to speak on an agenda item will be given an opportunity to do so prior to the Board of Directors taking action on the item.

BROWN ACT REQUIREMENTS: *Pursuant to the Brown Act, the council cannot discuss issues or take action on any requests during this comment period.*

XIV. ADJOURNMENT

**** THIS DOCUMENT WILL BE PROVIDED AT THE MEETING.***

All disabled persons requesting disability related modifications or accommodations, including auxiliary aids or service may make such request in order to participate in a public meeting to Gayl Moon, Secretary to the Board of Directors, 700 River Drive, Fort Bragg, CA 95437, no later than 72 hours prior to the meeting that such matter be included on that month's agenda.

*Per District Resolution, each member of the Public who wishes to speak shall be limited to three minutes each per agenda item. Please identify yourself prior to speaking. Thank you.

TAB 1

BOARD OF DIRECTORS MEETING
HOSPITAL REDWOODS ROOM
THURSDAY, OCTOBER 25, 2018
MINUTES

The Board of Directors of the Mendocino Coast Health Care District met in CLOSED session at 4:30 pm in the Redwoods Room, Kitty Bruning, Vice Chair presiding

PRESENT: Mr. Lund (telephonically), Dr. Glusker, Ms. Bruning, Dr. Miller, Mr. Birdsell
Mr. Colin Coffey, Legal Counsel (via skype)
Ms. Noel Caughman, Legal Counsel (via skype)
Mr. Bob Edwards, CEO
Mr. Mike Ellis, CFO

1. **CALL TO ORDER:**
   OPEN Session of the Board of Directors of the Mendocino Coast Health Care District convened at 6:00 p.m. in the Redwoods Room, Kitty Bruning, Vice Chair presiding

2. **ROLL CALL:**
   PRESENT: Dr. Kevin Miller, Ms. Kitty Bruning, Mr. Tom Birdsell, Mr. Steve Lund (telephonically), Dr. Peter Glusker
   Board Members

   BOARD MEMBERS ABSENT: None

   ALSO PRESENT:
   Mr. Colin Coffey, Legal Counsel (via skype)
   Ms. Noel Caughman, Legal Counsel (via skype)
   Mr. Bob Edwards, CEO
   Mr. Mike Ellis, Chief Financial Officer
   Ms. Gayl Moon, Executive Assistant

3. **CLOSED SESSION MATTERS:**
   The Board of Directors reviewed the following items in closed session:

   1. ***INFORMATION/ACTION:*** Hardin v. Mendocino Coast District Hospital, U.S. District Court for the Northern District of California, et al., Case No. 3:17-CV-05554, conference with legal counsel. Government Code §54956.9
      - The Board received an update from legal counsel.
   2. ***INFORMATION/ACTION:*** Pursuant to §32155 of the Health and Safety Code September Quality Management and Improvement Council Reports
      - The Board approved the September Quality Management and Improvement Council Report
   3. ***INFORMATION/ACTION:*** Pursuant to California Government Code §54954.5 and §32155 of the Health and Safety Code Medical Staff Credentials and Privileges Review
      - The Board approved the Medical Staff Credentials and Privileges Report
   4. ***INFORMATION/ACTION:*** Pursuant to Government Code §54,957.6: closed session Board Meeting with the District's Labor Union Negotiations, CEO Bob S.

Edwards, Jr., CFO Mike Ellis, Special Labor Union and Employment Counsel David Reis, and the District's General Legal Counsel. Government Code §54,957.6.

- The Board received an update from staff and will discuss this matter further when the Board reconvenes Closed Session after Open Session.

5. ***INFORMATION/ACTION:*** Contract with attorney Steven Schnier of the law firm Arent Fox, LLP to serve as special counsel to the Medical Staff/Medical Executive Committee, as distinguished from the Hospital's general legal counsel, as required pursuant to conflict of interest laws. Government Code §54957
   - This issue was tabled and will be put on the next Board agenda as an Open Session item.
6. ***Information/Action:*** Public Employment: To review and approve Professional Services Amendment for Dr. Zoe Berna Government Code §54954.5 & 54957
   - This issue was tabled and will be put on the next Board agenda as an Open Session item

4. **PUBLIC COMMENTS**
   - Several community members made comments regarding MCDH issues.
   - Dr. Kermen requested that a presentation by the Medical Staff be put on the next agenda in order to give the community a better understanding of what the process is to maintain/ensure quality.

5. **REVIEW OF THE AGENDA**
   - There were no changes to the agenda.

   - **BOARD COMMENTS**
   - Mr. Birdsell requested that Dr. Glusker's letter to the editor be put on the next Board agenda.
   - Discussed a community member's statement regarding on-the-clock-docs; that physicians just see patients for 15 minutes in order to meet their quota. Mr. Birdsell stated that has not been his experience with the physicians at NCFHC; they put quality care above all else.
   - Mr. Birdsell stated it is important for people to understand the average compensation for hospitals the size of MCDH.

6. ***ACTION:*** **APPROVAL OF CONSENT CALENDAR: MR. STEVE LUND, PRESIDENT**
   1. Minutes: Regular Session, September 27, 2018
   2. Alysoun Huntley Ford Fund Draw – There were no requests
   3. Policies
      - Criteria Bases Job Description of CEO (OBSOLETE)
      - Organization chart (OBSOLETE)
      - Goals and Objectives (OBSOLETE)
      - Annual Evaluation of Services (OBSOLETE)
      - Facility Plan for the Provision of Care (OBSOLETE)
      - Calendar of Administrative Events (OBSOLETE)
      - Budget Policy (OBSOLETE)

   - Dr. Glusker requested the policies to be removed from the Consent Calendar.
   - The policies will be added to New Business as item #6.

MOTION: To approve the Consent Calendar with the removal of item #3

- Glusker moved
- Miller second
- Roll call
  - Ayes: Birdsell, Glusker, Miller, Bruning, Lund
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

7. *ACTION/INFORMATION*: STRATEGIC PLAN UPDATE: MR. BOB EDWARDS, CEO

a. Quality/Delivery of Care: Ms. Lynn Finley/Ms. Clara Slaughter

- ❖ The Joint Commission came last week and surveyed the Clinical and Home Health parts of the survey; Life Safety will come very soon. The final report will not be completed until after the Life Safety survey is complete.
- ❖ Mr. Edwards showed a video which was prepared prior to the Joint Commission visit.

1. The Meditech Agreement: Mr. Mike Ellis, CFO
   - ➢ A Meditech Project Manager has been hired.
2. Facility Score Card: Ms. Nancy Schmid
   - ➢ There was no report
3. Pain Management Specialists: Mr. Will Lee
   - ➢ Dr. Le will be leaving NCFHC, and will be replaced by Dr. Kahn the end of October; there will not be a lapse in pain management.

b. Financial/Fiscal Solvency: Mr. Mike Ellis, CFO

- ❖ Continue to update the policies.
- ❖ MCDH will host a three (3) day coding and billing seminar. Grants will pay the costs of the seminar.
- ❖ Mr. Edwards introduced the Hospital's new legal counsel, Ms. Noel Caughman and Mr. Colin Coffey who were present via skype.

1. RFP Next Steps Architect Services

c. Physical Plant/Facilities: Ms. Nancy Schmid

- ❖ OR HVAC & ATS: The digging has begun; both projects are still projected to be finished in March 2019.

1. RFP Next Steps Architect Services
   - ➢ Will invite architects to come to MCDH

d. People/Physician Nursing and Support Staffing: Mr. Dan Camp

- ❖ The Union Negotiations continue.
- ❖ Continue to work on reducing registry.

e. Community Engagement/Involvement: Mr. Steve Lund, Chair
Parcel Tax: Mr. Steve Lund, Chair

1. Oversight Committee Bylaws
   - ➢ The Bylaws will be presented to the Planning Committee in November, will hopefully be approved, and then be presented to the Board for approval.

f. Governance: Mr. Steve Lund

- The new Board members will be sworn in after December 7th.
- Ms. Bruning read a letter regarding the City of Bell and BB&K.

8. *ACTION/INFORMATION*: EMERGENCY OPERATION PLAN: MS. NANCY SCHMID

MOTION: To approve the Emergency Operation Plan

- Birdsell moved
- Lund second
- Dr. Glusker had the following questions regarding the Emergency Operation Plan:
  1. If there is a need to evacuate; where would the patients go, and what pre-arrangements have been made with Howard Hospital, Ukiah Hospital or Sherwood Oaks?
  2. If there is a need to have triage occur elsewhere; what preparations have been made at NCFHC or at the Mendocino Coast Clinic?
  3. If we become isolated: what preparations have been made for medications per pharmacy expectation of the approximate needs? Same questions applies to food and water.
  4. When was the last drill done for the community combining the Hospital, the Fire Department and the Police with a simulated emergency?
- Lynn Finley stated the Hospital actually went through an emergency during the fires.
- The Hospital has enough food for 100 people for 4 days, and 3 pallets of water, which is more than required.
- The Hospital has a network throughout the county and the state.
- What the Hospital does with a Disaster Manual is to address the routine things that happen: chemical spill, a fire, an elopement, etc. These are practiced often as well as the fire drills. The manual represents the way the Hospital moves through an uncertain event.
- The annual state wide drill was cancelled this year due to the fires.
- Roll Call
  - Ayes: Bruning, Lund, Birdsell
  - Noes: None
  - Absent: None
  - Abstain: Glusker, Miller
- Motion carried

9. *ACTON/INFORMATION:* PERFORMANCE IMPROVEMENT PLAN: MS. NANCY SCHMID

MOTION: To approve the Performance Improvement Plan

- Birdsell moved
- Miller second
- The Med Exec Committee agreed 100% to go forward with this plan.
- Dr. Glusker stated the following:
  1. This Performance Improvement Plan looks more like a to-do list than a thought out coherent plan.
  2. The proposed committee is too large with 27 members.
  3. The present administration has a three year record of poor economic performance with continued quality of care problems. That track record lacks any credibility to mount a Performance Improvement Plan.
  4. This plan is premature. It is inappropriate for this outgoing Board to approve it. It needs to be reviewed and discussed by the new incoming Board.
- Ms. Finley stated that these are all standard performance items.

- Dr. Bellah stated all the committee members are from different departments that have to be monitored and report in to try and make improvements across the Hospital.
- This plan comes from suggestions from Joint Commission and CMS. This plan does require all departments working together toward the same goals of patient safety and quality care.
- Roll call
  - Ayes: Miller, Bruning, Birdsell, Lund
  - Noes: Glusker
  - Absent: None
  - Abstain: None
- Motion carried

10. *ACTION/INFORMATION:* APPROVAL OF BOARD MEETING DATE CHANGES FOR NOVEMBER AND DECEMBER 2018: MR. STEVE LUND, CHAIR

- Discussed having the Audit, Finance and Board meetings all on December 6, 2018.
- Audit from 2:00 to 3:00
- Finance from 3:00 to 4:00
- The auditors would be first on the Board Agenda at 6:00 pm.

MOTION: To have the Board meeting on December 6th

- Birdsell moved
- Miller second
- Roll call
  - Ayes: Glusker, Lund, Bruning, Miller, Birdsell
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

MOTION: To approve the Finance Committee on January 8, 2019; Board meeting January 10, 2019; Planning Committee on January 15, 2019

- Miller moved
- Glusker moved
- Roll call
  - Ayes: Miller, Birdsell, Bruning, Lund, Glusker
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

11. *ACTION/INFORMATION:* MCDH RESOLUTION No. 2018-12, AUTHORIZED LOCAL AGENCY INVESTMENT FUND LAIF ACCOUNT SIGNATURE: MR. MIKE ELLIS, CFO

- Mr. Ellis stated this has to do with PRIME quality measures that were met; if MCDH gives the state $500,000, they will give the Hospital back a million dollars. These funds need to be withdrawn from the LAIF Account. When the million dollars is received from the state, the $500,000 will be deposited back into the LAIF Account.

MOTION: To approve MDCH Resolution # 2018-12

- Glusker moved
- Miller second

- Roll call
  - Ayes: Miller, Birdsell, Glusker, Lund, Bruning
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

12. ***INFORMATION/ACTION:*** **POLICIES TO BE MADE OBSOLETE: MR. BOB EDWARDS, CEO**

MOTION: To put this item on the first Board agenda in January when the new Board will be seated

- Glusker moved
- Miller second
- Mr. Edwards stated most of these policies are antiquated; they are out of Medicare standards and are not of real practice.
- Mr. Edwards feels the new Board should not be burdened with this issue at the beginning of their tenure.
- Dr. Glusker amended his motion and Dr. Miller amended his second to reflect the following Motion:

MOTION: To put this item on the December 6th Board agenda

- Glusker moved
- Miller second
- Roll call
  - Ayes: Glusker, Lund, Bruning, Miller Birdsell
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

13. ***ACTION/INFORMATION:*** **REVISIT PRIOR BOARD DIRECTION (DECISION), "INDIVIDUAL BOARD MEMBERS WHO HAVE A QUESTION OF ANY EMPLOYEE, STAFF MEMBER, CONTRACTED LEGAL SERVICE (COUNSEL), THAT THEY FIRST GO THROUGH THE CEO": DR. PETER GLUSKER**

- Dr. Glusker asked that this issue be on this Board in order to rescind this Board decision.
- Mr. Birdsell read the minutes of the June 30, 2016 Board meeting when the Board voted on this issue. The Board's decision at that time was *"If a Board Member has a request for general information they go through the CEO first; if there is a legal request for information they go through the CEO as well".* The Roll Call vote was as follows:
  Ayes: Hogan, Birdsell, Bruning
  Noes: Glusker
  Absent: None
  Abstain: None
  Motion Carried

MOTION: To rescind this policy

- Glusker moved
- Miller second

- Mr. Edwards recommended that the Board ask the Hospital's legal counsel to bring policies that would be a model for consideration for this chain of command issue for the future.
- Mr. Birdsell stated that when Dr. Glusker first came on the Board and there were a number of areas that he was looking to get involved in. One was to understand more about the MEC and how it operates and ensure everything met legal standards and the same thing was being done with the surgeons on staff at the Hospital, and members of the Administration were being looked at, primarily the CEO & CFO. Mr. Birdsell had received a number of complaints from Administration, other Board members and legal counsel. Mr. Birdsell became aware that the legal services bill that was run up by Dr. Glusker was $50,000 as a new Board member. Mr. Birdsell was concerned as the Hospital was struggling financially trying to control their finances. If the Board hadn't instituted this, that legal bill would have gone substantially higher in Mr. Birdsell's opinion.
- Dr. Miller feels that having to ask the CEO prior to contacting an employee is over restrictive. He feels a restrictive barrier to a Board member getting legal counsel would be fine.
- Mr. Edwards asked legal counsel to provide a model policy which would explore something that would work.
- Ms. Bruning stated that when she worked at MCDH as a nurse, she had a Board member interrupt her work to ask her questions.
- Dr. Glusker said that he wanted to answer comments about the MEC. He stated that he is very familiar with the MEC. The issues that have stemmed from him going around the Hospital as a Board member, as a physician looking into this or that, and being told by a nurse here and a department manager there, somebody else somewhere else "I'm so sorry, I cannot talk with you, but we have been instructed by the Administration that we are not allowed to talk with Board members without prior permission from the Mr. Edwards". When he did talk with them, he learned later that they were chastised severely, and in some cases their jobs threatened because he had spoken to them. That kind of attitude and culture on the part of Administration blocking a Board member from just walking around the Hospital and just looking at what is going on, is absolutely inappropriate. Dr. Glusker stated that he was unaware of what Mr. Ruprecht charged, and he thought his conversations with Mr. Ruprecht were informal and off the record and he didn't know the Hospital was being charged. If he had known that those conversations were being charged and that he was racking up a Hospital bill, which would have entirely changed the way he approached the attorney. After that, this whole thing blew up and it went down a road that is not conducive to transparency and good functioning of a on the part of the Board, Board Administration interactions, or the relationships between the staff and the Board.
- Dr. Kermen stated that at the time it wasn't just a financial matter, there were Board members pressing Will Lee to give them information that was protected on cases that were ongoing in the Hospital, certain physician files. They were pressing people in Quality Assurance to give peer protected information. There were other issues at stake rather than just financial. Charts were being looked at out on the floor. Staff told Dr. Kermen that they felt harassed.
- Mr. Edwards feels it is important that the Board be exposed to some ethics training, which the Colin Coffey will do. The Board also needs to be exposed to the law and some best practices. Mr. Edwards feels it is unfair to send the message to staff that they have a boss in the CEO as well as five other bosses in Board members. Mr. Edwards is the only person that Cal Mortgage said can be the CEO.
- Discussion ensued

- Roll call
  - Ayes: Miller, Glusker
  - Noes: Bruning, Birdsell, Lund
  - Absent: None
  - Abstain: None
- Motion did not carry

14. *INFORMATION:* CEO REPORT: MR. BOB EDWARDS, CEO

- Looking back over the last 3 ½ years the following changes have taken place:
  - Thank you all for the passage of the Parcel Tax.
  - Thanks to the Board for approving the Electronic Health Record (EHR).
  - The Hospital has grown by $22 million in gross revenue per year.
  - With money from Operations and from loans and from the Foundation, the Hospital has spent $3.9 million on new equipment: a new mobile x-ray, a temporary ATS and much more.
  - Department Score Cards are proving very informative. MCDH has never had any "*never events*".
  - The PRIME Project is helping save lives with the early cancer screening.
  - A full-time Purchasing Agent has been hired.
  - NCFHC offers Immediate Care.
  - MCDH now offers Pain Management.
  - The Hospital has new legal counsel.
  - The annual audit shows a $2.1 million loss.
  - HR evaluations are now at 100%.
  - Have a great hand washing program.
  - Patient experience is improving.
  - Moving forward will try to remove the variability in the hospitalist program.
  - A new PR person will start on November 5th.
  - Mr. Edwards would like MCDH to become a Certified Healthcare District.

15. *ACTION/INFORMATION:* MEDICAL STAFF APPOINTMENTS/REPORT: DR. JOHN KERMEN

- Dr. Kermen thanked Will Lee and Charrish Silva for their great work during the Joint Commission Survey.

A. Appointments to Medical Staff

1. Akbar Khan, DO –Department of Surgery-Interventional Pain Medicine
2. Althea Lindsay, MD –Department of Surgery-obstetrics-Gynecology
3. Timothy Musick, MD –Department of Medicine-Hospitalist Medicine

MOTION: After careful consideration recommend approval of Appointments to Medical Staff for Akbar Khan, DO: Althea Lindsay, MD: Timothy Musick, MD

- Birdsell moved
- Miller second
- Roll call
  - Ayes: Miller, Bruning, Birdsell, Lund, Glusker
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

B. Appointments to Allied Health Professional Staff

1. Melissa Baxter, CRNA –Department of Surgery-Anesthesia
2. Jennifer Brown PA-C –Department of Surgery-Orthopedic Surgery

MOTION: After careful consideration recommend approval of Appointments to Allied Professional Staff for Melissa Baxter, CRNA: Jennifer Brown PA-C

- Birdsell moved
- Miller second
- Roll call
  - Ayes: Miller, Bruning, Birdsell, Glusker, Lund
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

C. Release from Proctoring-Advance to Active Medical Staff

1. Christopher Robshaw, MD –Department of Medicine-Pediatrics

MOTION: After careful consideration recommend approval of Release from Proctoring-Advance to Active Medical Staff for Christopher Robshaw, MD

- Birdsell moved
- Miller second
- Roll call
  - Ayes: Birdsell, Glusker, Miller, Bruning, Lund
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

D. Re-Appointment to VRad Tele-Radiology Physicians

1. Jay Donohoo, MD
2. Frank Welty, MD

MOTION: After careful consideration recommend approval of Re-Appointments to VRad Tele-Radiology Physicians for Jay Donohoo, MD: Frank Welty, MD

- Birdsell moved
- Miller second
- Roll call
  - Ayes: Bruning, Lund, Glusker, Miller, Birdsell
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

E. Resignation from VRad Tele-Radiology Physicians

1. Melanie Elchico, MD

MOTION: After careful consideration recommend approval of Resignation from VRad Tele-Radiology Physicians for Melanie Elchico, MD

- Miller moved
- Birdsell second
- Roll call
  - Ayes: Miller, Bruning, Glusker, Birdsell, Lund
  - Noes: None

- Absent: None
- Abstain: None

- Motion carried

16. *ACTION/INFORMATION:* CHIEF NURSING OFFICER REPORT: MS. LYNN FINLEY

- Refer to the attached report as part of these minutes.

17. *ACTION/INFORMATION:* FINANCE REPORT: Dr. PETER GLUSKER

- The Finance Committee met on September 25. This month the ER Department was reviewed. The August finances were in the black.

September Summary

- September's cash of $2.4 mil decreased $.5 million from July. Board Designated Funds of $4.3 mil remain unchanged. Together this is 41 days cash-on-hand.
- Net AR increased $.4 mil and is 42 days in net AR. September's AP of $6.0 mil remained the same as the prior month, compared to the prior fiscal year average of $5.9 mil
- September's net patient revenues of $3.8 million are just below budget by $100,000. September is $751,000 or 12% less than the prior month August 2018. September had only 19 working days in the month, the lowest number in the year, compared to August's 23 working days in the month, the highest number of working days a month can have. Every extra working day provides an opportunity to generate more revenue to cover relatively fixed expenses.
- The month's total operating expenses of $4.4 million were $204,000 or 4% below budget. The largest budget variances in expenses are the line items: S&W and benefits $81,000 over budget and insurance at $22,000 over budget. September had a net operating loss of $494,000 compared to the budgeted loss of $526,000.
- New this fiscal year is the accrual of $133,000 for the Parcel Tax revenue that will occur every month at this amount. With this new revenue added to the other non-operating revenues and expenses the net loss for the month was $295,000.
- The fiscal year-to-date operating loss of $816,000 is under the budgeted loss of $1,036,000. This is only three months into the fiscal year and the year-end budgeted loss is $1.7 million and a positive $.8 million after non-operating revenues & expenses.

MOTION: To approve the Finance and Statistical Report for September 2018

- Glusker moved
- Miller second
- Roll call
  - Ayes: Glusker, Lund, Bruning, Miller, Birdsell
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

18. *INFORMATION:* ASSOCIATION AND COMMUNITY SERVICE REPORTS

- There were no Association and Community Service Reports.

19. PUBLIC COMMENTS:

- Community members discussed issues regarding the Hospital.

20. ADJOURN:

Open Session adjourned at 8:50 pm

Reconvened Closed Session at 9:00 pm

1. Reconvention of Open Session
   A. Reporting out on Closed Session
   1. The Board received an update on the Union Negotiations.

Peter Glusker, MD, Secretary
Board of Directors

Gayl Moon, Secretary to the
Board of Directors

TAB 2

Policies
&
Procedures

TAB 3

Mendocino Coast Health Care District
doing business as
Mendocino Coast District Hospital

Basic Financial Statements and
Independent Auditors' Report

June 30, 2018 and 2017

DZA

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Table of Contents

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Fort Bragg, California

Report on the Financial Statements

We have audited the accompanying financial statements of Mendocino Coast Health Care District doing business as Mendocino Coast District Hospital (the District) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

12015 East Main Avenue | Spokane Valley, WA 99206 | 509.242.0874 | www.dzacpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2018 and 2017, and the changes in its financial position and 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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
November 30, 2018

Our discussion and analysis of Mendocino Coast Health Care District doing business as Mendocino Coast District Hospital's (the District) financial performance provides an overview of the District's financial activities for the years ended June 30, 2018 and 2017. Please read it in conjunction with the District's financial statements, which begin on page 8.

Financial Highlights

- The District's net positon decreased by $1.2 million or 13.8 percent in the fiscal year ended June 30, 2018 and decreased by $0.7 million in the prior fiscal year ended June 30, 2017.
- The District reported an operating loss of $2.4 million in the fiscal year ended June 30, 2018 and an operating loss of $1.1 million in the prior fiscal year ended June 30, 2017. The operating loss in 2018 was a decrease in operating income of $1.3 million from the 2017 prior year. The operating loss in 2017 was a decrease in operating income of $3.2 million from the 2016 year.
- Nonoperating net revenues (expenses) increased by $1.0 million in 2018 compared to 2017. Nonoperating net revenues (expenses) decreased by $0.5 million in 2017 compared to 2016.

Using This Annual Report

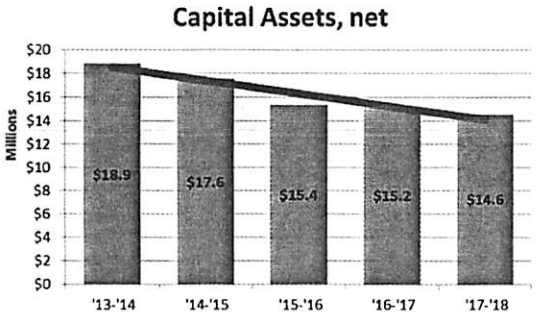
Financial statements are uniformly designed and presented in conformity with the provisions of GAAP (generally accepted accounting principles), and necessary for the fair evaluation of operations and the financial position of the District when looked at by various stakeholders. By reading and understanding these financial statements, stakeholders can determine if the District has made or lost money, where the money went and how the District stands financially. The District's financial statements consist of three statements — a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; and a Statement of Cash Flows.

The Statement of Net Position

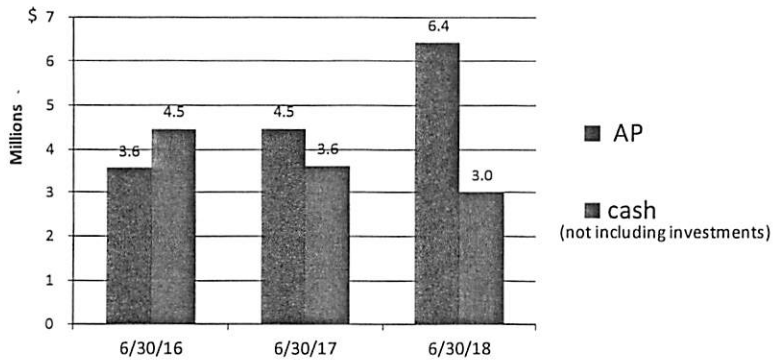
The following Table 1 summarizes the more detailed statement on pages 8 and 9. The District's net position is the difference between its assets and liabilities. The District's net position decreased by $1.2 million or 13.8 percent in 2018 and decreased by $0.7 million or 7.6 percent in 2017, an unfavorable trend of a decreasing net position.

	2018	2017	2016
Assets			
Current assets	$ **12,663,314**	$ 14,262,968	$ 13,762,465
Investments limited as to use in local agency investment fund	**4,280,051**	4,226,086	3,998,601
Cash and cash equivalents restricted or limited as to use, less current portion	**407,350**	407,350	976,884
Capital assets, net	**14,572,283**	15,207,782	15,388,339
Total assets	**31,922,998**	34,104,186	34,126,289
Deferred outflows of resources	**520,001**	568,750	-
Total assets and deferred outflows of resources	$ **32,442,999**	$ 34,672,936	$ 34,126,289
Liabilities			
Current liabilities	$ **13,364,768**	$ 12,984,246	$ 11,248,007
Long-term debt, net of current maturities	**11,486,238**	12,885,393	13,350,618
Total liabilities	**24,851,006**	25,869,639	24,598,625
→ *Net position*			
Invested in capital assets, net of related debt	**3,013,037**	2,734,858	2,622,931
Unrestricted	**4,578,956**	6,068,439	6,904,733
Total net position	**7,591,993**	8,803,297	9,527,664
Total liabilities and net position	$ **32,442,999**	$ 34,672,936	$ 34,126,289
Current ratio (current assets/current liabilities)	0.9	1.1	1.2

The current ratio provides one measure of liquidity where higher values are favorable, comparing current assets to current liabilities. It is an indicator of the District having enough resources to meet its short-term obligations.



"Net capital assets" is a line item in the assets section of the statements of net position. This graph indicates the decreasing trend in the District's net capital assets (buildings and equipment). This trend suggests that the District is not keeping up in replacing its infrastructure.



AP (on the statements of net position) and cash (as detailed on the statements of cash flows) is graphically compared here. The relationship is that the decrease in cash is not due to a decrease in AP.

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

Table 2 summarizes the more detailed statement on page 10. This statement provides annual financial performance, financial activities within a year. Financial performance is assessed by giving a summary of how the District incurred its revenues and expenses through both operating and nonoperating activities.

Table 2: Operating Results and Changes in the District's Net Position

	2018	2017	2016
Operating revenues:			
Net patient service revenue	$ 53,639,509	$ 51,866,507	$ 52,426,560
Other operating revenue	812,600	673,437	1,295,482
Total operating revenues	54,452,109	52,539,944	53,722,042
Operating expenses:			
Salaries & Wages and Benefits	$ 26,407,725	$ 25,948,038	$ 24,533,835
Registry	6,814,630	6,101,050	3,490,381
Total personnel cost	33,222,355	32,049,088	28,024,216
as a % of total operating revenues	61%	61%	52%
Supplies	8,472,046	8,314,818	8,222,292
Professional fees	7,875,143	6,570,308	6,920,688
All other	7,263,924	6,697,138	8,439,275
Total operating expenses	56,833,468	53,631,352	51,606,471
Operating income (loss)	(2,381,359)	(1,091,408)	2,115,571
Nonoperating revenues (expenses)	830,741	(192,270)	327,683
Capital contributions and gain on extinguishment of debt	339,314	559,311	914,044
Change in net position	$ (1,211,304)	$ (724,367)	$ 3,357,298

The first component of the overall change in the District's net position is its operating income—generally, the difference between net patient revenues and the expenses incurred to perform those services. The District reported an operating loss in both the years ended June 30, 2018 and June 30, 2017.

The District primarily provides its healthcare services through billing for those services. Healthcare reimbursement from various payers is much less than the gross charges; this difference allowing the differing payment methods from governmental and commercial insurance companies. Note 8 of the financial statements, net patient service revenues, goes into greater explanation. Net patient service revenues increased $1.8 million or 3.4 percent in 2018 and increased $0.6 million or 1.1 percent in 2017.

The District is service oriented, and as such, the largest expenditure of providing these healthcare services is the personnel cost. Compounding this cost is the nature of the services, requiring skilled and educated staff that is often in shortage both on a local and national level. The District also has a collective bargaining unit (union). Total personnel cost increased $1.2 million or 3.7 percent in 2018 and increased $4.0 million or 14.4 percent in 2017.

The District's next largest operating cost is supplies. Healthcare supplies are characteristically expensive due to the nature of the services provided. The District belongs to a group purchasing organization in the process of mitigating these costs. Total supply cost increased $0.2 million or 1.9 percent in 2018 and increased $0.1 million or 1.1 percent in 2017.

The other primary expense components of these operating results are:

- An increase in professional fees of $1.3 million or 19.9 percent in 2018, and a decrease of $350,380 or 5.1 percent, in 2017.
- An increase in registry costs of $0.7 million or 11.7 percent in 2018, and an increase of $2.6 million or 74.8 percent, in 2017.
- An increase in purchased services costs of $178,000 or 16.9 percent in 2018, and an increase of $55,000 or 5.5 percent, in 2017.
- An increase in depreciation expense of $55,000 or 3.8 percent in 2018, and a decrease of $1.0 million or 40.6 percent in 2017.
- The District's level of uncompensated care provided in 2018 was $269,000 and $68,000 in 2017, or 0.5 percent and 0.1 percent of gross revenue, respectively. These are services provided for which no payment is expected.

In summary, the operating loss in both 2018 and 2017 is due to operating expenses increasing more than net patient service revenue.

The Statement of Cash Flows

Table 3 summarizes the more detailed statements on pages 11 and 12. The statements of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as, "Where did cash come from?", "What was cash used for?", and "What was the change in cash balance during the reporting period?" There is an unfavorable decreasing trend in ending cash.

Table 3: Statements of Cash Flows

	2018	2017	2016
Beginning cash	$ 3,622,886	$ 4,460,648	$ 3,183,967
Net cash provided by operating activities	563,104	1,446,007	2,511,149
Net cash provided by noncapital financing activities	277,969	461,788	762,506
Net cash used in capital and related financing activities	(1,402,853)	(2,518,072)	(1,982,545)
Net cash used in investing activities	(53,965)	(227,485)	(14,429)
Ending cash	**$ 3,007,141**	**$ 3,622,886**	**$ 4,460,648**

The low level of net cash provided by operating activities in addition to the unfavorable decreasing trend of ending cash is of concern. Increasing net patient revenues and/or decreasing expenses will help improve the cash position.

Other Economic Factors

Competition from other hospitals and healthcare providers is a risk to the District's revenue. New or existing organizations try to carve out profitable segments of the District's business by expanding their marketing and/or facilities to meet the demand of healthcare in this area.

Contacting the District's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the finance department.

Mendocino Coast District Hospital
700 River Drive
Fort Bragg, California 95437

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Statements of Net Position
June 30, 2018 and 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2018	2017
Current assets		
Cash and cash equivalents	$ 1,806,804	$ 2,691,381
Cash and cash equivalents restricted or limited as to use	792,987	524,155
Receivables:		
Patient accounts	5,152,985	6,603,536
Estimated third-party payor settlements	2,061,339	727,380
California Department of Health and Human Services	791,608	1,732,027
Other	756,296	555,975
Taxes	70,390	65,424
Inventories	811,360	833,535
Prepaid expenses	419,545	529,555
Total current assets	12,663,314	14,262,968
Noncurrent assets		
Investments limited as to use in local agency investment fund	4,280,051	4,226,086
Cash and cash equivalents restricted or limited as to use, less current portion	407,350	407,350
Capital assets, net	14,572,283	15,207,782
Total noncurrent assets	19,259,684	19,841,218
Deferred outflows of resources, Bond refunding	520,001	568,750
Total assets and deferred outflows of resources	$ 32,442,999	$ 34,672,936

See accompanying notes to basic financial statements.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Statements of Net Position (Continued)
June 30, 2018 and 2017

LIABILITIES AND NET POSITION	2018	2017
Current liabilities		
Accounts payable	$ 6,422,501	$ 4,472,609
Accrued compensation and related liabilities	2,843,613	2,890,935
Estimated third-party payor settlements	1,648,985	3,107,493
Accrued interest	1,120,700	1,193,974
Current maturities of long-term debt	1,328,969	1,319,235
Total current liabilities	13,364,768	12,984,246
Noncurrent liabilities		
Long-term debt, less current maturities	11,486,238	12,885,393
Total liabilities	24,851,006	25,869,639
Net position		
Net investment in capital assets	3,013,037	2,734,858
Unrestricted	4,578,956	6,068,439
Total net position	7,591,993	8,803,297
Total liabilities and net position	$ 32,442,999	$ 34,672,936

See accompanying notes to basic financial statements

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2018 and 2017

	2018	2017
Operating revenues		
Net patient service revenue	$ 53,639,509	$ 51,866,507
Other revenue	812,600	673,437
Total operating revenues	54,452,109	52,539,944
Operating expenses		
Salaries and wages	19,922,700	19,351,726
Employee benefits	6,485,025	6,596,312
Professional fees	7,875,143	6,570,308
Registry	6,814,630	6,101,050
Purchased services	1,233,737	1,055,008
Supplies	8,472,046	8,314,818
Depreciation	1,511,526	1,456,629
Repairs and maintenance	937,924	876,336
Utilities	805,686	823,391
Leases and rentals	550,046	541,807
Insurance	541,866	505,474
Other	1,683,139	1,438,493
Total operating expenses	56,833,468	53,631,352
Operating loss	(2,381,359)	(1,091,408)
Nonoperating revenues (expenses)		
Taxation for operations	831,003	805,563
Taxation for debt service	512,895	332,592
Interest expense	(513,157)	(736,975)
Bond issuance costs	-	(593,450)
Total nonoperating revenues (expenses), net	830,741	(192,270)
Excess of expenses before capital contributions	(1,550,618)	(1,283,678)
Capital contributions	339,314	559,311
Change in net position	(1,211,304)	(724,367)
Net position, beginning of year	8,803,297	9,527,664
Net position, end of year	$ 7,591,993	$ 8,803,297

See accompanying notes to basic financial statements.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities		
Receipts from and on behalf of patients	$ 53,238,012	$ 51,967,588
Other receipts	612,279	232,424
Medicare electronic health records incentive	-	604,956
Payments to and on behalf of employees	(26,455,047)	(26,089,053)
Payments to suppliers and contractors	(26,832,140)	(25,269,908)
Net cash provided by operating activities	563,104	1,446,007
Cash flows from noncapital financing activities		
District tax receipts for maintenance and operations	826,037	800,778
Principal payments on long-term debt	(500,267)	(280,820)
Interest paid	(47,801)	(58,170)
Net cash provided by noncapital financing activities	277,969	461,788
Cash flows from capital and related financing activities		
District tax receipts for bond principal and interest	512,895	332,592
Capital contributions	339,314	559,311
Principal payments on long-term debt	(818,968)	(722,102)
Bond issuance costs	-	(593,450)
Interest paid	(560,067)	(818,351)
Purchase of capital assets	(876,027)	(1,276,072)
Net cash used in capital and related financing activities	(1,402,853)	(2,518,072)
Cash flows from investing activities		
Purchase of investments in local agency investment fund	(53,965)	(227,485)
Net cash used in investing activities	(53,965)	(227,485)
Net decrease in cash and cash equivalents	(615,745)	(837,762)
Cash and cash equivalents, beginning of year	3,622,886	4,460,648
Cash and cash equivalents, end of year	$ 3,007,141	$ 3,622,886

See accompanying notes to basic financial statements.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Statements of Cash Flows (Continued)
Years Ended June 30, 2018 and 2017

	2018	2017
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	$ 1,806,804	$ 2,691,381
Cash and cash equivalents restricted or limited as to use, current	792,987	524,155
Cash and cash equivalents restricted or limited as to use, long-term	407,350	407,350
Total cash and cash equivalents	**$ 3,007,141**	**$ 3,622,886**
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	$ (2,381,359)	$ (1,091,408)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	1,511,526	1,456,629
Provision for bad debts	1,878,991	1,333,832
Decrease (increase) in assets:		
Receivables:		
Patient accounts	(428,440)	(2,511,587)
Estimated third-party payor settlements	(1,333,959)	88,493
California Department of Health and Human Services	940,419	107,786
Medicare electronic health records incentive	-	604,956
Other	(200,321)	(441,013)
Inventories	22,175	(33,164)
Prepaid expenses	110,010	86,751
Increase (decrease) in liabilities:		
Accounts payable	1,949,892	903,190
Accrued compensation and related liabilities	(47,322)	(141,015)
Estimated third-party payor settlements	(1,458,508)	1,082,557
Net cash provided by operating activities	**$ 563,104**	**$ 1,446,007**

Noncash Financing Activities
During the year ended June 30, 2017, the District refunded its 1996, 2010, and a portion of its 2009 revenue bonds in the amount of $5,745,000 with a premium of $787,588 through the issuance of 2016 revenue bonds. The District also refunded its 2000 general obligation bonds in the amount of $4,125,000 through the issuance of the 2016 general obligation bonds.

See accompanying notes to basic financial statements.

1. Reporting Entity and Summary of Significant Accounting Policies:

a. Reporting Entity

Mendocino Coast Health Care District doing business as Mendocino Coast District Hospital (the District) is comprised of two separate divisions, a hospital division and a home health/hospice division, both of which are wholly owned by the District, 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 is a political subdivision of the State of California and is generally not subject to federal or state income taxes. The District is governed by a five member Board of Directors, elected from within the district to specified terms of office. The District's hospital and offices are located in Fort Bragg, California.

The District is a critical access hospital with 25 set-up acute-care beds. Services offered by the District include medical, swing bed, surgical, labor/delivery and nursery care, 24-hour emergency, laboratory, imaging services, orthopedics, oncology, physical therapy, home health, cardiac rehabilitation, and clinics. Members of the medical staff include specialist in emergency medicine, family practice, general surgery, radiology, and inpatient hospitalization.

The District has no significant component units.

b. Summary of Significant Accounting Policies

Use of estimates – The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Enterprise fund accounting – The District's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to proprietary funds of governments. The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

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.

Cash and Cash Equivalents and Investments – The District considers cash and cash equivalents to include certain investments in highly liquid debt instruments with an original maturity date of 90 days or less.

Inventories – Inventories are stated at cost on the first-in, first-out method. Inventories consist of pharmaceutical, medical, surgical, and other supplies used in the operation of the District.

Prepaid expenses – Prepaid expenses are expenses paid during the year relating to expenses incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense.

1. **Reporting Entity and Summary of Significant Accounting Policies (continued):**

   b. **Summary of Significant Accounting Policies (continued)**

   Accrued compensated absences – The District's employees earn paid time off (PTO) for vacation, holidays, and short-term illnesses based upon years of service. The related liability is accrued during the period in which it is earned. The District's policy is to permit employees to accumulate up to 400 hours of accrued compensated absences. The District may pay accrued vacation absences upon termination if proper notice and termination procedures are followed. As of June 30, 2018 and 2017, the District has an accrued compensated absence liability of $1,173,087 and $1,294,330, respectively.

   Net position – Net position of the District is classified into three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation, and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District. The District had no restricted net position as of June 30, 2018 and 2017. *Unrestricted net position* is remaining net position that does not meet the definition of *net investment in capital assets* or *restricted net position.*

   Operating Revenues and Expenses – The District's statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services, which is the District's principal activity. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs. Nonoperating revenues and expenses are those transactions not considered directly linked to providing healthcare services.

   Restricted resources – When the District has both restricted and unrestricted resources available to finance a particular program, it is the District's policy to use restricted resources before unrestricted resources.

   Grants and contributions – From time to time, the District receives grants from the state of California and others, as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements are met. Grants and contributions may be restricted for specific operating purposes or for capital purposes. Amounts that are restricted to specific capital acquisitions are reported after nonoperating revenues and expenses. Grants that are for specific projects or purposes related to the District's operating activities are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating revenue.

   Reclassifications – Certain amounts have been reclassified in the 2017 financial statements in order to be consistent with the 2018 financial statements. These reclassifications had no effect on the previously reported change in net position.

   Subsequent Events – Subsequent events have been reviewed through November 30, 2018, the date on which the financial statements were available to be issued.

1. **Reporting Entity and Summary of Significant Accounting Policies (continued):**

   b. **Summary of Significant Accounting Policies (continued)**

   Upcoming accounting standard pronouncements – In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Specifically, this statement requires a government entity with legal obligations to perform future asset retirement activities related to its tangible capital assets to recognize a liability based on the guidance in this statement. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The determination of when a liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event obligating a government entity to perform asset retirement activities. This statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The new guidance is effective for the District's year ending June 30, 2019. The District has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

   In June 2017, the GASB issued Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease payable and a right to use asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. The new guidance is effective for the District's year ending June 30, 2021, although earlier application is encouraged. The District has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

   In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, to improve the information that is disclosed in governmental entity financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities government entities should include when disclosing information related to debt. The statement defines debt and requires additional essential information related to debt to be disclosed in the 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. This statement also requires that existing and additional information be provided for direct borrowings and direct placement of debt separately from other debt. The new guidance is effective for the District's year ending June 30, 2019, although earlier application is encouraged. The District has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

2. Bank Deposits and Investments:

As of June 30, 2018 and 2017, the District had amounts on deposit in various financial institutions in the form of operating cash and cash equivalents. All of these funds were collateralized in accordance with the California Government Code (CGC), except for $250,000 per financial institution that is federally insured.

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 percent of the District's deposits. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150 percent 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.

3. Investments:

The District's investment balances and average maturities were as follows:

	2018				
		Investment Maturities in Years			Investment
	Fair Value	Less than 1	1 to 5	Over 5	Ratings
Investment in Local Agency Investment Funds	$ 4,280,051	$ 4,280,051	$ -	$ -	Not applicable
Total investments	$ 4,280,051	$ 4,280,051	$ -	$ -	

	2017				
		Investment Maturities in Years			Investment
	Fair Value	Less than 1	1 to 5	Over 5	Ratings
Investment in Local Agency Investment Funds	$ 4,226,086	$ 4,226,086	$ -	$ -	Not applicable
Total investments	$ 4,226,086	$ 4,226,086	$ -	$ -	

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had no investments subject to fair value measurements at June 30, 2018 or 2017.

The policy identifies certain provisions which address interest rate risk, credit risk, and concentration of credit risk.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's exposure to interest rate risk is minimal as 100 percent of their investments have a maturity of less than one year. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the preceding schedules that show the distribution of the District's investments by maturity.

Credit Risk – Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, such as Moody's Investor Service, Inc. The District's investments are in government investment funds which are not rated. The District believes that there is minimal credit risk with its investments at this time.

3. Investments (continued):

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer), the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investments are generally held by banks or government agencies. The District believes there is minimal custodial credit risk with their investments at this time. District management monitors the entities which hold the various investments to ensure they remain in good standing.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District believes there is minimal concentration of credit risk at this time.

Assets limited as to use – Assets limited as to use as of June 30, 2018 and 2017, were comprised of cash and cash equivalents held by the County of Mendocino under a General Obligation bond agreement, held by a trustee under bond indenture agreements, and designated by the board for investment in Local Agency Investment Fund for board determined use. Interest income, dividends, and both realized and unrealized gains and losses on investments are recorded as investment income. Total investment income includes both income from operating cash and cash equivalents and cash and cash equivalents related to assets limited as to use.

Assets limited as to use were comprised of the following:

	2018	2017
Board designated for the participation in Medicaid supplemental payment programs	$ 4,280,051	$ 4,226,086
Board designated for repayment of long-term debt	792,987	524,155
Bond restricted for payment of long-term debt	407,350	407,350
Total assets limited as to use	$ 5,480,388	$ 5,157,591

4. Patient Accounts Receivable:

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of accounts receivable, the District analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

4. Patient Accounts Receivable (continued):

The District's allowance for uncollectible accounts for self-pay patients did not change significantly from the prior year. The District does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

Patient accounts receivable reported as current assets consisted of these amounts:

	2018	2017
Receivable from patients and their insurance carriers	$ 4,697,861	$ 5,302,121
Receivable from Medicare	1,766,877	1,821,394
Receivable from Medi-Cal	507,997	1,438,607
Total patient accounts receivable	6,972,735	8,562,122
Less allowance for uncollectible accounts	(1,819,750)	(1,958,586)
Patient accounts receivable, net	$ 5,152,985	$ 6,603,536

5. District Tax Revenues:

The Mendocino County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually and are due in equal installments on October 31 and February 1. Property taxes are recorded as revenue when levied. Since state law allows for sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

6. Capital Assets:

The District capitalizes assets whose costs exceed $5,000 and have an estimated useful life of at least two years. Major expenses for capital assets, including repairs that increase the useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses as incurred. Capital assets are reported at historical cost or their estimated fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and computed using the straight-line method.

Useful lives are estimated as follows:

Buildings and improvements	5-40 years
Equipment	3-20 years

Capital asset activity follows:

	Balance June 30, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
Capital assets not being depreciated					
Land	$ 117,490	$ -	$ -	$ -	$ 117,490
Construction in progress	1,137,652	647,081	-	(1,504,149)	280,584
Total capital assets not being depreciated	1,255,142	647,081	-	(1,504,149)	398,074
Building and improvements	25,215,842	-	-	-	25,215,842
Equipment	20,966,403	228,946	(59,301)	1,504,149	22,640,197
Total capital assets being depreciated	46,182,245	228,946	(59,301)	1,504,149	47,856,039
Less accumulated depreciation for					
Building and improvements	(14,172,324)	(810,596)	-	-	(14,982,920)
Equipment	(18,057,281)	(700,930)	59,301	-	(18,698,910)
Total accumulated depreciation	(32,229,605)	(1,511,526)	59,301	-	(33,681,830)
Total capital assets being depreciated, net	13,952,640	(1,282,580)	-	1,504,149	14,174,209
Capital assets, net of accumulated depreciation	$ 15,207,782	$ (635,499)	$ -	$ -	$ 14,572,283

6. Capital Assets (continued):

	Balance June, 30 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Capital assets not being depreciated					
Land	$ 117,490	$ -	$ -	$ -	$ 117,490
Construction in progress	259,517	878,135	-	-	1,137,652
Total capital assets not being depreciated	377,007	878,135	-	-	1,255,142
Capital assets being depreciated					
Building and improvements	25,215,842	-	-	-	25,215,842
Equipment	21,416,984	397,937	(848,518)	-	20,966,403
Total capital assets being depreciated	46,632,826	397,937	(848,518)	-	46,182,245
Less accumulated depreciation for					
Building and improvements	(13,325,800)	(846,524)	-	-	(14,172,324)
Equipment	(18,295,694)	(610,105)	848,518	-	(18,057,281)
Total accumulated depreciation	(31,621,494)	(1,456,629)	848,518	-	(32,229,605)
Total capital assets being depreciated, net	15,011,332	(1,058,692)	-	-	13,952,640
Capital assets, net of accumulated depreciation	$ 15,388,339	$ (180,557)	$ -	$ -	$ 15,207,782

Construction in Progress – As of June 30, 2018, construction in progress (CIP) consisted of an Auto Transfer Switch, an HVAC system, an Emergency Department Water Heater and the remaining grouped into various other projects. The estimated completion dates and budgeted remaining costs for the projects in CIP are as follows:

	Estimated Completion Date	Total Budgeted Project Cost	Total Cost Incurred	Estimated Cost to Complete
Auto Transfer Switch	March 2019	$ 767,617	$ 134,244	$ 633,373
Parking Lot	On Hold	500,000	7,574	492,426
HVAC	March 2019	900,836	134,256	766,580
Emergency Department Water Heater	March 2019	57,007	4,510	52,497
Other various capital projects and equipment installations	2018 and 2019	8,000	-	8,000
Total costs to complete		$ 2,233,460	$ 280,584	$ 1,952,876

7. Long-term Debt and Capital Lease Obligations:

A schedule of changes in the District's long-term debt follows:

Bonds and Notes Payable	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due Within One Year
LTGO bonds series 2016	$ 4,125,000	$ -	$ (35,000)	$ 4,090,000	$ 50,000
LTGO bonds series 2000 - capital appreciation	507,741	-	(78,968)	428,773	79,659
2009 revenue bonds	470,000	-	(230,000)	240,000	240,000
2016 revenue bonds	5,440,000	-	(350,000)	5,090,000	360,000
United Healthcare note	1,470,000	-	(210,000)	1,260,000	210,000
CMS note	55,483	-	(55,483)	-	-
OSHPD CAL Mortgage	880,805	-	(125,000)	755,805	200,000
Bankruptcy payables	424,094	-	(234,784)	189,310	189,310
Premiums and discounts	831,505	-	(70,186)	761,319	-
Total long-term debt	$ 14,204,628	$ -	$ (1,389,421)	$ 12,815,207	$ 1,328,969

Bonds and Notes Payable	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year
LTGO bonds series 2000	$ 3,940,000	$ -	$ (3,940,000)	$ -	$ -
LTGO bonds series 2016	-	4,125,000	-	4,125,000	35,000
LTGO bonds series 2000 - capital appreciation	585,503	-	(77,762)	507,741	78,968
1996 revenue bonds	1,095,000	-	(1,095,000)	-	-
2009 revenue bonds	3,835,000	-	(3,365,000)	470,000	230,000
2010 revenue bonds	2,140,000	-	(2,140,000)	-	-
2016 revenue bonds	-	5,745,000	(305,000)	5,440,000	350,000
United Healthcare note	1,680,000	-	(210,000)	1,470,000	210,000
CMS note	126,303	-	(70,820)	55,483	55,483
OSHPD CAL Mortgage	980,805	-	(100,000)	880,805	125,000
Bankruptcy payables	424,094	-	-	424,094	234,784
Premiums and discounts	(161,977)	787,588	205,894	831,505	-
Total long-term debt	$ 14,644,728	$ 10,657,588	$ (11,097,688)	$ 14,204,628	$ 1,319,235

Aggregate annual principal and interest payments over the terms of long-term debt follow:

Years Ending June 30,	Long-term Debt Principal	Interest	Total
2019	$ 1,328,969	$ 604,589	$ 1,933,558
2020	1,163,463	575,931	1,739,394
2021	941,356	562,721	1,504,077
2022	902,675	549,307	1,451,982
2023	762,757	546,284	1,309,041
2024 - 2028	4,624,668	1,141,601	5,766,269
2029 - 2031	2,330,000	129,126	2,459,126
	$ 12,053,888	**$ 4,109,559**	**$ 16,163,447**

7. Long-term Debt and Capital Lease Obligations (continued):

Refunding Revenue Bonds, Series 1996 – Bonds payable dated August 1, 1996, in the original amount of $4,030,000, refunded in 2017 by the Refunding Revenue Bonds, Series 2016.

Refunding Revenue Bonds, Series 2009 – Bonds payable dated October 1, 2009, in the original amount of $5,000,000, partially refunded in 2017 by the Refunding Revenue Bonds, Series 2016. The unfunded portion of the bond principal is payable in 2019 in the amount of $240,000. Bond interest is payable semiannually at 5.3 percent.

Revenue Bonds, Series 2010 – Bonds payable dated July 1, 2010, in the original amount of $2,875,000, refunded in 2017 by the Refunding Revenue Bonds, Series 2016.

Refunding Revenue Bonds, Series 2016 – In July 2016, the District issued the Mendocino Coast Health Care District (Mendocino County, California) Insured Health Facility Refunding Revenue Bonds, Series 2016 in the amount of $5,745,000. The bond principal is payable yearly at various amounts from $350,000 to $625,000. Bond interest is payable semiannually at various rates from 3.0 percent to 5.0 percent. The bonds mature in 2029 and are payable solely from gross revenues and certain funds held under the Indenture. The new debt issue will reduce debt service payments for the District by $1,215,679 with an economic gain of $503,246. Repayment of the bonds is insured pursuant to a Contract of Insurance and a Regulatory Agreement through the California Health Facility Construction Loan Insurance Program administered by the Office of Statewide Health Planning and Development of the State of California (OSHPD).

General Obligation Bonds, Series 2000 – Bonds payable dated November 1, 2000, in the original amount of $5,500,000, refunded in 2017 with the 2000 General Obligation Refunding Bonds, Series 2016.

2000 General Obligation Refunding Bonds, Series 2016 – In November 2016, the District issued $4,125,000 principal amount of general obligation bonds in order to refinance its General Obligation Bonds, Series 2000. Interest on the bonds is payable semiannually at rates ranging from 2.375 percent to 5.000 percent and principal maturities ranging from $50,000 in 2023 to $645,000 in 2031, are due annually on August 1 of each year. The new debt issues will reduce debt service payments for the District by $579,368 with an economic gain of $430,122.

Bonds maturing on or after August 1, 2027, may be redeemed prior to maturity at the District's option. The redemption price is 100 percent. The Bonds are general obligations of the District payable from ad valorem taxes. Payment of principal, interest and maturity value of the Bonds, when due, are insured by a municipal bond insurance policy.

Bonds maturing on August 1, 2022, are subject to mandatory redemption, paid from a mandatory sinking fund in which the District will make annual payments on August 1, 2018, through August 1, 2022, in amounts ranging from $35,000 to $55,000.

United Healthcare Note – The District borrowed funds in the amount of $2,100,000 in April 2014 from United Healthcare (UHC) under a program established to finance certain electronic medical records (EMR) conversion and installation required by CMS. The note carries an interest rate of 4.0 percent and principal payments of $210,000 are due annually in April through 2024.

7. Long-term Debt and Capital Lease Obligations (continued):

Cal Mortgage – The District borrowed a total of $1,005,806 from Cal Mortgage to replace a line of credit with a bank in the amount of $1,000,000 during fiscal year ended June 30, 2013. This was done to help facilitate the District's bankruptcy filing. The note carries varying interest rates and payments including principal and interest ranging from $233,207 to $157,570 and are due monthly through March 2022.

The Agreement with OSHPD sets out certain business covenants of the District, including maintenance, operation and management of facilities and limitations on encumbrances, assignment and transfer of any part of the facilities, and other matters. The Agreement also provides for the rights and obligations of the parties in the event of a default. Under the Agreement, the District has agreed to fix, charge, and collect such rates, fees, and charges which, together with all other receipts and revenues of the District, will produce a debt coverage ratio of at least 1.25 times the District's aggregate debt service for a fiscal year. The District was not in compliance with the bond's liquidity covenant and, as a result, OSHPD has the ability to require the District to engage a consultant to make recommendations on rates, fees, charges, and operations. OSHPD also has the ability to waive the engagement of a consultant upon OSHPD's acceptance of an improvement plan submitted by the District.

CMS Payable – The District had a note payable to CMS related to a settlement for a self-reported Stark Law violation. This note was repaid during fiscal year ended June 30, 2018.

Bankruptcy Payable – The District has a note payable related to amounts due to various vendors from the bankruptcy settlement. The settlement was for $900,884, and has a final payment of $189,310 due in 2019.

8. Net Patient Service Revenues:

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the District's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the District records a significant provision for bad debts related to uninsured patients in the period the services are provided. The District's provision for bad debts and writeoffs increased from the prior year due to untimely billing caused by significant turnover in the business office. The District has not changed its charity care or uninsured discount policies during 2018. Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	2018	2017
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	$ 31,655,763	$ 29,615,447
Medi-Cal	4,530,030	6,960,660
Other third-party payors	14,444,611	13,324,526
Patients	1,840,649	1,304,491
Supplemental payments	3,316,703	2,063,239
	55,787,756	53,268,363
Less:		
Charity care	269,256	68,024
Provision for bad debts	1,878,991	1,333,832
Net patient service revenue	$ 53,639,509	$ 51,866,507

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** – The District has been designated a critical access hospital by Medicare and is reimbursed for inpatient and outpatient services and rural health clinic visits on a cost basis as defined and limited by the Medicare program. Physician services outside the rural health clinic are paid on a fee schedule. Home health and hospice services are reimbursed on a prospective rate per episode of care. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor.

- **Medi-Cal** – Services to Medi-Cal beneficiaries are paid at prospectively determined rates per procedure or discharge. The rural health clinic (RHC) is paid a prospective rate per encounter and updated annually for inflation.

8. Net Patient Service Revenues (continued):

The District also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing Medicare, Med-Cal, and other 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. Net patient service revenue increased by approximately $70,000 and decreased by approximately $76,000 in 2018 and 2017, respectively, due to differences between original estimates and final settlements or revised estimates. Net patient service revenue increased by approximately $690,000 and decreased by approximately $278,000 in 2018 and 2017, respectively, due to differences between original estimates and final settlements or revised estimates for supplemental payment programs.

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended June 30, 2018 and 2017, were approximately $131,000 and $33,000, respectively. The District did not receive any gifts or grants to subsidize charity services during 2018 and 2017.

9. Employees' Retirement Plans:

The District has a noncontributory, defined contribution pension plan which covers substantially all employees, the Mendocino Coast District Hospital Money Purchase Pension Plan (the Plan) which is administered by Transamerica. The District has the authority to amend the Plan. Assets of the Plan consist of a group of annuity contracts. The annual contribution made by the District is equal to approximately 5 percent of eligible employee salaries. Total pension expense for the years ended June 30, 2018 and 2017, were $834,849 and $811,495, respectively. For the years ended June 30, 2018 and 2017, the amounts owed to the Plan by the District were $860,213 and $832,353, respectively.

The District has a 403(b) salary savings plan which is available to substantially all employees. The 403(b) plan is wholly employee funded through regular deductions from wages and salaries. There is no provision for any matching or other such contributions by the District. Employee contributions to the plan for the years ended June 30, 2018 and 2017, were $829,747 and $748,761, respectively.

10. Risk Management and Contingencies:

Medical malpractice claims – The District purchases malpractice liability insurance through Beta Healthcare Group. Beta offers the District a professional and general liability policy on a "claims made" basis with primary limits of $10,000,000 per claim and an annual aggregate of $20,000,000. The policy has a $1,000 deductible per claim.

No liability has been accrued for future coverage of acts, if any, occurring in this or prior years. Also, it is possible that claims may exceed coverage available in any given year.

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 employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of various statutes and regulations by healthcare providers. 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. Management believes the District is in compliance with fraud and abuse as well as other applicable government laws and regulations. If the District is found in violation of these laws, the District could be subject to substantial monetary fines, civil and criminal penalties, and exclusion from participation in the Medicare and Medicaid programs.

11. Mendocino Coast District Foundation:

The Mendocino Coast District Foundation (the Foundation) has been established as a nonprofit public benefit corporation to solicit contributions on behalf of the community in the Mendocino County coastal area. Funds raised, except for funds required for operation of the Foundation, are distributed to the District or held for the benefit of the District and other healthcare functions within the community. The Foundation's funds, which represent the Foundation's unrestricted resources, are donated to the District in amounts and in periods determined by the Foundation's Board of Trustees, who may also restrict the use of such funds for District property or equipment replacement, expansion, or other specific purposes.

The District received contributions from the Foundation in the amount of $339,314 and $559,331 during the years ended June 30, 2018 and 2017, respectively. The District provides office space to the Foundation at no charge and the Foundation's directors and computer equipment are covered under the District's general liability, directors and officers, and property insurance.

TAB 4

1. Quality/Delivery of Care

Goal: **The Hospital District performs high quality of care.**

Strategies: **Use reviews and inspections by regulatory and accreditation entities to ensure MCDH is maintaining and improving the quality of its services. Share results with patients and the community.**

		Exec. Sponsor	Result
Meet or exceed Accreditation, Regulatory Review, Quality Bonus, Quality Incentive and Inspection standards	Joint Commission, 2nd or 3rd quarter 2018 (see below)	Finley	• The Joint Commission arrived at MCDH unannounced for a bifurcated survey. Part A had the Clinical/Operations and Home Health Survey, and Part B had the Facility, Environment of Care, and Safety. • We **are currently putting together our plan of correction to submit to Joint Commission. Once they accept the plan we can publically share the Joint commission findings. Many findings were fixed while Joint Commission was onsite.**
	CDPH, California Department of Public Health, Ongoing, Unannounced	Schmid	
	PRIME, Annual, July 2018	Slaughter	The PRIME Year-End Report was submitted and we passed both the Colorectal and Breast Cancer Screening Metrics. We over performed on the Colorectal Screenings by 50% thus becoming eligible to claim up to 25% of unearned funding on another metric. Due to the lack of data for the PRIME patients due for Cervical Cancer Screenings we were unable to validate and pass that metric. We did really well with all three measures for our NCFHC PRIME patients. For this fiscal year we hope to be able to extract this data through agreements with other entities in the area. PRIME patients ae identified by 2 visits at the entity (MCDH

			and/or NCFHC) and insured through state Medi-Cal as primary, secondary or tertiary insurance. Our outreach continues at NCFHC to ALL of our primary care patients to ensure that every patient seen by their Primary Care Provider is offered these cancer screenings. Our new data for our NCFHC Primary Care Patients that are in the PRIME population as of November 7, 2018 are: Br Ca Screening = 66.19% (target 55.89%); Cerv Ca Screening = 51.7% (target 51.94%); Colorectal Ca Screening = 46% (target 44.64%)
	CMS, Centers for Medicare and Medicaid Services, Ongoing, Unannounced	Schmid	
	ACHD, Association of California Healthcare Districts, Board Self Evaluation April 2018	Lund	This Board Self Evaluation was completed by the MCDH Board, and meets the expectation and policy for the Annual Board requirement.
	NRC Health (HCAHPS) (Patient Experience Survey, Quarterly)	Lee	
Upgrade the Electronic Health Record (E H R) to improve business office performance, revenue cycle data, patient data flow, physician engagement, staff productivity, and progress with National Meaningful Use Standards. Implement a robust, single platform Electronic Health Record for all District entities	Choose Vendor (currently MediTech is the chosen provider)	Finley/Turner	MediTech was selected as the vendor of choice in a number of categories: • Financial – upfront costs were the cheapest of other vendors that were reviewed. • Consistency – Meditech Magic is currently implemented at the hospital as one aspect of our EHR; our financial data as well as our ADR (Admission/Discharge/Registration) data will flow seamlessly to the new product. • Physician Satisfaction – Physicians were impressed with the product demos and the ability to unify both the Ambulatory and Hospital patient records.
	Down payment and contract approval, Contract approval May 18, Down Payment Sept 18	Ellis	• This will be presented to the Board in August.

	Implementation periods for MCDH; NCFHC; Out Patient Clinics; Home Health , Jan. 19 to July 19	Finley/Turner	• Start date for the implementation is January 4, 2019. • **Implementation started on October 2019, with a go-live July 1, 2019.**
	Evaluate improvements related to EHR implementation, Oct 19 NOTE: Electronic Health Record improves Quality of Care by furnishing data in the Plan, Do, Study, Act phases of Performance Improvement. PI processes need data mining. E H R also quickly improves transparency in sharing information between providers, care givers, and patients. E H R systems offer faster collection of safety metrics over human collection and entry. E H R systems on a single platform cause patient infor be in easy identifiable locations. E H R systems assist in improving patient revenue cycle practices.	Finley/Turner	

2. Financial/Fiscal Solvency

Goal: **Adequately fund ongoing operations and capital improvements in order to support advancements in the care provided.**

Strategy: **Stabilize operational funding through a parcel tax or other means.**

Improve the Revenue Cycle processes through recruiting full-time, permanent employee talent into the positions that support the Finance Department and the Revenue Cycle Departments*.

		Executive Sponsor	Results
Stabilize operational funding	Build support for measures that will assist the Hospital by providing information to regarding Hospital finances, management and strategic plans, Jan 19	Ellis	
Improve Finance and Revenue Cycle Departments	Purchasing Manager, hire permanent position Permanent Revenue Cycle Director hired Insurance Denial Lead position, hired Integrity Lead, for claim completeness, hired 2 additional patient account billers hired May 2018	Ellis	• Updating policies and procedures • Providing education and training to staff • Applying for grants/assistance for revenue cycle • Developed and tracking quality improvement Measures to improve revenue cycle
Evaluate ROI on 10 key services	Contract with subscription service to externally extrapolate department ROI (Return on Investment), and determine economic benefit to facility and/or need for negotiating funding from payers, May 2018, start service with first actions July 2018	Edwards/Ellis	• Proposal to discontinue Nuclear Med Services
RFP, Expert Legal Counsel to negotiate best pay from third party payers, once we have 'need' determined, as mentioned in ROI	Begin negotiation process on payer reimbursement, August 18, with results in late 2019	Edwards/Ellis/ Legal	• Reviewing engagement proposals for payor Contracts review
RFP, In House Legal Services	In House Legal due to retirement of Mr. Ruprecht, or Legal support from existing group, from outside the area, May 2018	Edwards/ Camp	We have advertised in the following publications: • The San Francisco Recorder which is strictly a legal newspaper publication • Posted an Ad on the California Society of Healthcare Attorneys Job Board • California Healthcare Attorneys Jobs (this is a different publication than the "CSHA") • Posted on the American Health Lawyers

			Association. • Ad on the ACHD (Association of California Healthcare Districts) In addition, 9 RFP (Request for Proposal) have been sent out to Law firms in California that might have an interest in providing Legal Services. • CHRO (Camp), CEO (Edwards), and Legal Counsel (Ruprecht) narrowed list of interested individuals and legal firms to 3 • Board set up a committee of two Board Members to interview the narrowed list of qualified attorneys and top RFP responses. • Plan for July 2018 Board Agenda item on RFP, In House, Legal Services with Action • The Board approved setting up a "special" Board meeting to interview the two final candidates. This is scheduled for Thursday, August 16. • The Board postponed the selection of legal counsel during the July 2018 Board meeting. • The Board will agendize the selection of legal counsel for the Board meeting in August 2018. • MCDH set in motion, certain steps to engage BB&K, specifically attorneys Colin Coffey and Noel Caughman as MCDH General Counsel, effective October 5, 2018. • **Complete**

*(Revenue cycle is defined by HFMA as "All administrative and clinical functions that contribute to the capture, management, and collection of patient service revenue." Elements of Revenue Cycle include: Scheduling and Pre-Registration; Point of Service Registration, Counseling and Collections; Encounter Utilization Review and Case Management; Charge Capture and Coding; Claim Submission; Third Party Follow Up; Remittance Processing and Rejections; Payment Posting, Appeals and Collections.

3. Physical Plant/Facilities

Goals: **Modernize the physical plant to meet or exceed OSHPD seismic standards.**

Develop processes, and income to meet 2030 earthquake standards for all required elements of the hospital.

Strategies: Complete upgrades to achieve 90% compliance with known facility improvements.

Develop a financial feasibility strategy to address hospital building requirement for remodeling or replacement of facility.

		Executive Sponsor	Results
Perform Current Facility improvements	HELP II	Schmid	• HELP II Loan first distribution received by hospital and account set up according to requirements
	OR HVAC, Operating Room Air Balance, Humidity, Temperature control units. Nov 2018	Schmid	December 2018 OSHPD signed off on 1st mile stone and 25% of project completed. • Unforeseen Condition OR HVAC Electrical Trench: Completion before 12-31-2018 o Extend trench to avoid concrete footing at Electrical Room ▪ Install sub surface pull vault and steel lid ▪ Install conduit and sweeps Encasement concrete and Backfill ▪ Asphalt Restoration $5,642.36 • OR HVAC Electrical Pull box and panel complete. • OR HVAC Replacement Equipment pad complete. • OR Demolition: Suite one is schedule to be closed down for six weeks. Following Suite two will close down for six weeks. o Arrangements for surgery schedules and infection control are in discussion. o A meeting for educating training all

			staff who will be impacted with the six week closure. ○ Daily inspections will need to be done when work begins. ○ Housekeeping will be schedule to do a daily clean. ○ A definite start date will be determined in January.
	ATS, Automatic Transfer Switch, to switch between electric power and generator electric power Nov 2018 Telemetry	Schmid Schmid	December 2018 • ATS Replacement Overhead conduit bracing complete • ATS Replacement Transfer Switch and Paralleling Gear Fabrication and Delivery expected by end of January 2019 • ATS Replacement Generator Controls Scheduled for February 2019.
	Nurse Call System. Nurse Call System upgrade and installed in required locations in facility. August 2018	Schmid	• The project is complete • The final cost was submitted to OSHPD
	Emergency Hot Water Tank and Heater, in Emergency Room location needs replacement. Nov 2018	Schmid	• The architect has submitted change order and awaiting OSHPD approval to begin work. I have requested an expedited review.

	Parking Lot, repair and resurfacing, to occur in three stages, May 18 to Oct 18	Schmid	• The project is unfunded. • We will fill potholes until MCDH finds a way to fund this project • The parking lot is on hold.
Identify ongoing facility improvement needs through key stakeholders	Planning Committee, Medical Staff, Employees, Senior Leadership Team, CEO, OSHPD, CDPH, Quality Review Reports (QRR), and Board of Directors review/identify at regular meetings, Bi-Monthly or as Discovered	Edwards & Planning Chair	• On a Bi-Monthly basis the Board will review and identify (as Discovered) facility improvement needs. We will put this Item on the July 2018 Board Agenda (this was reported during the July 2018 Board meeting) • During the July 2018 Board meeting, this was addressed by an Agenda item. The Board did not add any additional facility improvement(s). • At this time, the CEO or his direct reports have requested facility improvement needs through the following stakeholders: Medical Staff; Employees; Senior Leadership Team; QRR (Quality Reports). • This is also a place holder for the Planning Committee to provide input: And this space will record that he Planning Committee Meeting for June 19, 2018, met but did not add any additional facility projects when asked. • The Medical Staff and QRR's did identify the need to find a replacement or identify the relocation of Cardiopulmonary Services Department. o The roof has been replaced o Outside siding is in process of repair o HVAC units on order o Should be starting inside repairs in 1st quarter 2019.
Establish a Future Hospital Building Plan that addresses seismic issues and appropriate hospital size/function for c	Geotechnical Soil Analysis, Core Samples of surface to bedrock in multiple locations on campus. Core Samples under existing building and in open area of campus, to determine if present location is better location for building seismic upgrades.	Schmid	• **November 2018 Completed**

community, within an affordable range.	Oct 2018		
	Architectural Firm RFP. Firm will lead dialogue with stakeholders on plan for seismic upgraded facility. Moneys to pay for this may exceed one million dollars. Prepare and send out to appropriate Architects after Parcel Tax approval. Expect RFP approval and selection by Board in Nov 2018 for RFP.	Schmid	• **In process to write** ○ **Goal to post 1st Quarter 2019**

4. People/Physician, Nursing and Support Staffing

Goals: **Increase the percentage of physicians, nurses and support staff who are permanent residents of the District, and stabilize other staffing as necessary.**

Strategies: Analyze the need to adjust wages and other incentives to recruit for hard-to-fill positions.

		Executive Sponsor	Results
Wage adjustments	Negotiate with labor union, June 2018	Camp/Edwards	Both MCDH and the Union have agreed to extend the Current Memorandum of Understanding indefinitely Beyond the current expiration date of the Agreement, June 30, 2018. Initial Union negotiations will begin On Wednesday and Thursday, July 25 & 26 to be held At MCDH. Union Negotiations continue, with a follow-up meeting on August 8, 2018. • Union Negotiations continue, with regular scheduled meetings.
	Adjust wages and benefits from the 25th percentile to the 75th percentile of compensation ranges for selected positions, June 2018	Camp	Will be discussed as part of upcoming Union Negotiations. • There have been two meetings thus far with the Union with very little movement. Negotiations will resume on Wednesday, August 22. • An additional meeting took place on Wednesday, September 19. The next meeting will be held on Wednesday, October 3. • Next meeting to be held on Tuesday, October 30. • MCDH and UFCW8 have not been able to reach an Agreement and a declaration letter of impasse was Presented to the Union by our Labor Attorney. • **The Union has agreed to a fact-finding negotiation with a representative from MCDH/UFCW and a neutral party. The attorneys party will be selecting the Arbitrator that will need to be agreed upon by both parties.**
Recruitment and Retention	Deploy best practices in Health Care Industry to sustain workforce. Best practices may include:	Camp	R&R plan in the process of being developed.

	Performance incentives; succession planning; assisting with affordable housing; eliminating bully behaviors; benefit selection, Work Place Culture that supports Teamwork. Feb 2018		
	Establish Registry personnel comparative metric, by department(s) comparing MCDH with local, area, and state metrics. After metrics are determined, establish and set up a department(s) standard for Registry staff within each major employee (department) group. Feb 2019	Camp	Research in process. • Registry has dropped from 41 to 28 in the past few weeks and will hopefully continue with the recruiting efforts for permanent staff.

*Market includes Northern California, North Bay, Northern Rural California, Facilities with $50M to $100M income that have over 315 employees. Consider services, differentials for CAH: Rural Health Clinic, Ambulance, Home Health, Hospice and Thrift Store, Oncology, Anesthesiology, Pain Specialists, Nephrologists, Orthopedics, Family Medicine Academic Setting, Ophthalmology, Non-Invasive Cardiology Services.

5. Community Engagement/Involvement

Goal: **Increase both the utilization of hospital facilities and community identification, loyalty and investment in the Hospital.**

Strategies: **Utilize a variety of strategies including Board Committees, public meetings, forums and presentations to community groups to regularly communicate with the public regarding hospital financing (e.g., Parcel Tax, bonds) and strategic planning (including desired services, facility retrofit/replacement).**

		Executive Sponsor	Results
Community engagement in funding strategies	Engage the community (press, speakers, etc.) regarding the benefits of a District Parcel Tax (within the legal parameters for lobbying) J June 5, 2018 or Nov 6, 2018	Edwards & Parcel Tax Community Committee	The June 5, 2018 ballot had Measure C to support key services and recruit and retain physicians. The use of a community survey was done to establish a $144 per parcel tax rate. Outreach efforts to civic clubs, community meetings, and special groups were done by Hospital Staff and Steve Lund, Board Chair to inform the community. A Community Committee to support and organize the voting effort was done by community members and volunteers. This committee advertised in the media, did door to door campaigning in Fort Bragg, made voter registration list phone calls, distributed signs, and engaged the community about the importance of Measure C. The election of June 5, 2018 has not been certified. At this date, over 2700 ballots have been counted and over 5100 ballots are left to be tabulated and certified. State law requires the election to be certified within 28 days of the election. We all recognize a 66.7% vote is a steep hill. Measure C passed by a supermajority. The Budget for MCDH will include income from the parcel tax monies from Measure C for 12 years. Measure C was required to go through a recount, per law a recount can be requested. The recount did not change the outcome; MCDH is awaiting the Certification of the election on the Parcel Tax. Next steps: a) formalize the contiguous parcel

			exemption form and process; b) formalize the Oversight Committee. The contiguous parcel exemption process is in place and is addressing all requests for the exemption. The process has reviewed simple exemption requests and complex exemption requests. MCDH is using parcel tax exemption experts and Legal Counsel to resolve issues. The draft Bylaws of the Oversight Committee are being distributed to the Planning Committee and the Planning Committee is the forum for community feedback. • We continue to discuss Oversight Committee Bylaws at Planning Committee and Board meetings.
Community engagement in facility strategies	Implement systems to receive community, employee, medical staff, Architect, State of California for design build, OSHPD input into the strategic planning process, especially as it relates to the required retrofit/replacement of the facility.	Edwards/ Schmid	The CEO has directed Nancy Schmid to develop a Request Proposal, that can be sent to appropriate Architects, so the process of community input, employee input, medical staff input, and OSHPD input can be collected. • In process to identify Architectural firms willing to come do presentations to the Planning Committee and the Board to make a master building plan that address current state to future state including a hospital that will meet the seismic requirements of 2030
	Continue a robust community dialogue regarding financing future facility retrofit/replacement (bond measures). After parcel tax positive vote, RFP Architect, Engineering	Edwards/ Board of Directors	

6. Governance

Goal: **Have a District Board that continues to provide the leadership and vision required to guide healthcare delivery over the next two decades.**

Strategy:

		Executive Sponsor	Results
Provide Board members with the information, skills and knowledge needed to be effective. Support a leadership team philosophy.	Develop and implement a plan for board education and development, Nov 2018	Board Chair person	
Prepare for Board Elections, Nov. 2018	Work with the League of Women Voters to inform potential members of board duties and responsibilities, June 2018 to Oct 2018	Edwards	CEO and Board Chair reached out to Ms. Sharon Gilligan, League of Women Voters Pat Dunbar (agreed to be Moderator) and Carol Chadick (agreed to assist with timing of candidate answers) for the July 16 2018 appointment process. Board Chair has identified interested person to champion a public meeting for interested Board Candidates, and the November 2018 election. The public meeting will be held in late July 2018, but before August 11, 2018. The primary intent, of the meeting, is to assist public members in understanding the role and responsibilities of MCDH Board members. The information is not yet developed. Community/Informational meeting held August 8, 2018 to inform interested persons about the Hospital, Boardmanship, and to answer attendees questions. The meeting had 25 attendees. The presentations were let by Steve Lund, Board Chair, Bob Edwards, CEO, and Charlene McAllister. 100% of the November 2018 MCDH Board candidates attended the information session.
	Revise Bylaws, Policies, Ethics Standards, Conduct Standards, Board member job description, Dec 2018	Board Chair person	Board subcommittee, Lund and Bruning, reviewed the Board Policies, and made appropriate assignments.

			Reviewed/Revised Board policies will be presented to the Board at a later date. The League of Women Voters has set up a Forum for Board Candidates, to occur October 1, 2018.
Review and refine the organization's Mission, Vision and Values	Review and refine the Organization's Mission, Vision and Values	Newly elected Board to review and consider changes to our Mission, Vision and Values statements.	

TAB 5

Mendocino Coast Healthcare District
Measure C Taxpayer Oversight Committee

DRAFT 4.0
Bylaws

Preamble

In accordance with Measure "C" parcel tax of the Mendocino Coast Healthcare District ("District"), passed by the voters on June 5, 2018, the Mendocino Coast Healthcare District Board of Directors ("Board") has established a Measure "C" Taxpayer Oversight Committee ("Committee") which shall have the duties and rights set forth in these Bylaws.

Name, Purpose, and Duties

Name

The name of this committee shall be the "Mendocino Coast Healthcare District Measure "C" Taxpayer Oversight Committee" hereinafter referred to as the "Committee."

1. Purpose

The Committee shall review proposed spending of Measure C funds and make recommendations to the Board about whether the proposed spending is consistent with the purposes set forth in Measure C. The Committee shall review and report on the expenditure of Measure "C" revenues to verify said revenues are expended solely to *attract and retain high quality doctors/nurses, maintain local emergency room, obstetric, surgical, ambulance and related 911 services, and make critical repairs and upgrades to medical equipment/facilities.*

The Board reserves the exclusive power and responsibility for the expenditure of all Measure "C" revenues.

2. Duties

Committee members shall be expected to attend its regularly scheduled meetings, review all pertinent information provided to the Committee, and abide by the provisions of the *Ralph M. Brown Act* (the "Brown Act") (Gov. Code § 54950 *et seq.*) and all rules of conduct established in these Bylaws. In furtherance of its purpose the Committee may engage in the following activities:

A. Receive and review the District's budgets to verify that parcel tax is planned to be expended in accordance with the purposes set forth in the ballot language of Measure "C" as approved by the voters.

B. Receive and review all pertinent expenditure reports produced by the District to verify that parcel tax revenue was expended in accordance with the purposes set forth in the ballot language of Measure "C" as approved by the voters.

C. Prepare and present to the Board, in open session, in December of each year or whatever month is otherwise deemed appropriate by the Committee and Board., an annual written report beginning with the 2018-19 fiscal year and continuing through fiscal year 2029-2030 ("Annual Report") which will include:

   i. A statement indicating whether the District's parcel tax revenue expenditures for the preceding year were made in accordance with the stated purposes of Measure "C".

   ii. A summary of the Committee's proceedings for the preceding year.

D. Prepare and provide other reports and input to the Board on Measure C parcel tax expenditures' compliance, to the extent practicable and the Committee deems necessary.

3. Committee Composition

A. The Committee shall consist of seven voting members.

Eligibility

A. The Committee shall be comprised of individuals who are at least 18 years of age and who live within the boundaries of the District.

B. No employee, official, vendor, contractor, or consultant of the District shall be appointed to the Committee.

C. In appointing members to the Committee the Board should make an effort to have as much geographic and demographic representation on the Committee as possible.

Conflict of Interest

A. Members of the Committee are not subject to the Political Reform Act (Gov. Code §§ 81000 *et seq.*), and are not required to complete Form 700.

B. Pursuant to the prohibitions contained in Article 4 (commencing with Section 1090) of Division 4 of Title 1 of the Government Code ("Article 4") and Article 4.7 (commencing with Section 1125) of Division 4 of Title 1 of the Government Code ("Article 4.7") are applicable to members of the Committee. Accordingly:

i. Members of the Committee shall not be financially interested in any contract made by them in their official capacities or by the Committee, nor shall they be purchasers at any sale or vendors at any purchase made by them in their official capacity, all as prohibited by Article 4; and

ii. Members of the Committee shall not engage in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, in conflict with, or inimical to duties as a member of the Committee or with the duties, functions, or responsibilities of the Committee or the District. A member of the Committee shall not perform any work, service, or counsel for compensation where any part of his or her efforts will be subject to approval by any other officer, employee, board, or commission of the District's Board, except as permitted under Article 4.7.

4. Term of Service

A. Committee members serve without compensation.

B. Terms of Appointed Committee members shall be staggered. Three members shall serve for the first three years, and four members shall serve for the first four. Subsequent members shall serve four year terms, except those appointed to replace vacancies.

C. The Committee will terminate following the submission of the final Annual Report in December of 2030 (or whatever month is otherwise deemed appropriate by the Committee and the Board for presentation of the Committee's final Annual Report).

5. Replacing a Committee Member

A. If a Committee position becomes vacant, the Board shall appoint a replacement as soon as practicable.

B. Unless failure to act results in the inability to meet a Committee quorum, if six months or less remain of the unexpired four-year term, the Board may choose to leave that position vacant for the remainder of the term.

C. A replacement Committee member may be appointed by the Board if one or more of the following events occur:

1. The Committee member submits a written resignation to the Board, with a copy to the Committee Chair;

2. The Board removes a member for cause, including non-attendance at meetings violating these Bylaws, and/or violating the District's adopted norms.

D. Committee members appointed to fill vacant, unexpired terms may apply and shall be eligible for reappointment to a succeeding full four-year term.

E. Members whose term has expired may continue to serve on the Committee until a successor has been appointed.

6. Committee Officers

Officers of the Committee shall be a Chair, and a Vice-Chair. The Healthcare District CFO shall serve as non-voting Secretary to the Committee.

7. Elections

At the first meeting of each fiscal year, the Committee shall place into nomination and elect a Chair and a Vice-Chair.

8. Term of Office

Officers shall be elected for a one-year term and shall not be term-limited except for the limit on the terms of Committee members set forth in Section 4(B) above.

9. Duties of the Chair

A. The Chair shall call Committee meetings.

B. The Chair shall, in consultation with District staff and with input from the Committee, establish the agenda for each Committee meeting.

C. The Chair shall preside over each Committee meeting, following the adopted Rules of Procedure.

D. The Chair or his/her Committee-approved designee shall serve as spokesperson for the Committee in all representations of the Committee to the public, the Board, and the media.

10. Duties of the Vice-Chair

The Vice-Chair shall perform each of the duties of the Chair as necessary in the absence of the Chair.

11. Duties of the District-Designated Secretary

A. Subject to review by the Chair before publishing, the District-designated Secretary shall provide oversight in the preparation, recording, and distribution by District-provided support of the following documents in accordance with the Brown Act:

- Committee meeting agendas;
- All reports, materials, and meeting packets as required by or addressed to the Committee;
- The minutes of Committee meetings;
- All written material submitted by the public during Committee meetings;
- All official correspondence addressed to the Committee;
- Reports adopted by the Committee;
- Committee attendance records.

B. The District-designated Secretary shall take and record roll at the beginning of each Committee meeting to determine the existence of a quorum. If a quorum ceases to exist during a meeting, the District-designated Secretary shall immediately inform the Chair.

12. Succession

The Vice-Chair will accede to Chair when a vacancy occurs in that office. In the event of a vacancy in the office of Vice-Chair, the position will be filled by election, agendized at its next regular Committee meeting.

13. Meetings

A. All Committee meetings subject to the Brown Act will be held in a fully-accessible District facility.

B. The Committee shall meet quarterly each fiscal year. Special meetings can be scheduled as necessary.

C. To the extent practicable, the Committee, with the support of the District-designated Secretary and Clerk of the Board, shall publicize and promote its meetings to attempt to invite as much public participation as can reasonably be expected.

D. Committee members shall be available to attend Board of Directors meetings when reports relating to Measure "C" are presented.

14. Agendas

A. The Committee will take public comment at the beginning of each meeting.

B. Agendas for regular Committee meetings will be prepared by its Chair, in consultation with District staff and with input from the committee. All documents applicable to agenda items shall be distributed at least three days in advance of meetings.

C. Any member of the Committee may submit a request for placing an item on a future agenda.

D. Agendas may include a consent calendar for routine, non-controversial items. These items must be clearly identified on published agendas. Any member of the Committee or public may

request at the meeting that an item be added to the consent calendar or be pulled for discussion.

E. After roll-call and the establishment of a quorum, meetings will begin with a consent calendar if appropriate.

15. Quorum

Actions may be undertaken at a meeting only if half-plus-one of Committee members in office as defined by Section 3(A) are present.

16. Committee Voting

Unless otherwise specified in these Bylaws an agendized action item may be approved by a simple majority of Committee members in attendance, a quorum being present. Members must be present to vote.

17. Rules of Procedure

Meetings shall be conducted with courtesy and decorum and in accordance with Robert's Rules of Order.

18. California's Open Meeting Law

All meetings of the Committee shall be open to the public and shall be noticed and conducted in strict compliance with the Brown Act.

19. Public Participation

Any member of the public present at a meeting may address the Committee during the period designated for public comment. The Chair may, at his/her discretion, choose in advance to place an equal time limit on all speakers.

20. Minutes

Minutes of Committee proceedings and all documents received and reports issued shall be a matter of public record, and the District shall make them available on the District's website. The District shall provide secretarial/clerical services to assist the Committee Chair in preparation, distribution, and posting of minutes for all Committee meetings. Minutes published before adoption by the Committee shall always be labeled "Draft Minutes."

21. Attendance

Regular attendance at Committee meetings is a fundamental obligation of every member of the Committee. Absences are disruptive to Committee activity and representation. Failure to attend two consecutive meetings without acceptable reason announced in advance shall constitute due cause for member removal.

A. Members anticipating an absence must call or email the Committee Chair or District-designated Secretary no later than 24 hours before the scheduled meeting.

B. Committee attendance reports will be distributed annually and upon request by the Chair.

22. Committee Reports

A. With the assistance of the District-designated Secretary, the Committee may prepare regular reports on its activities and, to the extent practicable, publicize and promote such reports.

The Annual Report shall be issued and presented to the Board for each fiscal year. All Committee reports shall be made available on the District's website.

B. Any such reports, written and/or oral, that represent the Committee's position must proceed from Committee review, be duly approved as to substance by an affirmative vote of a majority of the members present at a Committee meeting, a quorum being present, and be faithfully articulated to the public only by the Committee Chair or an approved designee.

C. Any member of the Committee may speak as an individual on parcel tax issues but must clearly state for the record that such statements are their own personal views which do not necessarily represent those of the Committee or the District.

23. Amendment of Bylaws

Any amendment to these Bylaws shall be approved by a majority vote of the Board.

TAB 6

Steven V. Schnier
Counsel
415.757.5513
415.757.5501
steven.schnier@arentfox.com

October 2, 2018

Mr. Bob S. Edwards
Chief Executive Officer
Mendocino Coast District Hospital
700 River Drive
Fort Bragg, CA 95437

Re: Engagement Agreement

Dear Mr. Edwards:

I am very thankful that I and Arent Fox LLP (the "Firm") have been asked to advise Mendocino Coast District Hospital, and its Medical Staff (the "Hospital and Medical Staff"), regarding the conduct of certain credentialing, peer review, quality improvement, and organizational processes and operations, with particular attention to the requirements of the Medical Staff Bylaws, the Medical Staff Rules and Regulations, Medical Staff and Hospital policies, and the pertinent requirements of law.

In keeping with the policies of the Firm and the provisions of the California Business and Professions Code, I now provide a written description of the arrangements whereby the Firm will be providing those legal services.

SPECIFIC DESCRIPTION OF ENGAGEMENT

We were initially engaged by the Hospital and the Medical Staff to provide guidance to the Hospital and the Medical Staff regarding the evaluation of the practice and conduct of a certain member of the Medical Staff. We have also been asked to provide guidance regarding the evaluation of the practices and conduct of other members of the Medical Staff, as well as to provide guidance regarding the evaluation of certain applications for appointment to the Medical Staff, as well as to advise regarding the options for possible modifications to the Medical Staff appointments and privileges of individual members of the Medical Staff. In addition, we have been asked to comment on portions of the current Medical Staff Bylaws and

Medical Staff Rules and Regulations, particularly those portions pertaining to peer review, corrective action, and formal hearings.

Depending on the specific project, these services will entail review of credentialing and peer review materials, pertinent research and analysis, communications with Medical Staff leaders and Hospital personnel, and attendance at selected meetings. Further, this engagement will include certain services, regarding those specific credentialing and peer review matters, that we may have provided prior to the date of this letter and Agreement.

As with all services and with our approach to the practice, at the outset of a particular potential project we will confer with the Hospital and the Medical Staff regarding the anticipated scope and complexity of the project, and then provide as estimate of possible fess this as is as accurate as possible.

In addition, the Hospital and the Medical Staff may decide, from time to time, to enlarge the scope of our engagement under this Agreement, as we are asked to and agree to perform additional services, and no additional written agreement will be required to document those periodic changes.

DESCRIPTION OF BASIS FOR LEGAL FEES

The Firm charges for legal services on the basis of the time devoted by me and, as might be agreed to later, other members of our professional staff. My hourly rate for this particular engagement is $480.00, which is a significantly discounted rates, which the Firm has made available to a preferred healthcare client such as the Hospital and the Medical Staff.

If I were to believe that another one of the Firm's attorneys, or one of the Firm's paralegals, could beneficially assist in a particular matter, I will propose that to the Hospital and the Medical Staff, describing the reason for that recommendation and, of course, stating the hourly rate for any such attorney or paralegal. No additional member of the Firm's professional staff will be called upon to assist on a project until and unless the Hospital and the Medical Staff agree to that arrangement.

Further, while the Firm may, at some time in the future, propose an adjustment to any of these hourly rates, no hourly rate would be modified until and unless the Hospital and the Medical Staff agreed.

GENERAL PROVISIONS

The attached document (entitled "General Provisions") sets forth a number of additional provisions that are incorporated into this letter and Agreement with the same effect as if they were expressly set forth in the body of this letter and Agreement.

I am, of course, eager to continue to provide advice and guidance to the Hospital and the Medical Staff. Should you have any questions about this letter and Agreement, and our engagement, please do not hesitate to call me. If you do wish to proceed, please sign the enclosed copy of this letter, as well as the enclosed copy of the usual "Business Associate Agreement," and return them to me.

Very truly yours,

Steven V. Schnier
Arent Fox LLP

I have read and understand this letter and Agreement and the referenced "General Provisions" as modified. I hereby confirm the engagement of Steven V. Schnier, Esq. and Arent Fox LLP as described therein.

Mendocino Coast District Hospital

_____

By: Mr. Bob S. Edwards
Chief Executive Officer

Date: _____

GENERAL PROVISIONS

DESCRIPTION OF BASES FOR CHARGES OTHER THAN LEGAL FEES

In addition to fees, the Hospital will be responsible to reimburse the Firm for third-party costs incurred on its behalf, and to pay the Firm's customary charges for various services such as certain direct travel expenses, central word processing, LEXIS/WESTLAW and other computer database uses, photocopying, messenger services, secretarial overtime, and transcripts, if applicable.

BILLING AND PAYMENT PROCEDURES

The Firm's statements will be prepared and transmitted periodically, typically monthly. Charges for expenses will be based on information available to the Firm at the time the statements are prepared. In appropriate cases, the statements may include estimated charges for expenses, in which event the estimates will be reconciled when final information becomes available.

We ask that the Firm's statements be paid upon receipt. Prompt payment is a requirement for our continued service. If statements are not paid within 30 days after the invoice date, the Firm retains the right to charge interest on overdue amounts at the rate of 1% per month (12% Annual Percentage Rate). In the unfortunate event that we are forced to incur collection costs to obtain payment, the Hospital will also be responsible for the collection costs, including reasonable attorneys' fees.

Please review each invoice promptly after you receive it, and notify the Firm of any concerns regarding our services, fees, charges, and payment. If the Hospital fails to do so within thirty (30) days after receipt of the invoice, we will conclude that the Hospital has approved the invoice and has agreed to its payment in full.

TERMINATION OF ENGAGEMENT

HOSPITAL'S RIGHT TO TERMINATE ENGAGEMENT

The Hospital has the right to terminate our engagement at any time.

THE FIRM'S RIGHT TO TERMINATE ENGAGEMENT

The Firm may also terminate this engagement at any time for any reason consistent with the Rules of Professional Conduct, including non-payment of fees and charges.

CONCLUSION OF OUR ENGAGEMENT

If the professional relationship between the Hospital/Medical Staff comes to an end, and if the Hospital/Medical Staff becomes a former client, the Firm would be entitled, under the applicable Rules of Professional Conduct, to undertake representations in matters that are not the same as, or substantially related to, any matter in which the Firm had represented or advised the Hospital and the Medical Staff. Of course, under no circumstances would the Firm, in the course of representing any other client, use or disclose any confidential or non-public information that the Firm has obtained as a result of any representation of the Hospital and the Medical Staff.

Upon termination of our engagement, the Hospital will be responsible for the fees and charges incurred in connection with the Firm's engagement up to the time of termination, and for the fees and charges necessary to effect any transfer of obligations to another attorney. The Hospital and the Medical Staff will afford us a reasonable period of time to make copies of all client files we transfer to the Hospital or to another attorney.

LIMITATION ON OUR OBLIGATIONS

The Firm's acceptance of this engagement does not constitute an undertaking to represent the Hospital or the Medical Staff in any matter other than that described in the Paragraph entitled

"Description of Engagement."

EXISTING CONFLICTS OF INTEREST

We cannot, without appropriate consent, represent any party if there is a conflict of interest with any of our other clients. In order to avoid conflicts of interest among our clients, we maintain an index of relevant names. Given the nature and scope of the matters that are described above, we have concluded our representation of the Hospital and the Medical Staff will not represent a conflict.

ADVANCE CLEARANCE OF CONFLICTS OF INTEREST

You are aware that the Firm represents many other institutions, groups, and individuals. It is possible that some of our existing or future clients might have a dispute with the Hospital, or engage in transactions with the Hospital, during the time that we are advising the Hospital or the Medical Staff. This will not affect our continuing representation of the Hospital and the Medical Staff.

Further, if our engagement by the Hospital and Medical Staff should end, we may then represent or may undertake in the future to represent an existing or new client in any matter (including any litigation matter), even if the interests of the other client or clients in those other matters are directly adverse to the Hospital. Of course, under no circumstances will we, in the course of representing any other client, use or disclose any confidential or non-public information that we have obtained as a result of our representation of the Hospital and the Medical Staff.

RETENTION OR DESTRUCTION OF RECORDS

The Firm adopts policies from time to time concerning the retention or destruction of records relating to engagements by clients. After the conclusion of this engagement, we may destroy any such records as we believe is appropriate. If the Hospital/Medical Staff and the Firm agree that we will retain records for a particular period, that Agreement will supersede this general rule. If we are required by applicable law to retain records for a particular period, the applicable law will supersede this general rule.

DISPUTE RESOLUTION PROCEDURES

If any dispute arises out of or relates to this letter and Agreement, our relationship, or the services performed thereunder (including disputes regarding attorneys' fees or costs and those based on allegations of negligence, breach of fiduciary duty, fraud, or a claim based upon a statute), jurisdiction and venue for the adjudication of that dispute shall reside solely in the Superior Court of and for the County of Mendocino, California. The prevailing party shall be entitled to an award of its costs and attorney's fees.

ERRORS AND OMISSIONS INSURANCE

The California Business and Professions Code requires us to inform the Hospital/Medical Staff that the Firm maintains errors and omissions insurance coverage applicable to the services to be rendered to the Hospital and the Medical Staff.

YOUR ADDITIONAL DUTIES

The Hospital/Medical Staff agrees to be truthful with us, to keep us informed of developments regarding the matters that are the subjects of this engagement, to abide by this letter and Agreement, and to keep us informed as to its contact information.

CONFIDENTIALITY OF INTERNAL FIRM COMMUNICATIONS

We designate certain Firm attorneys to represent us in connection with legal matters affecting the Firm that arise from time to time, such as claims brought against the Firm by clients or others, and collection actions brought by the Firm against clients and others. The discussions about such legal matters among these designated attorneys and other Firm personnel constitute confidential and privileged communications to which others, including Firm clients, are not privy.

GOVERNING LAW

The provisions of this letter and Agreement will be governed by the laws of the State of California.

CONDITION TO ENGAGEMENT

Our agreement to this engagement is subject to the approval of the Firm's Financial Management Committee. If for any reason the engagement is not approved, we will inform the Hospital promptly. If the engagement is not approved and if, at the time of such disapproval, we have commenced working on this matter, our engagement will be deemed to be terminated and we will not charge the Hospital for any legal fees for our work on the matter.

HIPAA CONTRACTUAL REQUIREMENTS

There is a possibility that we may need to use and disclose protected health information (PHI) subject to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) in order to perform certain legal work on your behalf. When we use or disclose PHI received from you or on your behalf, we recognize that we will be your "business associate" as that term is defined under HIPAA. Our use and disclosure of such PHI shall be subject to the Business Associate Agreement that is attached to these "General Provisions" that are, in turn, incorporated into the Engagement Agreement by reference.

TAB 7

FIRST AMENDMENT
OF
PROFESSIONAL SERVICES AGREEMENT BETWEEN
MENDOCINO COAST HEALTH CARE DISTRICT
AND
ZOE BERNA, M.D.

This First Amendment to the Professional Services Agreement (the "**First Amendment**") between **Mendocino Coast Health Care District**, a local Health Care District formed and operating pursuant to the California Local Health Care District Law, Health & Safety Code §32000, et seq., which owns and operates **Mendocino Coast District Hospital**, 700 River Drive, Fort Bragg, County of Mendocino, State of California and the **North Coast Family Health Center**, a rural health clinic and division of the Hospital (hereinafter collectively "**Hospital**") and **ZOE BERNA, M.D. ("Physician")** dated December 28, 2015 (the **"Agreement"**), is made as of this 7th day of December, 2018, by and between Hospital and Physician. Capitalized terms used but not defined herein shall have the definition provided in the Agreement. Each of the Hospital and Physician are sometimes referred to hereinafter as a "Party" or collectively as the "Parties".

WHEREAS, the Parties entered into the Agreement as of December 28, 2015; and

WHEREAS, the current Term of the Agreement is for a period of five (5) years and will expire on December 27, 2020; and

WHEREAS, the Parties desire to amend the Agreement pursuant to Attachment B to the Agreement to ensure that the compensation paid to Physician is consistent with fair market value at 12/7/2018 for the remaining Term of the Agreement; and

WHEREAS, the Parties have reviewed data pertaining to the fair market value of the services being provided by the Physician and have agreed to amend the Agreement as set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Incorporation of Recitals.** The foregoing recitals, and the Agreement, are incorporated into this First Amendment and made a part hereof as if they were fully restated in the text of this First Amendment.

2. **Attachment A to Agreement.** The language contained in first paragraph of Attachment A to the Agreement is hereby deleted in its entirety and shall be replaced with the following language:

l. Professional Services. Physician shall provide Professional Services within the Clinic's regular business hours. Physician is expected to maintain a physical presence at the Clinic and shall be available to see patients, as scheduled by the Clinic, a minimum of 47 weeks per year and 3.5 Equivalent Clinic Days each week, except for weeks where Clinic is opened only 3 days in which case Physician will be available 3 Clinic Days. A "Clinic Day" is defined as a day that the Physician is physically at the Clinic and available to see patients for a minimum of 8 hours. A "Half Clinic Day" is defined as a day that the Physician is physically at the Clinic and available to see patients for a minimum of 4 hours but less than 8 hours. Clinic Days and Half Clinic Days together are added to equal Equivalent Clinic Days.

3. **Attachment B to Agreement.** The language contained in Attachment B to the Agreement is hereby deleted in its entirety and shall be replaced with the following language:

District shall pay Physician in accordance with this Compensation Schedule for the Professional Services rendered by Physician pursuant to this Agreement, as amended:

Clinic. District shall pay Physician the sum of Sixty-Eight Dollars and Fifty Cents ($68.50) per Rural Health Clinic Qualifying Encounter (a "RHC Qualifying Encounter") for Professional Services personally provided by the Physician at the Clinic, the patient's home or the Skilled Nursing Facility. A RHC Qualifying Encounter is defined as a medically necessary, face-to-face visit with the Physician who also documents a level of care that requires the scope of practice of the Physician.

Bonus. In the event that the Physician meets or exceeds 4,200 RHC Qualifying Encounters during the period of December 1, 2018 to November 30, 2019 (the "Bonus Eligibility Period"), the District shall pay the Physician a bonus equal to Four Dollars and Two Cents ($3.74) for each such RHC Qualify Encounter (the "Bonus"). Within thirty (30) days following the end of the Bonus Eligibility Period, the District shall provide Physician with a report of the number of applicable RHC Qualifying Encounters performed by Physician during the Bonus Eligibility Period. If the Physician performed 4,200 or more RHC Qualifying Encounters during the Bonus Eligibility Period then Hospital shall pay the Physician the Bonus amount due within 45 days after the end of the Bonus Eligibility Period.

Supervision. District shall pay Physician the sum of Two Hundred and Fifty Dollars ($250.00) per month for each midlevel practitioner supervised by Physician.

As soon as practicable following the end of each month of the term of this Agreement, but no later than the twelfth (12th) business day following the end of the month, the District shall provide Physician with a report of the services for which payment is to be made, the number of applicable RHC Qualifying Encounters for such services, the District's computation of the total payment due to Physician for the month, and a check in the amount of the total payment.

4. **No Other Changes.** Except for the modification of the Agreement as set forth above, the terms of the Agreement shall remain in full force and effect.

5. **Counterparts.** This First Amendment may be executed in multiple counterparts, and counterpart signature pages may be assembled to form a single, fully executed document.

IN WITNESS WHEREOF, the Parties have executed this First Amendment on the dates set forth below.

DISTRICT:

_____

By: Bob Edwards, Chief Executive Officer Date:_____

PHYSICIAN:

_____

By: ZOE BERNA, M.D. Date:_____

TAB 8

This document will be provided at the meeting

TAB 9

ADDENDUM NO. 2
TO HOSPITALIST SERVICES AGREEMENT

THIS ADDENDUM NO. 1 TO HOSPITALIST SERVICES AGREEMENT is effective as of Dec 30, 2018 (the "Effective Date"), by and between Mendocino Coast District Hospital a Critical Access Hospital located in Fort Bragg, CA. ("Hospital") and Rural Physicians Group – P.C. ("Contractor").

RECITALS

Hospital and Contractor previously entered into a Hospitalist Services Agreement dated July 6, 2015. The parties desire to make modifications and amendments to the Agreement as further set forth herein.

NOW, THEREFORE, in consideration of the above-recited premises, the Agreement and mutual covenants and conditions set forth therein, the parties agree as follows:

1. Section 5.3 of the Agreement, Hospitalist Supplemental Compensation shall be amended to: Contractor shall be paid Sixty Four thousand Two Hundred and Fifty Dollars ($64, 250) per month. Payments will be due 15 days after the previous month the applicable Hospitalist services were provided.

2. Medical Director duties will be provided monthly at $200/hr for a total annual reimbursement of Seventy Thousand Dollars ($70,000) per year. Contractor will include the monthly Medical Director Work Hours in the monthly invoice with the total cost of the monthly invoice not to exceed $64,250 per month.

3. All terms and conditions of the Agreement not amended, replaced or modified hereby shall remain in full force and effect as set forth in the Agreement. Accordingly, the terms of this Addendum shall control in the event of any conflict between the terms of this Addendum and the terms of the Agreement.

4. This Addendum may be executed in counterparts which, when combined, shall constitute the entire Addendum among the parties.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties have executed this Addendum on the day and year indicated below.

Mendocino Coast District Hospital	RURAL PHYSICIANS GROUP – PC.
_____	_____
Bob Edwards, FACHE	Cindy Johnson, FACHE
Chief Executive Officer	Vice President
DATE: _____	DATE: _____

TAB 10

MENDOCINO COAST DISTRICT HOSPITAL

DATE: November 28, 2018

TO: BOARD OF DIRECTORS

FROM: JOHN KERMEN, DO
CHIEF OF STAFF

SUBJECT: MEDICAL EXECUTIVE COMMITTEE RECOMMENDATIONS

The Medical Executive Committee considered the following items and recommends them to the Board of Directors for approval:

Appointments to Medical Staff-

- **Christina Tsao, MD-** Department of Medicine-Hospitalist Medicine

Appointments to Allied Health Professional Staff-

- **Melissa Turner, FNP-** Department of Medicine-Oncology

Department of Medical Staff Services
William Lee, CPCS, CPMSM~ Director
700 River Drive ▪ Fort Bragg, California 95437
Phone: (707 961-4740 ▪ Fax: (707) 961-4786

TAB 11

November 2018 CNO Report

One of our hires this past year is an RN in our outpatient department, for whom we frequently receive positive feedback. Below is a letter we received that exemplifies the feedback we receive.

"To the Mendocino Coast District Hospital,

This morning I was an outpatient for a procedure at 7:30 am. My nurse was named Chris and I did not get her last name. I wanted her to know I truly appreciated her professionalism, expertise and devotion. She made me feel relaxed and let me know what was happening and what was going to happen. I have been there several times before and had wonderful nurses. Chris is exceptional and I want her to know that the quality of her service and care was noticed by my husband and me.

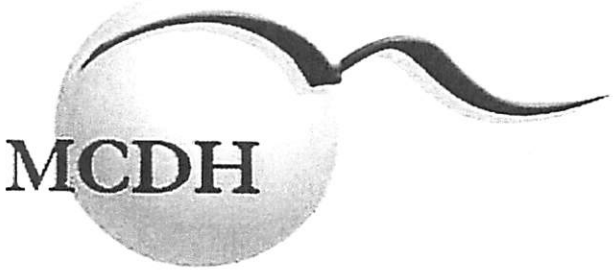
I also want to thank Dr Conlon for being the great doctor that he is. I hope he can serve our community for many years to come. We are lucky to have him."

Meditech Upgrade

We held a 3 day kick off with the Meditech team here on site, and will officially start the implementation of our new electronic health record on January 4, 2019. Our Project Manager is already at work in preparing for this implementation. He is working with our managers on identifying current workflows, and as a result managers are proactively researching how they can streamline those workflows to prepare staff for the changes this implementation will bring. We are also gathering all our current order sets so we are ready to compare to the order sets that come with the new E.H.R. The new order sets are based on current standards of care but we can edit them to bring in some customization.

The Meditech device is arriving this week. We are setting up a 40 megabit outbound internet connection and have started working on the satellite back up connection. It is exciting to be part of this process. I look forward to all the improvements to our clinical and financial workflows this system will bring.

TAB 12



MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA

Unaudited Financial Statements

for

For the month ended October 31, 2018

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended October 31, 2018

TABLE OF CONTENTS

MENDOCINO COAST HEALTHCARE DISTRICT

EXECUTIVE FINANCIAL SUMMARY

For the month ended October 31, 2018

BALANCE SHEET

	10/31/2018	6/30/2018
ASSETS		
Current Assets	$12,861,573	$12,244,405
Assets Whose Use is Limited	5,302,697	5,626,312
Property, Plant and Equipment (Net)	14,122,721	14,572,282
Total Unrestricted Assets	**32,286,991**	**32,442,999**
Total Assets	**$32,286,991**	**$32,442,999**
LIABILITIES AND NET ASSETS		
Current Liabilities	$12,039,207	$12,035,802
Long-Term Debt	12,860,959	12,815,206
Total Liabilities	**24,900,166**	**24,851,008**
Net Assets	7,386,825	7,591,991
Total Liabilities and Net Assets	**$32,286,991**	**$32,442,999**

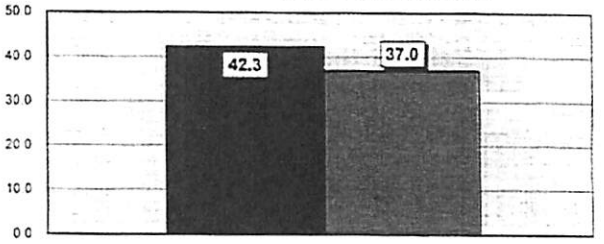
STATEMENT OF REVENUE AND EXPENSES - YTD

	ACTUAL	*BUDGET*
Revenue:		
Gross Patient Revenues	$38,213,335	$39,267,000
Deductions From Revenue	(21,060,663)	(21,961,000)
Net Patient Revenues	17,152,672	17,306,000
Other Operating Revenue	478,453	700,000
Total Operating Revenues	**17,631,125**	**18,006,000**
Expenses:		
Salaries, Benefits & Contract Labor	10,856,177	11,056,000
Purchased Services & Physician Fees	2,875,420	3,149,000
Supply Expenses	2,872,052	2,960,000
Interest Expense	0	0
Depreciation Expense	508,657	512,000
Other Operating Expenses	1,487,368	1,480,000
Total Expenses	**18,599,674**	**19,157,000**
NET OPERATING SURPLUS	(968,549)	(1,151,000)
Non-Operating Revenue/(Expenses)	763,375	820,000
TOTAL NET SURPLUS	($205,174)	($331,000)

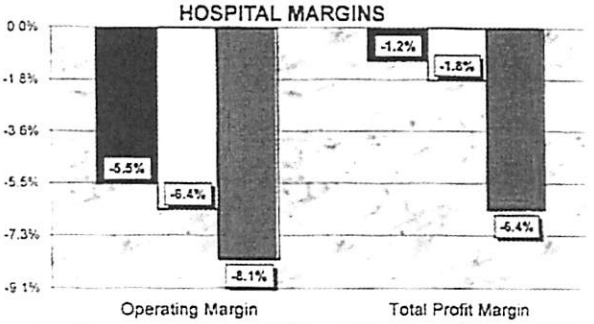
BOND COVENANTS

	REQUIREMENT	*ACTUAL*
DEBT SERVICE COVERAGE RATIO	1.25	**-1.29**
CURRENT RATIO	1.00	**1.07**
DAYS CASH ON HAND	30.0	**38.8**

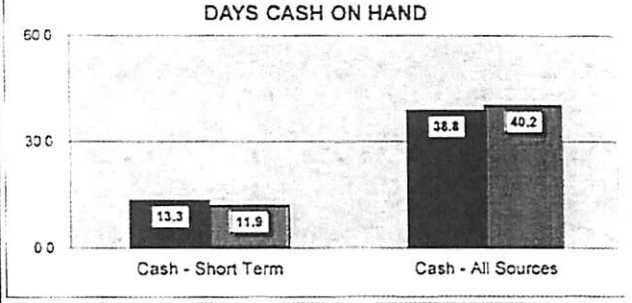
NET DAYS IN ACCOUNTS RECEIVABLE



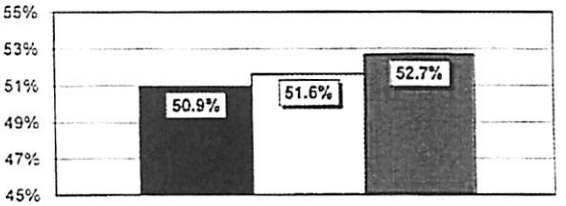
HOSPITAL MARGINS



DAYS CASH ON HAND



SALARY AND BENEFIT EXPENSE AS A PERCENTAGE OF NET PATIENT REVENUE



MENDOCINO COAST HEALTHCARE DISTF	10/31/2018
Budget	10/31/2018
Prior Fiscal Year End	6/30/2018

Balance Sheet - Assets

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended October 31, 2018

	Current Month 10/31/2018	Prior Year End 6/30/2018
CURRENT ASSETS		
CASH	$ 1,991,963	$ 1,806,804
PATIENT RECEIVABLES	$ 18,333,313	$ 16,595,137
LESS: RESERVES FOR ALLOWANCES FOR RECEIVABLES	$ (12,438,519)	$ (11,442,152)
NET PATIENT ACCOUNTS RECEIVABLES	$ 5,894,794	$ 5,152,985
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	$ 1,674,351	$ 3,254,576
OTHER RECEIVABLES	$ 1,860,432	$ 799,134
INVENTORIES	$ 823,276	$ 811,360
PREPAID EXPENSES	$ 616,757	$ 419,546
TOTAL CURRENT ASSETS	**$ 12,861,573**	**$ 12,244,405**
ASSETS WHOSE USE IS LIMITED		
BOARD DESIGNATED FUNDS	$ 3,807,370	$ 4,280,052
PLAN FUND	$ 13,759	$ 13,759
BONDS	$ 977,818	$ 812,501
BOND COSTS	$ 503,750	$ 520,000
TOTAL LIMITED USE ASSETS	**$ 5,302,697**	**$ 5,626,312**
PROPERTY, PLANT, & EQUIPMENT		
LAND	$ 117,490	$ 117,490
LAND IMPROVEMENTS	$ 805,398	$ 805,398
BUILDINGS & IMPROVEMENTS	$ 24,604,464	$ 24,604,464
LEASEHOLD IMPROVEMENTS	$ 546,439	$ 546,439
EQUIPMENT	$ 21,876,933	$ 21,899,738
CONSTRUCTION-IN-PROGRESS	$ 349,561	$ 280,584
GROSS PROPERTY, PLANT, & EQUIPMENT	$ 48,300,285	$ 48,254,113
LESS: ACCUMULATED DEPRECIATION	$ (34,177,564)	$ (33,681,831)
NET PROPERTY, PLANT, & EQUIPMENT	**$ 14,122,721**	**$ 14,572,282**
TOTAL ASSETS	**$ 32,286,991**	**$ 32,442,999**

Balance Sheet - Liabilities and Net Assets

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended October 31, 2018

	Current Month 10/31/2018	Prior Year End 6/30/2018
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	$ 6,122,488	$ 6,383,566
ACCRUED PAYROLL	$ 597,356	$ 758,061
ACCRUED VACATION/HOLIDAY/SICK PAY	$ 1,133,702	$ 1,173,087
PAYROLL TAXES PAYABLE	$ 39,158	$ 52,256
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	$ 1,577,142	$ 1,648,982
OTHER CURRENT LIABILITIES	$ 36,340	$ 36,543
INTEREST PAYABLE	$ 1,065,434	$ 1,123,094
PREVIOUS FY PENSION PAYABLE	$ 860,213	$ 860,213
CURRENT PORTION OF LTD (BONDS/MORTGAGES)	$ 133,333	$ -
CURRENT PORTION OF LTD (OTHER NON-CURRENT LIABILITIES)	$ 474,041	$ -
TOTAL CURRENT LIABILITIES	**$ 12,039,207**	**$ 12,035,802**
LONG TERM LIABILITIES		
BONDS PAYABLE	$ 10,546,470	$ 10,610,090
OTHER NON-CURRENT LIABILITIES	$ 309,373	$ 2,205,116
CURRENT FY PENSION PAYABLE (NON-CURRENT LIABILITY)	$ 2,005,116	$ -
TOTAL LONG TERM LIABILITIES	**$ 12,860,959**	**$ 12,815,206**
TOTAL LIABILITIES	**$ 24,900,166**	**$ 24,851,008**
FUND BALANCE		
UNRESTRICTED FUND BALANACE	$ 7,591,999	$ 8,803,300
TEMPORARY RESTRICTED FUND BALANCE	$ -	$ -
Net Revenue/(Expenses) (YTD)	$ (205,174)	$ (1,211,309)
TOTAL NET ASSETS	**$ 7,386,825**	**$ 7,591,991**
TOTAL LIABILITIES AND NET ASSETS	**$ 32,286,991**	**$ 32,442,999**

Statement of Revenue and Expense

MENDOCINO COAST HEALTHCARE DISTRICT

FORT BRAGG, CA

For the month ended October 31, 2018

	CURRENT MONTH				
	Actual 10/31/18	Budget 10/31/18	Positive (Negative) Variance	Percentage Variance	Prior Year 10/31/17
GROSS PATIENT SERVICE REVENUES					
INPATIENT	$ 1,911,377	$ 1,951,000	$ (39,623)	-2%	$ 1,685,650
SWING BED	$ 361,702	$ 213,000	$ 148,702	70%	$ 286,589
OUTPATIENT	$ 6,757,366	$ 7,569,000	$ (811,634)	-11%	$ 7,068,018
NORTH COAST FAMILY HEALTH CENTER	$ 534,850	$ 509,000	$ 25,850	5%	$ 475,065
HOME HEALTH	$ 135,916	$ 142,000	$ (6,084)	-4%	$ 148,389
TOTAL PATIENT SERVICE REVENUES	$ 9,701,211	$ 10,384,000	$ (682,789)	-7%	$ 9,663,711
DEDUCTIONS FROM REVENUE					
CONTRACTUAL ALLOWANCES	$ (5,229,079)	$ (5,640,000)	$ 410,921	-7%	$ (5,191,525)
POLICY DISCOUNTS	$ (5,199)	$ (12,000)	$ 6,801	-57%	$ (4,914)
STATE PROGRAMS	$ 132,039	$ 100,000	$ 32,039	32%	$ 498,796
BAD DEBT	$ (135,000)	$ (208,000)	$ 73,000	-35%	$ (314,528)
CHARITY	$ (25,221)	$ (50,000)	$ 24,779	-50%	$ (1,248)
TOTAL DEDUCTIONS FROM REVENUES	$ (5,262,460)	$ (5,810,000)	$ 547,540	9%	$ (5,013,419)
NET PATIENT SERVICE REVENUES	$ 4,438,751	$ 4,574,000	$ (135,249)	-3%	$ 4,650,292
OTHER OPERATING REVENUES	$ 141,819	$ 175,000	$ (33,181)	-19%	$ 157,931
TOTAL OPERATING REVENUES	$ 4,580,570	$ 4,749,000	$ (168,430)	-4%	$ 4,808,223
OPERATING EXPENSES					
SALARIES & WAGES - STAFF	$ 1,531,359	$ 1,545,000	$ (13,641)	-1%	$ 1,513,412
EMPLOYEE BENEFITS	$ 697,464	$ 791,000	$ (93,536)	-12%	$ 759,682
PROFESSIONAL FEES - PHYSICIAN	$ 540,482	$ 560,000	$ (19,518)	-3%	$ 528,459
OTHER PROFESSIONAL FEES - REGISTRY	$ 460,916	$ 481,000	$ (20,084)	-4%	$ 648,892
OTHER PROFESSIONAL FEES - OTHER	$ 107,941	$ 118,000	$ (10,059)	-9%	$ 134,582
SUPPLIES - DRUGS	$ 441,700	$ 406,000	$ 35,700	9%	$ 437,517
SUPPLIES - MEDICAL	$ 244,958	$ 252,000	$ (7,042)	-3%	$ 241,807
SUPPLIES - OTHER	$ 96,098	$ 82,000	$ 14,098	17%	$ 64,237
PURCHASED SERVICES	$ 131,133	$ 131,000	$ 133	0%	$ 126,122
REPAIRS & MAINTENANCE	$ 66,778	$ 81,000	$ (14,222)	-18%	$ 86,541
UTILITIES	$ 82,745	$ 70,000	$ 12,745	18%	$ 70,063
INSURANCE	$ 37,263	$ 47,000	$ (9,737)	-21%	$ 40,874
DEPRECIATION & AMORTIZATION	$ 127,156	$ 128,000	$ (844)	-1%	$ 122,541
RENTAL/LEASE	$ 54,585	$ 46,000	$ 8,585	19%	$ 44,499
OTHER EXPENSE	$ 112,191	$ 126,000	$ (13,809)	-11%	$ 166,565
TOTAL OPERATING EXPENSES	$ 4,732,769	$ 4,864,000	$ 131,231	3%	$ 4,985,790
NET OPERATING SURPLUS (LOSS)	$ (152,199)	$ (115,000)	$ (37,199)	32%	$ (177,567)
NON-OPERATING REVENUES (EXPENSES)					
OPERATING TAX REVENUES	$ 65,000	$ 66,750	$ (1,750)	-3%	$ 61,418
INVESTMENT INCOME	$ 4,000	$ 4,000	$ -	0%	$ 1,000
DONATIONS	$ -	$ 27,000	$ (27,000)	-100%	$ -
INTEREST EXPENSE (ALL)	$ (43,233)	$ (54,500)	$ 11,267	-21%	$ (142,776)
EXTRAORDINARY GAINS/(LOSS)	$ -	$ -	$ -	0%	$ -
BOND EXPENSE (ALL)	$ 1,112	$ 1,000	$ 112	11%	$ 1,112
TAX SUBSIDIES FOR GO BONDS	$ 27,716	$ 27,750	$ (34)	0%	$ 27,716
PARCEL TAX REVENUES	$ 133,000	$ 133,000	$ -	0%	$ -
TOTAL NON OPERATING INCOME (LOSS)	$ 187,595	$ 205,000	$ (17,405)	-8%	$ (51,529)
TOTAL NET INCOME (LOSS)	$ 35,396	$ 90,000	$ (54,604)	-61%	$ (229,096)
Operating Margin	-3.3%	-2.4%			-3.7%
Total Profit Margin	0.8%	1.9%			-4.8%
EBIDA	-0.6%	0.3%			-1.2%
Cash Flow Margin	2.9%	4.0%			-2.8%

Statement of Revenue and Expense

MENDOCINO COAST HEALTHCARE DISTRICT

FORT BRAGG, CA

For the month ended October 31, 2018

	YEAR-TO-DATE				
	Actual 10/31/18	Budget 10/31/18	Positive (Negative) Variance	Percentage Variance	Prior Year 10/31/17
GROSS PATIENT SERVICE REVENUES					
INPATIENT	$ 6,950,230	$ 7,741,000	$ (790,770)	-10%	$ 6,902,643
SWING BED	$ 1,039,096	$ 845,000	$ 194,096	23%	$ 868,727
OUTPATIENT	$ 27,834,274	$ 28,249,000	$ (414,726)	-1%	$ 28,492,103
NORTH COAST FAMILY HEALTH CENTER	$ 1,913,031	$ 1,902,000	$ 11,031	1%	$ 2,371,951
HOME HEALTH	$ 476,704	$ 530,000	$ (53,296)	-10%	$ 533,587
TOTAL PATIENT SERVICE REVENUES	$ 38,213,335	$ 39,267,000	$ (1,053,665)	-3%	$ 39,169,011
DEDUCTIONS FROM REVENUE					
CONTRACTUAL ALLOWANCES	$ (20,673,543)	$ (21,327,000)	$ 653,457	-3%	$ (21,795,821)
POLICY DISCOUNTS	$ (32,353)	$ (48,000)	$ 15,647	-33%	$ (47,210)
STATE PROGRAMS	$ 219,039	$ 400,000	$ (180,961)	-45%	$ 844,861
BAD DEBT	$ (529,460)	$ (786,000)	$ 256,540	-33%	$ (515,229)
CHARITY	$ (44,346)	$ (200,000)	$ 155,654	-78%	$ (75,547)
TOTAL DEDUCTIONS FROM REVENUES	$ (21,060,663)	$ (21,961,000)	$ 900,337	4%	$ (21,588,947)
NET PATIENT SERVICE REVENUES	$ 17,152,672	$ 17,306,000	$ (153,328)	-1%	$ 17,580,064
OTHER OPERATING REVENUES	$ 478,453	$ 700,000	$ (221,547)	-32%	$ 767,906
TOTAL OPERATING REVENUES	$ 17,631,125	$ 18,006,000	$ (374,875)	-2%	$ 18,347,970
OPERATING EXPENSES					
SALARIES & WAGES - STAFF	$ 5,867,146	$ 5,940,000	$ (72,854)	-1%	$ 5,854,980
EMPLOYEE BENEFITS	$ 2,871,008	$ 3,042,000	$ (170,992)	-6%	$ 3,037,906
PROFESSIONAL FEES - PHYSICIAN	$ 2,081,477	$ 2,153,000	$ (71,523)	-3%	$ 2,064,505
OTHER PROFESSIONAL FEES - REGISTRY	$ 2,118,023	$ 2,074,000	$ 44,023	2%	$ 2,077,711
OTHER PROFESSIONAL FEES - OTHER	$ 360,012	$ 472,000	$ (111,988)	-24%	$ 381,227
SUPPLIES - DRUGS	$ 1,658,605	$ 1,624,000	$ 34,605	2%	$ 1,592,634
SUPPLIES - MEDICAL	$ 923,374	$ 1,008,000	$ (84,626)	-8%	$ 875,816
SUPPLIES - OTHER	$ 290,073	$ 328,000	$ (37,927)	-12%	$ 271,658
PURCHASED SERVICES	$ 433,931	$ 524,000	$ (90,069)	-17%	$ 488,002
REPAIRS & MAINTENANCE	$ 299,936	$ 324,000	$ (24,064)	-7%	$ 339,625
UTILITIES	$ 304,977	$ 280,000	$ 24,977	9%	$ 258,230
INSURANCE	$ 227,833	$ 188,000	$ 39,833	21%	$ 181,436
DEPRECIATION & AMORTIZATION	$ 508,657	$ 512,000	$ (3,343)	-1%	$ 490,049
RENTAL/LEASE	$ 210,425	$ 184,000	$ 26,425	14%	$ 164,570
OTHER EXPENSE	$ 444,197	$ 504,000	$ (59,803)	-12%	$ 530,848
TOTAL OPERATING EXPENSES	$ 18,599,674	$ 19,157,000	$ 557,326	3%	$ 18,609,195
NET OPERATING SURPLUS (LOSS)	**$ (968,549)**	**$ (1,151,000)**	**$ 182,451**	**-16%**	**$ (261,225)**
NON-OPERATING REVENUES (EXPENSES)					
OPERATING TAX REVENUES	$ 260,000	$ 267,000	$ (7,000)	-3%	$ 245,672
INVESTMENT INCOME	$ 27,318	$ 16,000	$ 11,318	71%	$ 12,460
DONATIONS	$ -	$ 108,000	$ (108,000)	-100%	$ 9,991
INTEREST EXPENSE (ALL)	$ (173,373)	$ (218,000)	$ 44,627	-20%	$ (268,508)
EXTRAORDINARY GAINS/(LOSS)	$ 2,118	$ -	$ 2,118	0.00%	$ -
BOND EXPENSE (ALL)	$ 4,448	$ 4,000	$ 448	11%	$ 4,611
TAX SUBSIDIES FOR GO BONDS	$ 110,864	$ 111,000	$ (136)	0%	$ 110,864
PARCEL TAX REVENUES	$ 532,000	$ 532,000	$ -	0%	$ -
TOTAL NON OPERATING INCOME (LOSS)	$ 763,375	$ 820,000	$ (56,625)	-7%	$ 115,091
TOTAL NET INCOME (LOSS)	**$ (205,174)**	**$ (331,000)**	**$ 125,826**	**-38%**	**$ (146,134)**
Operating Margin	**-5.5%**	**-6.4%**			**-1.4%**
Total Profit Margin	**-1.2%**	**-1.8%**			**-0.8%**
EBIDA	**-2.8%**	**-3.8%**			**1.3%**
Cash Flow Margin	**1.1%**	**0.4%**			**1.3%**

Statement of Revenue and Expense - 13 Month Trend

MENDOCINO COAST HEALTHCARE DISTRICT

FORT BRAGG, CA	*1*	*2*	*3*	*4*	*5*	*6*	*7*
	Actual 10/31/2018	**Actual 9/30/2018**	**Actual 8/31/2018**	**Actual 7/31/2018**	**Actual 6/30/2018**	**Actual 5/31/2018**	**Actual 4/30/2018**
GROSS PATIENT SERVICE REVENUES							
INPATIENT	1,911,377	1,455,829	1,765,957	1,817,067	1,637,141	1,710,663	1,918,063
SWING BED	361,702	97,364	183,436	396,594	218,491	220,196	286,394
OUTPATIENT	6,757,366	6,238,897	8,389,301	6,448,710	7,118,539	7,406,473	6,633,628
NORTH COAST FAMILY HEALTH CEN	534,850	428,398	500,685	449,098	460,370	524,096	426,332
HOME HEALTH	135,916	115,086	111,764	113,938	114,398	142,913	127,248
TAL PATIENT SERVICE REVENUES	9,701,211	8,335,574	10,951,143	9,225,407	9,548,939	10,004,341	9,391,665
DEDUCTIONS FROM REVENUE							
CONTRACTUAL ALLOWANCES	(5,229,079)	(4,512,033)	(6,230,003)	(4,702,428)	(4,882,616)	(5,256,354)	(4,848,733)
POLICY DISCOUNTS	(5,199)	(8,342)	(10,454)	(8,358)	(9,154)	(6,463)	(11,048)
STATE PROGRAMS	132,039	87,000	0	0	0	0	4,332
BAD DEBT	(135,000)	(85,460)	(143,827)	(165,173)	(140,282)	(156,000)	(146,000)
CHARITY	(25,221)	(5,894)	(5,081)	(8,150)	(96,506)	(10,580)	(29,245)
AL DEDUCTIONS FROM REVENUES	(5,262,460)	(4,524,729)	(6,389,365)	(4,884,109)	(5,128,558)	(5,429,397)	(5,030,694)
NET PATIENT SERVICE REVENUES	4,438,751	3,810,845	4,561,778	4,341,298	4,420,381	4,574,944	4,360,971
OPERATING TAX REVENUES	0	0	0	0	0	0	0
OTHER OPERATING REVENUES	141,819	96,496	131,304	108,834	209,313	206,014	158,264
TOTAL OPERATING REVENUES	**4,580,570**	**3,907,341**	**4,693,082**	**4,450,132**	**4,629,694**	**4,780,958**	**4,519,235**
OPERATING EXPENSES							
SALARIES & WAGES - STAFF	1,531,359	1,423,551	1,450,481	1,461,755	1,468,205	1,547,441	1,424,056
EMPLOYEE BENEFITS	697,464	744,099	683,304	746,141	709,468	752,490	735,667
PROFESSIONAL FEES - PHYSICIAN	540,482	463,019	531,274	546,702	477,514	562,637	585,949
OTHER PROFESSIONAL FEES - REGI	460,916	498,128	603,309	555,670	575,451	615,241	603,219
OTHER PROFESSIONAL FEES - OTHE	107,941	90,932	75,301	85,838	96,497	128,543	116,212
SUPPLIES - DRUGS	441,700	347,892	452,113	416,900	302,744	418,903	343,074
SUPPLIES - MEDICAL	244,958	158,867	262,701	256,848	249,974	249,205	310,746
SUPPLIES - OTHER	96,098	69,112	60,665	64,198	85,889	106,722	74,882
PURCHASED SERVICES	131,133	78,668	124,097	100,033	145,486	134,783	184,502
REPAIRS & MAINTENANCE	66,778	75,267	99,133	58,758	65,282	80,652	71,791
UTILITIES	82,745	75,579	72,748	73,905	68,676	73,138	67,452
INSURANCE	37,263	69,640	64,061	56,869	49,203	42,769	49,884
INTEREST	0	0	0	0	0	0	0
DEPRECIATION & AMORTIZATION	127,156	127,169	140,089	114,243	133,809	130,675	139,628
RENTAL/LEASE	54,585	50,857	54,841	50,142	52,701	54,614	64,701
OTHER EXPENSE	112,191	128,277	109,321	94,408	96,024	129,830	157,475
TOTAL OPERATING EXPENSES	**4,732,769**	**4,401,057**	**4,783,438**	**4,682,410**	**4,576,923**	**5,027,643**	**4,929,238**
NET OPERATING SURPLUS (LOSS)	**(152,199)**	**(493,716)**	**(90,356)**	**(232,278)**	**52,771**	**(246,685)**	**(410,003)**
NON-OPERATING REVENUES (EXPENSES)							
OPERATING TAX REVENUES	65,000	65,000	65,000	65,000	61,418	61,418	61,418
INVESTMENT INCOME	4,000	15,318	4,000	4,000	13,404	2,000	2,000
DONATIONS	0	0	0	0	13,859	0	0
INTEREST EXPENSE (ALL)	(43,233)	(43,619)	(42,989)	(43,532)	(43,476)	(44,017)	(44,480)
EXTRAORDINARY GAINS/(LOSS)	0	0	0	2,118	0	0	
BOND EXPENSE (ALL)	1,112	1,112	1,112	1,112	3,337	4,450	
TAX SUBSIDIES FOR GO BONDS	27,716	27,716	27,716	27,716	27,716	27,716	27,716
PARCEL TAX REVENUE	133,000	133,000	133,000	133,000			
NON OPERATING INCOME (LOSS)	**187,595**	**198,527**	**187,839**	**189,414**	**76,258**	**51,567**	**46,654**
TOTAL NET INCOME (LOSS)	**35,396**	**(295,189)**	**97,483**	**(42,864)**	**129,029**	**(195,118)**	**(363,349)**
Operating Margin	**-3%**	**-13%**	**-2%**	**-5%**	**1%**	**-5%**	**-9%**
Total Profit Margin	**1%**	**-8%**	**2%**	**-1%**	**3%**	**-4%**	**-8%**
EBIDA	**-1%**	**-9%**	**1%**	**-3%**	**4%**	**-2%**	**-6%**
Cash Flow Margin	**1%**	**-7%**	**3%**	**-1%**	**6%**	**-1%**	**-5%**

Statement of Revenue and Exp

MENDOCINO COAST HEALTHCARE DIS

FORT BRAGG, CA

	8	9	10	11	12	13
	Actual 3/31/2018	Actual 2/28/2018	Actual 1/31/2018	Actual 12/31/2017	Actual 11/30/2017	Actual 10/31/2017
GROSS PATIENT SERVICE REVENUES						
INPATIENT	2,345,794	1,401,056	2,435,408	2,186,036	1,670,126	1,685,650
SWING BED	146,671	119,614	170,724	170,022	266,001	286,589
OUTPATIENT	7,221,110	6,289,580	7,409,907	6,917,963	6,637,765	7,068,018
NORTH COAST FAMILY HEALTH CEN	471,848	455,403	520,402	490,838	588,523	475,065
HOME HEALTH	134,653	119,436	122,497	99,586	130,336	148,389
TAL PATIENT SERVICE REVENUES	10,320,076	8,385,088	10,658,939	9,864,445	9,292,752	9,663,711
DEDUCTIONS FROM REVENUE						
CONTRACTUAL ALLOWANCES	(5,707,481)	(4,607,106)	(6,399,923)	(6,438,648)	(5,719,682)	(5,191,525)
POLICY DISCOUNTS	(12,931)	(5,306)	(13,975)	(20,568)	(15,988)	(4,914)
STATE PROGRAMS	115,274	115,274	118,562	115,274	115,274	498,796
BAD DEBT	(160,124)	(125,126)	(354,172)	279,795	(483,145)	(314,528)
CHARITY	(454)	(24,611)	(10,203)	(22,110)	0	(1,248)
AL DEDUCTIONS FROM REVENUES	(5,765,716)	(4,646,875)	(6,659,711)	(6,086,258)	(6,103,542)	(5,013,419)
NET PATIENT SERVICE REVENUES	4,554,360	3,738,213	3,999,228	3,778,187	3,189,210	4,650,292
OPERATING TAX REVENUES	0	0	0	0	0	0
OTHER OPERATING REVENUES	155,205	218,356	231,306	225,803	168,405	157,932
TOTAL OPERATING REVENUES	**4,709,565**	**3,956,569**	**4,230,534**	**4,003,991**	**3,357,616**	**4,808,224**
OPERATING EXPENSES						
SALARIES & WAGES - STAFF	1,521,365	1,303,034	1,514,147	1,369,234	1,484,823	1,513,412
EMPLOYEE BENEFITS	714,786	716,454	797,370	755,014	729,710	759,682
PROFESSIONAL FEES - PHYSICIAN	545,248	525,065	561,695	559,939	562,026	528,459
OTHER PROFESSIONAL FEES - REGI	582,688	485,542	566,752	479,436	556,089	648,892
OTHER PROFESSIONAL FEES - OTHE	170,740	182,466	154,099	110,675	87,846	134,582
SUPPLIES - DRUGS	356,336	363,368	335,916	393,037	456,388	437,517
SUPPLIES - MEDICAL	323,152	204,694	308,642	164,061	221,532	241,807
SUPPLIES - OTHER	78,263	115,777	83,697	62,509	83,655	64,237
PURCHASED SERVICES	119,827	125,112	151,991	77,187	150,931	126,122
REPAIRS & MAINTENANCE	81,919	93,613	67,831	87,487	70,457	86,541
UTILITIES	65,622	71,501	66,886	67,351	67,582	70,063
INSURANCE	41,691	42,732	50,516	40,874	42,758	40,874
INTEREST	0	0	0	0	0	0
DEPRECIATION & AMORTIZATION	126,792	125,175	120,319	121,390	123,690	122,541
RENTAL/LEASE	42,232	41,440	41,086	43,288	43,791	44,499
OTHER EXPENSE	134,852	145,370	133,555	124,636	122,062	166,565
TOTAL OPERATING EXPENSES	**4,905,513**	**4,541,346**	**4,954,501**	**4,456,117**	**4,803,342**	**4,985,793**
NET OPERATING SURPLUS (LOSS)	**(195,948)**	**(584,777)**	**(723,967)**	**(452,127)**	**(1,445,726)**	**(177,569)**
NON-OPERATING REVENUES (EXPENSI						
OPERATING TAX REVENUES	61,418	61,418	61,418	61,418	61,418	61,418
INVESTMENT INCOME	12,843	2,000	1,000	10,361	1,000	1,000
DONATIONS	8,076	0	306,915	0	86	0
INTEREST EXPENSE (ALL)	(44,213)	(48,446)	(73,024)	(19,292)	(49,925)	(142,776)
EXTRAORDINARY GAINS/(LOSS)	0	0	63,482	0	0	0
BOND EXPENSE (ALL)	0	0	0	0	1,112	1,112
TAX SUBSIDIES FOR GO BONDS	27,716	27,716	27,716	27,716	27,716	27,716
PARCEL TAX REVENUE						
NON OPERATING INCOME (LOSS)	65,840	42,688	387,508	80,204	41,408	(51,530)
TOTAL NET INCOME (LOSS)	**(130,108)**	**(542,089)**	**(336,459)**	**(371,922)**	**(1,404,318)**	**(229,099)**
Operating Margin	**-4%**	**-15%**	**-17%**	**-11%**	**-43%**	**-4%**
Total Profit Margin	**-3%**	**-14%**	**-8%**	**-9%**	**-42%**	**-5%**
EBIDA	**-1%**	**-12%**	**-14%**	**-8%**	**-39%**	**-1%**
Cash Flow Margin	**0%**	**-10%**	**-4%**	**-6%**	**-37%**	**0%**

Statement of Cash Flows

MENDOCINO COAST HEALTHCARE DISTRICT

FORT BRAGG, CA

For the month ended October 31, 2018

	10/31/2018
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income (Loss)	($205,174)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	508,657
(Increase)/Decrease in Net Patient Accounts Receivable	(741,809)
(Increase)/Decrease in Other Receivables	(1,061,298)
(Increase)/Decrease in Inventories	(11,916)
(Increase)/Decrease in Pre-Paid Expenses	(197,211)
(Increase)/Decrease in Third Party Receivables	1,580,225
Increase/(Decrease) in Accounts Payable	(261,078)
Increase/(Decrease) in Notes and Loans Payable	549,714
Increase/(Decrease) in Accrued Payroll and Benefits	(213,188)
Increase/(Decrease) in Previous Year Pension Payable	0
Increase/(Decrease) in Third Party Liabilities	(71,840)
Increase/(Decrease) in Other Current Liabilities	(203)
Net Cash Provided by Operating Activities:	(125,121)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Property, Plant and Equipment	(59,096)
(Increase)/Decrease in Limited Use Cash and Investments	472,682
(Increase)/Decrease in Other Limited Use Assets	(149,067)
Net Cash Used by Investing Activities	264,519
CASH FLOWS FROM FINANCING ACTIVITIES:	
Increase/(Decrease) in Bond/Mortgage Debt	(63,620)
Increase/(Decrease) in Capital Lease Debt	0
Increase/(Decrease) in Other Long Term Liabilities	109,373
Net Cash Used for Financing Activities	45,753
(INCREASE)/DECREASE IN RESTRICTED ASSETS	8
Net Increase/(Decrease) in Cash	185,159
Cash, Beginning of Period	1,806,804
Cash, End of Period	$1,991,963

Patient Statistics

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended October 31, 2018

Current Month					Year-To-Date			
Actual 10/31/18	Budget 10/31/18	Positive/ (Negative) Variance	Prior Year 10/31/17	STATISTICS	Actual 10/31/18	Budget 10/31/18	Positive/ (Negative) Variance	Prior Year 10/31/17
				Admissions				
10	12	(17%)	12	Critical Care Services	43	48	(10%)	56
48	50	(4%)	57	General	163	199	(18%)	186
58	62	(6%)	69	Subtotal Medical & Surgical Admissions	206	247	(17%)	242
15	8	88%	9	OB	41	32	28%	37
73	70	4%	78	Total Admissions	247	279	(11%)	279
11	11	0%	13	Swing Bed	35	44	(20%)	52
13	8	63%	8	Total Deliveries	33	32	3%	33
				Inpatient Days				
36	42	(14%)	24	Critical Care Services	151	168	(10%)	148
175	175	0%	193	General	602	697	(14%)	666
211	217	(3%)	217	Subtotal Medical & Surgical Inpatient Days	753	865	(13%)	814
32	18	78%	20	OB	91	72	26%	84
243	235	3%	237	Total Inpatient Days	844	937	(10%)	898
99	99	0%	138	Swing Bed	331	396	(16%)	404
32	16	100%	21	Total Newborn Days	75	64	17%	73
				Average Length of Stay				
3.6	3.5	3%	2.0	Critical Care Services	3.51	3.50	0%	2.64
3.6	3.5	4%	3.4	General	3.69	3.50	5%	3.58
3.6	3.5	4%	3.1	Subtotal Medical & Surgical	3.66	3.50	4%	3.36
2.1	2.3	(5%)	2.2	OB	2.22	2.25	(1%)	2.27
3.3	3.4	(1%)	3.0	Total Inpatient (CAH)	3.42	3.36	2%	3.22
9.0	9.0	0%	10.6	Swing Bed	9.46	9.00	5%	7.77
				Avg Daily Census - Hospital				
1.2	1.4	(14%)	0 8	Critical Care Services (4 Beds)	1.2	1.4	(10%)	1.2
5.6	5.6	0%	6.2	General (8 Beds)	4.9	5.7	(14%)	5.4
6.8	7.0	(3%)	7.0	Subtotal Medical & Surgical (12 Beds)	6.1	7.0	(13%)	6.6
1.0	0.6	78%	0.6	OB (3 Beds)	0.7	0.6	26%	0 7
7.8	7.6	3%	7.6	Subtotal Acute (15 Beds)	6.9	7.6	(10%)	7.3
3.2	3.2	0%	4.5	Swing Care (10 Beds)	2.7	3.2	(16%)	3.3
11.0	10.8	2%	12.1	Total Hospital (25 Beds Available)	9.6	10.8	(12%)	10.6
				Emergency Department				
779	803	(3%)	801	Outpatients Treated in ED - Emergent	3236	3180	2%	3,346
44	49	(10%)	54	Patients Admitted from ED	165	195	(15%)	188
823	852	(3%)	855	Total Patients treated in ED	3,401	3375	1%	3,534
				Ambulance Service				
180	169	7%	140	911 - Transports	635	671	(5%)	633
2	1	100%	1	Transfer - Transports	7	4	75%	2
182	170	7%	141	Total Ambulance Transports	642	675	(5%)	635
				Surgery - Cases				
11	19	(42%)	17	Inpatient Cases	49	72	(32%)	69
4	6	(33%)	6	Total Implant Cases	19	23	(17%)	17
199	211	(6%)	214	Outpatient Cases	614	788	(22%)	794
214	236	(9%)	237	Total Surgery Cases	682	883	(23%)	880
				North Coast Family Health Center				
2,975	2,909	2%	2,812	Visits	10,987	10,877	1%	10,587
				Home Health				
549	573	(4%)	553	Visits	2,019	2,142	(6%)	2,186
				Outpatient				
5,468	5,636	(3%)	5,011	Encounters	21,154	21,074	0%	19,917

Key Financial Ratios

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended October 31, 2018

	Year to Date 10/31/2018	BUDGET	Prior Fiscal Year End 06/30/18
Profitability:			
Operating Margin	-5.5%	-3.1%	-8.1%
Total Profit Margin	-1.2%	1.5%	-6.4%
EBIDA	-2.8%	-0.2%	-5.7%
Contractual Allowance % To Gross Charges	57.8%	58.0%	60.5%
Inpatient Gross Revenue Percentage (Hospital)	22.3%	23.3%	22.7%
Outpatient Gross Revenue Percentage (Hospital)	77.7%	76.7%	77.3%
Liquidity:			
Days of Cash on Hand, Short Term	13.3		11.9
Days Cash, All Sources	38.8		40.2
Net Days in Accounts Receivable	42.3		37.0
Hospital Gross Days in AR	64.8		60.6
Cash Flow Margin	1.1%		-4.2%
Days in Accounts Payable	81		76
Current Ratio	1.1		0.9
Capital Structure:			
Average Age of Plant (Annualized)	23.3		22.3
Capital Costs as a % of Total Exp.	3.5%		3.8%
Capital Spend as a % of Annual Depreciation	11.6%		58.0%
Long Term Debt to Net Position	63.5%		69.7%
Debt Service Coverage Ratio	(1.3)		0.3
Productivity and Efficiency:			
Net Patient Service Revenue per FTE	$172,736	$173,393	$167,990
Salary & Benefits Expense per Paid FTE	($87,998)	$104,740	($88,474)
Salary & Benefits as a % of Total Expenses	47.0%	48.1%	46.5%
Salary and Benefits as a % of Net Pat Rev.	50.9%	51.6%	52.7%
Employee Benefits as a % of Salaries	48.9%	49.2%	51.2%
Other Ratios:			
FTE - PRODUCTIVE	228.9		231.0
FTE - NON-PRODUCTIVE	37.8		36.0
FTE - REGISTRY/CONTRACT	31.2		31.8
FTE - TOTAL PAID	297.9	300.0	298.8
Cost To Charge Ratio	48.7%	50.0%	48.7%
Medicare Revenue as a % of Total Revenue	57.6%	56.0%	55.9%
Medi-cal Revenue as a % of Total Revenue	21.2%	22.0%	21.8%
BC/BS Ins Revenue as a % of Total Revenue	14.2%	15.0%	15.0%
Other Ins Revenue as a % of Total Revenue	4.9%	5.0%	5.0%
Self-Pay Revenue as a % of Total Revenue	2.1%	2.0%	2.3%

PUBLIC NOTICE

MENDOCINO COAST HEALTH CARE DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING

THURSDAY, JUNE 28, 2018
4:30 p.m. Closed Session
6:00 p.m. Open Session

MENDOCINO COAST DISTRICT HOSPITAL
Redwoods Room
700 River Drive
Fort Bragg, California 95437

Mendocino Coast District Hospital Mission Statement

MISSION

To make a positive difference in the health of our rural community.

VISION

MCDH will play a vital role in the overall health and well-being of the community, and will be the key element in the healthcare system serving the needs of our community. We will provide leadership to enhance the efficiency, coordination, quality and range of services provided within our rural healthcare system.

MCDH will be the healthcare provider and employer of choice within our community. We will continually address and keep up with technology and superior clinical skills

We will have a positive impact on health by encouraging personal and community responsibility for health and wellness. Our efforts will play a decisive role in people choosing to stay in our community or to locate here.

VALUES

MCDH is committed to providing excellent quality, patient centered, cost effective health care in a caring, safe and professional environment, and serving the community's healthcare needs with current technology and superior clinical skills. We believe in the right to local access to a wide range of excellent quality healthcare services in our rural community. We promote patient safety and satisfaction, and consistently work toward a high level of care with results in our patients recommending us to others and in their returning to us for needed health care.

Every m ember of our healthcare team will play an active, participative role that effectively utilizes the skills and talents of each. People are our most valuable resource. We encourage professional development that will achieve a level of competence and morale that will attract and maintain the highest quality staff. We strive to build partnership with our employees emphasizing mutual respect and mutual success.

I. ROLL CALL

II. CLOSED SESSION

1. ***Information/Action:*** Hardin v. Mendocino Coast District Hospital, U.S. District Court for the Northern District of California, et al., Case No. 3:17-CV-05554, conference with legal counsel. Government Code §54956.9.
2. ***Information/Action:*** Pursuant to §32155 of the Health and Safety Code May Quality Management and Improvement Council Reports
3. ***Information/Action:*** Pursuant to California Government Code §54954.5 and §32155 of the Health and Safety Code Medical Staff Credentials and Privileges Review
4. ***Information/Action:*** Association of California Healthcare Districts' Survey of January, 2017 required by The Joint Commission (TJC). Exempt from public disclosure pursuant to Government Code §6254(s); Evidence Code §1157; and Health & Safety Code §32,155.
5. ***Information/Action:*** Conference with Legal Counsel regarding the Tort government claim of Deborah Sholin. Government Code §54956.9.
6. ***Information/Action:*** Second Amendment to Emergency Department Physician's Services Agreement with Premier Emergency Physicians of California Medical Group. Government Code §54957
7. ***Information/Action:*** Proposed termination of Summit Pain Alliance (Summit) Agreement with MCDH, pertaining to potential litigation regarding contractual dispute. Government Code §54956.9.

8. ***Information/Action:*** Appointment of Chief Nursing Officer by Board of Directors. Personnel matter. Government Code §54957

III. 6:00 P.M. OPEN SESSION CALL TO ORDER– STEVE LUND, PRESIDENT

IV. ROLL CALL

V. REPORT ON CLOSED SESSION MATTERS

1. Conference with Legal Counsel regarding Hardin v. Mendocino Coast District Hospital — ***Information/Action***
2. May Quality Management and Improvement Council Report — ***Information/Action***
3. Medical Staff Credentials and Privileges Report — ***Information/Action***
4. Board Self Evaluation — ***Information/Action***
5. Conference with Legal Counsel regarding Claim of Deborah Sholin — ***Information/Action***
6. 2nd Amendment to Emergency Departments Physician Services — ***Information/Action***
7. Proposed termination of Summit Pain Alliance Agreement with MCDH — ***Information/Action***
8. Appointment of Chief Nursing Officer — ***Information/Action***

VI. PUBLIC COMMENTS

This portion of the meeting is reserved for persons desiring to address the Board of Directors on any matter over which the District has jurisdiction. You must state your name and address for the record. Time is limited to 3 minutes with a 20-minute total time limit for all comments. The Board of Directors can take no action on your presentation, but can seek clarification to points made in your presentation or comments.

BROWN ACT REQUIREMENTS: *Pursuant to the Brown Act, the Board of Directors cannot discuss issues or take action on any requests during this comment period.*

VII. REVIEW OF THE AGENDA — ***Action***

VIII. BOARD COMMENTS — ***Information***

IX. APPROVAL OF CONSENT CALENDAR — ***Action***

The following items are considered routine and non-controversial by Hospital Staff. Consent items may be approved by one motion if no member of the Board or audience wishes to comment or ask questions. If comment or discussion is desired, the item will be removed from the Consent Agenda and will be considered under new business

1. Approval of Board of Directors meeting minutes of May 31, 2018 — Tab 1
2. Approval of Alysoun Huntley Ford Fund Draw – there were no requests

X. NEW BUSINESS

1. Strategic Plan Update: Bob Edwards, CEO — Tab 2 — ***Action/Information***
   - Parcel Tax
   - Six (6) new Focus Areas
   - Community Health Improvement
   - First Quarter, IQM Scorecard 2018
2. Hospital 47th Birthday — ***Action/Information***
3. Finance Committee Report: Mr. Mike Ellis, CFO — Tab 3 — ***Action/Information***
   - Operations Budget
   - Capital Budget

XI. OLD BUSINESS

1. None

XII. REPORTS

- CEO Report: Mr. Bob Edwards, CEO — *Information*
- Medical Staff Appointments/Report: Dr. John Kermen — Tab 4 — *Action/Information*

A. Re-Appointments to Medical Staff

1. Zoe Berna, MD –Department of Medicine-Family Practice-NCFHC

B. Temporary Privileges

1. Scott Fisher, MD –Department of Medicine-Pediatrics (July 11-18; July 25-Aug 3; Aug 17-24; Sept 7-17; Oct 12-22, 2018)

C. Temporary Privileges: Allied Health Professional Category

1. Melissa Baxter, CRNA –Department of Surgery-Anesthesia (June 21-27; July 25-Aug 1; Sept 23-30; Oct 8-17; Oct 22-31, 2018)

D. Release from Provisional Status & Proctoring/Advance to Active Status

1. Tareq Ali, MD –Department of Medicine- Emergency Department
2. Rajwinder Bahia, MD –Department of Medicine- Hospitalist Service
3. Maher Danhash, MD –Department of Medicine- Family Practice-NCFHC
4. Sandra Fleming, MD –Department of Medicine- Family Practice-NCFHC
5. David Irvine, MD –Department of Medicine- Emergency Medicine
6. Henna Kalsi, MD –Department of Medicine- Hospitalist Service
7. Kelly King, MD –Department of Medicine- Hospitalist Service
8. William Miller, MD –Department of Medicine- Hospitalist Service & Emergency Department
9. Eleanor Oakley, MD –Department of Medicine- Emergency Department
10. Christopher Ryan, MD –Department of Medicine- Hospitalist Service

E. Release from Proctoring- Temporary Privileges/Locums Tenens

1. Scott Fisher, MD –Department of Medicine-Pediatrics

F. Appointment to VRad Tele-Radiology Physicians

1. David Milikow, MD

- Chief Nursing Officer Report: Ms. Lynn Finley — Tab 5 — *Action/Information*
- Planning Committee Report: Mr. Steve Lund — *Action/Information*
- JPA Report: Mr. Steve Lund — *Action/Information*
- Association and Community Service Reports — *Action/Information*

XIII. Public Comments

This portion of the meeting is reserved for persons desiring to address the Board of Directors on any matter over which the District has jurisdiction. You must state your name and address for the record. Time is limited to 3 minutes. The Board of Directors can take no action on your presentation, but can seek clarification to points made in your presentation or comments. Any person desiring to speak on an agenda item will be given an opportunity to do so prior to the Board of Directors taking action on the item.

BROWN ACT REQUIREMENTS: *Pursuant to the Brown Act, the council cannot discuss issues or take action on any requests during this comment period.*

XIV. ADJOURNMENT

**** THIS DOCUMENT WILL BE PROVIDED AT THE MEETING.***

All disabled persons requesting disability related modifications or accommodations, including auxiliary aids or service may make such request in order to participate in a public meeting to Gayl Moon, Secretary to the Board of Directors, 700 River Drive, Fort Bragg, CA 95437, no later than 72 hours prior to the meeting that such matter be included on that month's agenda.

*Per District Resolution, each member of the Public who wishes to speak shall be limited to three minutes each per agenda item. Please identify yourself prior to speaking. Thank you.

TAB 1

BOARD OF DIRECTORS MEETING
HOSPITAL REDWOODS ROOM
THURSDAY, MAY 31, 2018
MINUTES

The Board of Directors of the Mendocino Coast Health Care District met in CLOSED session at 4:30 pm in the Redwoods Room, Steve Lund, Chair presiding

PRESENT: Mr. Lund, Dr. Glusker, Ms. Bruning, Dr. Miller
Mr. John Ruprecht, Legal Counsel
Mr. Bob Edwards, CEO
Mr. Mike Ellis, CFO
Gayl Moon, Executive Assistant

1. **CALL TO ORDER:**
   OPEN Session of the Board of Directors of the Mendocino Coast Health Care District convened at 6:00 p.m. in the Redwoods Room, Steve Lund, Chair presiding

2. **ROLL CALL:**
   PRESENT: Dr. Kevin Miller, Ms. Kitty Bruning, Mr. Steve Lund, Dr. Peter Glusker
   Board Members

   BOARD MEMBERS ABSENT: None

   ALSO PRESENT:
   Mr. John Ruprecht, Legal Counsel
   Mr. Bob Edwards, Chief Executive Officer
   Mr. Mike Ellis, Chief Financial Officer
   Ms. Gayl Moon, Executive Assistant

3. **CLOSED SESSION MATTERS:**
   The Board of Directors reviewed the following items in closed session:

   1. ***INFORMATION/ACTION:*** Hardin v. Mendocino Coast District Hospital, U.S. District Court for the Northern District of California, et al., Case No. 3:17-CV-05554, conference with legal counsel. Government Code §54956.9
      - The Board received an update from legal counsel

   2. ***INFORMATION/ACTION:*** Pursuant to §32155 of the Health and Safety Code April Quality Management and Improvement Council Reports
      - The Board approved the April Quality Management and Improvement Council Report

   3. ***INFORMATION/ACTION:*** Pursuant to California Government Code §54954.5 and §32155 of the Health and Safety Code Medical Staff Credentials and Privileges Review
      - There was no report.

   4. ***INFORMATION/ACTION:*** Association of California Healthcare Districts' Survey of January, 2017 required by The Joint Commission (TJC). Exempt from public disclosure pursuant to Government Code §6254(s); Evidence Code §1157; and Health & Safety Code §32,155.
      - The Board tabled this item until the July Agenda.

   5. ***Information/Action:*** Public Employment: To review and approve Professional Services Agreement Amendment for Dr. Jason Kirkman Government Code §54954.5 & 54957
      - The Board approved the Professional Services Agreement Amendment with Dr. Kirkman

PUBLIC COMMENTS

- There were no public comments.

4. **REVIEW OF THE AGENDA**
   - There was a change to item #2b should say "Reappointments to Medical Staff", not "Appointments to Medical Staff.

5. **BOARD COMMENTS**
   - There were no Board comments.

6. ***ACTION:* APPROVAL OF CONSENT CALENDAR: MR. STEVE LUND, PRESIDENT**
   1. Minutes: Regular Session, April 26, 2018
   2. Alysoun Huntley Ford Fund Draw – There were no requests
   3. Policies and Procedures Tab 2
      MCDH Public Records Request, Form
      Bereavement Leave
      Timecards –Non-Bargaining Unit Employees
      Money Purchase Pension Plan
   - The Public Records Request Form is not mandatory when requesting public records.

   MOTION: To approve the Consent Calendar
   - Glusker moved
   - Miller second
   - Roll call
     - Ayes: Lund, Glusker, Bruning, Miller
     - Noes: None
     - Absent: None
     - Abstain: None
   - Motion carried

7. ***ACTION/INFORMATION:* ACCEPTANCE OF RESIGNATION OF DR. LUCAS CAMPOS FROM BOARD OF DIRECTORS AND REPLACEMENT OF BOARD MEMBER PROCESS: MR. STEVE LUND, CHAIR**

   MOTION: To accept the resignation of Dr. Campos from the Board of Directors
   - Bruning moved
   - Glusker second
   - Roll call
     - Ayes: Miller, Glusker, Lund, Bruning
     - Noes: None
     - Absent: None
     - Abstain: None
   - Motion carried

   The Board decided to interview and appoint someone to replace Dr. Luke Campos until the November election, rather than have a special election.

   MOTION: To choose the interview/appointment process rather than have a special election
   - Glusker
   - Bruning
   - Roll call
     - Ayes: Bruning, Miller, Glusker, Lund
     - Noes: None
     - Absent: None
     - Abstain: None
   - Motion carried

   Interested applicants need to submit their letters of interest and resumes to the Board by the June 30 deadline. The Board will have a Special Board meeting on Monday, July 16 at 5:00 pm in the Redwoods Room at which time they will interview and appoint a community member to replace Dr. Luke Campos until the November election.

Each candidate will have 2 minutes to make an opening statement. There will be a set of 5 questions and each applicant will have 2 minutes to respond to each question; each applicant can make a 2 minute closing statement.

The Board decided that each Board Member will be given a ballot; each Board Member will select their top 3 candidates. Mr. Edwards and 2 community members will total the ballots. The candidate with the most points will be appointed.

MOTION: To appoint a community member to replace the Board vacancy until the November election, and to vote by ballot

- Glusker moved
- Bruning second
- Roll call
  - Ayes: Bruning, Lund, Miller, Glusker
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

8. ***ACTION/INFORMATION:*** **ALL ACCESS TRANSFER AGREEMENT FOR AIRLIFT AND/OR AMBULANCE: MS. LYNN FINLEY**
   - Three (3) contracts were reviewed to compare their services in order to determine which could provide the best value to the Hospital. The Hospital currently uses All Access, and after much comparison, has decided to stay with All Access.

9. ***ACTION/INFORMATION:*** **CANNON/CARESTREAM RADIOLOGY: MR. BOB EDWARDS, CEO**
   - This contract is for digital radio graphing. This image uses 2 to 3 times less radiation, so the safety factor is very great.
   - Mr. Edwards recommended acquiring this equipment for $69,000; accident protection for the first year for $3,700; service will be $26,000; "*drop coverage*" will be $18, 000 for a total of $114,466 for five (5) years.

MOTION: To accept the Cannon/Carestream Radiology Contract

- Bruning moved
- Glusker second
- Roll call
  - Ayes: Glusker, Miller, Bruning, Lund
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

11. ***INFORMATION:*** **CEO REPORT: MR. BOB EDWARDS, CEO**
    - Colene Hickman has started working at MCDH as the permanent Revenue Cycle Director.
    - Brenda Kohler has started working at MCDH as the permanent Revenue Cycle Integrity Manager.
    - Mark Reynolds has been hired as the full-time Registration Service Manager.
    - Mr. Edwards thanked Clara Slaughter for taking the position of Interim Practice Manager for NCFHC.
    - Mr. Edwards showed a new MCDH video regarding the OB Department. The video will be put on the MCDH web-site as well as facebook.
    - The Meditech contract will be brought before the Board in July.
    - Partnership of California recognized MCDH for exceptional performance in the Hospital Quality Improvement Program.

12. ***ACTION/INFORMATION:*** **FACILITY PROJECTS REPORT: MS. NANCY SCHMID**

The final HELP II documents will be signed mid-June. A Special Board meeting will take place on Monday, June 11 at 4:00 pm for the Board to approve the final HELP II Loan documentation and resolution.

- **Nurse Call System**
  - ❖ The final costs will be submitted to OSHPD and Nurse Call is complete.
- **Telemetry**
  - ❖ This project will be complete very soon.
- **HVAC**
  - ❖ The wires need to be rerouted and the Hospital is working with the City of Fort Bragg to make this happen.
- **ATS**
  - ❖ Issues with the generator and the cement pad are currently being worked on. Ms. Schmid will get the costs to correct these problems to the Board.
- **Water Heater Repair**
  - ❖ This project is complete.
- **Water Heater Emergency Project**
  - ❖ Waiting for OSHPD re-approval; it has to be complete within thirty (30) days.

13. ***INFORMATION/ACTION:*** **MEDICAL STAFF: DR. JOHN KERMEN**

A. Appointments to Medical Staff-Provisional Status

1. Christopher Robshaw, MD –Department of Medicine-Pediatrics
2. Evan Wythe, MD – Department of Medicine-Emergency Medicine

MOTION: After careful consideration recommend approval of Appointments to Medical Staff-Provisional Status for Christopher Robshaw, MD: Evan Wythe, MD

- Glusker moved
- Bruning second
- Roll Call
  - ➢ Ayes: Miller, Bruning, Lund, Glusker
  - ➢ Noes: None
  - ➢ Absent: None
  - ➢ Abstain: None
- Motion carried

B. Re-Appointments to Medical Staff

1. John Kermen, DO –Department of Surgery-Anesthesiology
2. Hong Luo, MD –Department of Medicine-Pathology
3. Steve Mertens, MD –Department of Medicine-Pathology
4. Michael Murphy, MD –Department of Medicine-Nephrology
5. Russell Perry, MD –Department of Medicine-Radiology

MOTION: After careful consideration recommend approval of Re-Appointments to Medical Staff for John Kermen, DO: Hong Luo, MD: Steve Mertens, MD: Michael Murphy, MD: Russell Perry, MD

- Bruning moved
- Glusker second
- Roll Call
  - ➢ Ayes: Lund, Glusker, Bruning, Miller
  - ➢ Noes: None
  - ➢ Absent: None
  - ➢ Abstain: None
- Motion carried

C. Re-Appointments to Allied Health Professional Category of the Medical Staff

1. Phillip Conwell, CRNA –Department of Surgery-Anesthesiology
2. Tracy Riddle, CRNA –Department of Surgery-Anesthesiology

MOTION: After careful consideration recommend approval of Re-Appointments to Allied Health Professional Category of the Medical Staff for Phillip Conwell, CRNA: Tracy Riddle, CRNA

- Bruning moved
- Glusker second
- Roll Call
  - Ayes: Miller, Glusker, Lund, Bruning
  - Noes: None
  - Abstain: None
  - Absent: None
- Motion carried

D. Temporary Privileges

1. Kimberly Kilgore, MD –Department of Medicine-Pediatrics (May 31-June 6, 2018)

MOTION: After careful consideration recommend approval of Temporary Privileges for Kimberly Kilgore, MD

- Bruning moved
- Glusker second
- Roll Call
  - Ayes: Bruning, Miller, Glusker, Lund
  - Noes: None
  - Abstain: None
  - Absent: None
- Motion carried

E. Release from Provisional Status & Proctoring/Advance to Active Status

1. John Hau, MD - Department of Surgery-Interventional Pain Medicine
2. Mandaar Gokhale, MD –Department of Medicine-Emergency Medicine
3. Juliet LaMers, MD –Department of Medicine-Emergency Medicine
4. Richard Leach, MD –Department of Medicine-Emergency Medicine
5. Irais Leon, MD –Department of Medicine-Emergency Medicine
6. Robert Pollard, MD –Department of Medicine-Emergency Medicine

MOTION: After careful consideration recommend approval of Release from Provisional Status & Proctoring/Advance to Active Status for John Hau, MD: Mandaar Gokhale, MD: Juliet LaMers, MD: Richard Leach, MD: Irais Leon, MD: Robert Pollard, MD

- Bruning moved
- Glusker second
- Roll Call
  - Ayes: Bruning, Lund, Miller, Glusker
  - Noes: None
  - Abstain: None
  - Absent: None
- Motion carried

F. Release from Proctoring-Allied Health Professional Category

1. Lilo Fink, DNP –Department of Medicine-Family Practice-NCFHC

MOTION: After careful consideration recommend approval of Release from Proctoring for Lilo Fink, DNP

- Bruning moved
- Glusker second
- Roll Call
  - Ayes: Glusker, Miller, Bruning, Lund
  - Noes: None
  - Abstain: None

- Absent: None
- Motion carried

G. Re-Appointment to VRad Tele-Radiology Physicians

1. Jason DiPoce, MD
2. Katen Devae, MD

MOTION: After careful consideration recommend approval of Re-Appointment to VRad Tele-Radiology Physicians for Jason DiPoce, MD: Katen Devae, MD

- Bruning moved
- Glusker second
- Roll Call
  - Ayes: Miller, Bruning, Lund, Glusker
  - Noes: None
  - Abstain: None
  - Absent: None
- Motion carried

Mr. Lee thanked Mendocino Coast Clinic for recruiting Pediatrician Dr. Robshaw. He will cover call ten (10) days per month which will save the Hospital a considerable amount of money.

14. ***ACTION/INFORMATION:*** **CHIEF NURSING OFFICER REPORT: MS. LYNN FINLEY**

- Refer to the attached report as part of these minutes.

15. ***ACTION/INFORMATION:*** **PLANNING COMMITTEE REPORT: MR. STEVE LUND**

- The Planning Committee did not meet. There was no report.

16. ***ACTION/INFORMATION:*** **STATISTICAL/FINANCE REPORT, APRIL 2018: MR. MIKE ELLIS, CFO**

April Summary

- Cash decreased because payments from insurance companies were temporarily delayed in the month of April. Board Designated Funds were below targeted balances because of participating in California IGT grants (once the grant process is completed, Board Designated Funds will return to the targeted balance).
- April's net patient revenues of $4.4 million were $199,000 or 4.8% above budget, and $193,000 below April 2017. The month's total operating expenses of $4.9 million were $288,000 or 6.2% above budget. April had a net operating loss of $410,000 that was $133,000 more than the $277,000 budgeted loss.
- Including April's non-operating revenues and expenses the actual total net loss was $363,000.
- Fiscal YTD (ten months) is a total net loss of $3.3 million compared to the budgeted total net income of $116,000. The largest budget variances are the line items: net patient revenues $1.2 under budget, physician professional fees $.9 million over budget, and other professional fees $.6 million over budget.

MOTION: To approve the Finance and Statistical Report for April 2018

- Bruning moved
- Miller second
- Roll call
  - Ayes: Bruning, Miller, Glusker, Lund
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

18. ***INFORMATION:*** **ASSOCIATION AND COMMUNITY SERVICE REPORTS**

- There were no Association and Community Service Reports.

19. **PUBLIC COMMENTS:**
    - There were no public comments.

20. **ADJOURN:**
    Meeting adjourned at 7:00 pm

Peter Glusker, MD, Secretary Board of Directors	Gayl Moon, Secretary to the Board of Directors

TAB 2

1. Quality/Delivery of Care

Goal: **The Hospital District performs high quality of care.**

Strategies: **Use reviews and inspections by regulatory and accreditation entities to ensure MCDH is maintaining and improving the quality of its services. Share results with patients and the community.**

		Exec. Sponsor	Result
Meet or exceed Accreditation, Regulatory Review, Quality Bonus, Quality Incentive and Inspection standards	Joint Commission, 2nd or 3rd quarter 2018 (see below)	Finley	On May 21, 2018 Lynn Finley, CNO, completed the application process with Joint Commission via a scheduled phone call. As a result, our window is now open for survey anytime between now and October 2018. The Joint Commission will notify us on their day of arrival by way of an email that day at 7 am.
	CDPH, California Department of Public Health, Ongoing, Unannounced	Schmid	
	PRIME, Annual, July 2018	Slaughter	
	CMS, Centers for Medicare and Medicaid Services, Ongoing, Unannounced	Schmid	
	ACHD, Association of California Healthcare Districts, Board Self Evaluation April 2018	Lund	
	NRC Health (HCAHPS) (Patient Experience Survey, Quarterly)	Lee	
Upgrade the Electronic Health Record (E H R) to improve business office performance, revenue cycle data, patient data flow, physician engagement, staff productivity, and progress with National Meaningful Use Standards. Implement a robust, single platform Electronic Health Record for all District entities	Choose Vendor (currently MediTech is the chosen provider)	Finley/Turner	MediTech was selected as the vendor of choice in a number of categories: • Financial – upfront costs were the cheapest of other vendors that were reviewed. • Consistency – Meditech Magic is currently implemented at the hospital as one aspect of our EHR; our financial data as well as our ADR (Admission/Discharge/Registration) data will flow seamlessly to the new product. • Physician Satisfaction – Physicians were impressed with the product demos and the ability to unify both the Ambulatory and Hospital patient records.
	Down payment and contract approval, Contract approval May 18, Down Payment Sept 18	Ellis	• This will be on the June 28th Board agenda.

	Implementation periods for MCDH; NCFHC; Out Patient Clinics; Home Health , Jan. 19 to July 19	Finley/Turner	
	Evaluate improvements related to EHR implementation, Oct 19 NOTE: Electronic Health Record improves Quality of Care by furnishing data in the Plan, Do, Study, Act phases of Performance Improvement. PI processes need data mining. E H R also quickly improves transparency in sharing information between providers, care givers, and patients. E H R systems offer faster collection of safety metrics over human collection and entry. E H R systems on a single platform cause patient infor be in easy identifiable locations. E H R systems assist in improving patient revenue cycle practices.	Finley/Turner	

2. Financial/Fiscal Solvency

Goal: **Adequately fund ongoing operations and capital improvements in order to support advancements in the care provided.**

Strategy: **Stabilize operational funding through a parcel tax or other means.**

Improve the Revenue Cycle processes through recruiting full-time, permanent employee talent into the positions that support the Finance Department and the Revenue Cycle Departments*.

		Executive Sponsor	Results
Stabilize operational funding	Build support for measures that will assist the Hospital by providing information to regarding Hospital finances, management and strategic plans, Jan 19	Ellis	
Improve Finance and Revenue Cycle Departments	Purchasing Manager, hire permanent position Permanent Revenue Cycle Director hired Insurance Denial Lead position, hired Integrity Lead, for claim completeness, hired 2 additional patient account billers hired May 2018	Ellis	• Currently recruiting for the Purchasing Manager position. • All other positions have been hired.
Evaluate ROI on 10 key services	Contract with subscription service to externally extrapolate department ROI (Return on Investment), and determine economic benefit to facility and/or need for negotiating funding from payers, May 2018, start service with first actions July 2018	Edwards/Ellis	
RFP, Expert Legal Counsel to negotiate best pay from third party payers, once we have 'need' determined, as mentioned in ROI	Begin negotiation process on payer reimbursement, August 18, with results in late 2019	Edwards/Ellis/ Legal	We have advertised in the following publications: • The San Francisco Recorder which is strictly a legal newspaper publication • Posted an Ad on the California Society of Healthcare Attorneys Job Board • California Healthcare Attorneys Jobs (this is a different publication than the "CSHA") • Posted on the American Health Lawyers Association. • Ad on the ACHD (Association of California Healthcare Districts)

			In addition, 9 RFP (Request for Proposal) have been sent out to Law firms in California that might have an interest in providing Legal Services.
RFP, In House Legal Services	In House Legal due to retirement of Mr. Ruprecht, or Legal support from existing group, from outside the area, May 2018	Edwards/ Camp	Recruitment in progress.

*(Revenue cycle is defined by HFMA as "All administrative and clinical functions that contribute to the capture, management, and collection of patient service revenue." Elements of Revenue Cycle include: Scheduling and Pre-Registration; Point of Service Registration, Counseling and Collections; Encounter Utilization Review and Case Management; Charge Capture and Coding; Claim Submission; Third Party Follow Up; Remittance Processing and Rejections; Payment Posting, Appeals and Collections.

3. Physical Plant/Facilities

Goals: **Modernize the physical plant to meet or exceed OSHPD seismic standards.**

Develop processes, and income to meet 2030 earthquake standards for all required elements of the hospital.

Strategies: Complete upgrades to achieve 90% compliance with known facility improvements.

Develop a financial feasibility strategy to address hospital building requirement for remodeling or replacement of facility.

		Executive Sponsor	Results
Perform Current Facility improvements	OR HVAC, Operating Room Air Balance, Humidity, Temperature control units. Nov 2018	Schmid	• Construction start is delayed while funding was obtained from HELP Loan. • On Thursday, June 21, 2018 there is a meeting to set a timeline, notice to proceed, order equipment and set date for shovels in the ground. • I expect but cannot confirm the date of July 16, 2018 that construction will begin until the meeting occurs. • There may be a change order as a possible alternative route is explored to go through the ground instead of the Cat walk above the hospital. • The objective will be to complete the project by the end of December.
	ATS, Automatic Transfer Switch, to switch between electric power and generator electric power Nov 2018	Schmid	• Construction start is delayed while funding was obtained from HELP Loan. • On Thursday, June 21, 2018 there is a meeting to set a timeline, notice to proceed, order equipment and set date for shovels in the ground. • I expect but cannot confirm the date of July 16, 2018 that construction will begin until the meeting occurs. • The ATS will take about 4 months from order date to be built. Other work will proceed while the ATS is built. • The objective will be to complete the project by the end of December

	Nurse Call System. Nurse Call System upgrade and installed in required locations in facility. August 2018	Schmid	• The project is complete • A final cost and explanation of increased cost will have to be filed with OSHPD to close the project.
	Emergency Hot Water Tank and Heater, in Emergency Room location needs replacement. Nov 2018	Schmid	• The project will start in July and should be finished by the end of July.
	Parking Lot, repair and resurfacing, to occur in three stages, May 18 to Oct 18	Schmid	• The project is unfunded. • We will fill potholes until MCDH finds a way to fund this project
Identify ongoing facility improvement needs through key stakeholders	Planning Committee, Medical Staff, Employees, Senior Leadership Team, CEO, OSHPD, CDPH, Quality Review Reports (QRR), and Board of Directors review/identify at regular meetings, Bi-Monthly or as Discovered	Edwards & Planning Chair	• On a Bi-Monthly basis the Board will review and identify (as Discovered) facility improvement needs. We will put this Item on the June 2018 Board Agenda • At this time, the CEO or his direct reports have requested facility improvement needs through the following stakeholders: Medical Staff; Employees; Senior Leadership Team; QRR (Quality Reports). • This is also a place holder for the Planning Committee to provide input: And this space will record that he Planning Committee Meeting for June 19, 2018 learned _____. • The Medical Staff and QRR's did identify the need to find a replacement or identify the relocation of Cardiopulmonary Services Department.
Establish a Future Hospital Building Plan that addresses seismic issues and appropriate hospital size/function for c community, within an affordable range.	Geotechnical Soil Analysis, Core Samples of surface to bedrock in multiple locations on campus. Core Samples under existing building and in open area of campus, to determine if present location is better location for building seismic upgrades. Oct 2018	Schmid	• The company has asked for changes. • I've submitted to John Ruprecht to address.
	Architectural Firm RFP. Firm will lead dialogue with stakeholders on plan for seismic upgraded facility. Moneys to pay for this may exceed one million dollars. Prepare and send out to appropriate Architects after Parcel Tax approval. Expect RFP approval and selection by Board in Nov 2018 for RFP.	Schmid	

4. People/Physician, Nursing and Support Staffing

Goals: **Increase the percentage of physicians, nurses and support staff who are permanent residents of the District, and stabilize other staffing as necessary.**

Strategies: Analyze the need to adjust wages and other incentives to recruit for hard-to-fill positions.

		Executive Sponsor	Results
Wage adjustments	Negotiate with labor union, June 2018	Camp/Edwards	Both MCDH and the Union have agreed to extend the Current Memorandum of Understanding indefinitely Beyond the current expiration date of the Agreement, June 30, 2018. Initial Union negotiations will begin On Wednesday and Thursday, July 25 & 26 to be held At MCDH.
	Adjust wages and benefits from the 25th percentile to the 75th percentile of compensation ranges for selected positions, June 2018	Camp	Will be discussed as part of upcoming Union Negotiations.
Recruitment and Retention	Deploy best practices in Health Care Industry to sustain workforce. Best practices may include: Performance incentives; succession planning; assisting with affordable housing; eliminating bully behaviors; benefit selection, Work Place Culture that supports Teamwork. Feb 2018	Camp	
	Establish Registry personnel comparative metric, by department(s) comparing MCDH with local, area, and state metrics. After metrics are determined, establish and set up a department(s) standard for Registry staff within each major employee (department) group. Feb 2019	Camp	

*Market includes Northern California, North Bay, Northern Rural California, Facilities with $50M to $100M income that have over 315 employees. Consider services, differentials for CAH: Rural Health Clinic, Ambulance, Home Health, Hospice and Thrift Store, Oncology, Anesthesiology, Pain Specialists, Nephrologists, Orthopedics, Family Medicine Academic Setting, Ophthalmology, Non-Invasive Cardiology Services.

5. Community Engagement/Involvement

Goal: **Increase both the utilization of hospital facilities and community identification, loyalty and investment in the Hospital.**

Strategies: **Utilize a variety of strategies including Board Committees, public meetings, forums and presentations to community groups to regularly communicate with the public regarding hospital financing (e.g., Parcel Tax, bonds) and strategic planning (including desired services, facility retrofit/replacement).**

		Executive Sponsor	Results
Community engagement in funding strategies	Engage the community (press, speakers, etc.) regarding the benefits of a District Parcel Tax (within the legal parameters for lobbying) J June 5, 2018 or Nov 6, 2018	Edwards & Parcel Tax Community Committee	The June 5, 2018 ballot had Measure C to support key services and recruit and retain physicians. The use of a community survey was done to establish a $144 per parcel tax rate. Outreach efforts to civic clubs, community meetings, and special groups were done by Hospital Staff and Steve Lund, Board Chair to inform the community. A Community Committee to support and organize the voting effort was done by community members and volunteers. This committee advertised in the media, did door to door campaigning in Fort Bragg, made voter registration list phone calls, distributed signs, and engaged the community about the importance of Measure C. The election of June 5, 2018 has not been certified. At this date, over 2700 ballots have been counted and over 5100 ballots are left to be tabulated and certified. State law requires the election to be certified within 28 days of the election. We all recognize a 66.7% vote is a steep hill.
Community engagement in facility strategies	Implement systems to receive community, employee, medical staff, Architect, State of California for design build, OSHPD input into the strategic planning process, especially as it relates to the required retrofit/replacement of the facility.	Edwards/ Schmid	
	Continue a robust community dialogue regarding financing future facility retrofit/replacement (bond measures). After parcel tax positive vote, RFP Architect, Engineering	Edwards/ Board of Directors	

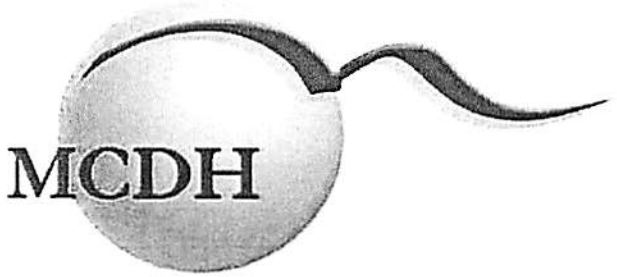
6. Governance

Goal: **Have a District Board that continues to provide the leadership and vision required to guide healthcare delivery over the next two decades.**

Strategy:

		Executive Sponsor	Results
Provide Board members with the information, skills and knowledge needed to be effective. Support a leadership team philosophy.	Develop and implement a plan for board education and development, Nov 2018	Board Chair person	
Prepare for Board Elections, Nov. 2018	Work with the League of Women Voters to inform potential members of board duties and responsibilities, June 2018 to Oct 2018	Edwards	CEO and Board Chair reached out to Ms. Sharon Gilligan, League of Women Voters liaison to MCDH about this tactic. In addition, CEO reached out to League of Women Voters to assist with July 16, 2018 interview of Board Candidates. Assistance would include: Naming a reader (Moderator) of questions to the individual Board Candidates; Collecting appropriate questions from the current MCDH Board members, and keeping those questions confidential; keeping candidate responses to the policy limit (2 minutes); being one of the public who count ballot results with the CEO
	Revise Bylaws, Policies, Ethics Standards, Conduct Standards, Board member job description, Dec 2018	Board Chair person	
Review and refine the organization's Mission, Vision and Values	Review and refine the Organization's Mission, Vision and Values	Newly elected Board to review and consider changes to our Mission, Vision and Values statements.	

TAB 3



MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA

Unaudited Financial Statements

for

For the month ended May 31, 2018

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended May 31, 2018

TABLE OF CONTENTS

MENDOCINO COAST HEALTHCARE DISTRICT

EXECUTIVE FINANCIAL SUMMARY

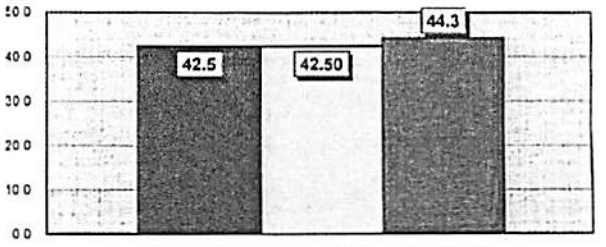
For the month ended May 31, 2018

BALANCE SHEET	5/31/2018	6/30/2017
ASSETS		
Current Assets	$11,648,159	$13,880,481
Assets Whose Use is Limited	4,850,809	5,584,672
Property, Plant and Equipment (Net)	14,656,041	15,207,783
Total Unrestricted Assets	**31,155,009**	**34,672,936**
Total Assets	**$31,155,009**	**$34,672,936**
LIABILITIES AND NET ASSETS		
Current Liabilities	$12,479,357	$11,042,656
Long-Term Debt	13,361,606	14,826,981
Total Liabilities	**25,840,963**	**25,869,637**
Net Assets	5,314,046	8,803,299
Total Liabilities and Net Assets	**$31,155,009**	**$34,672,936**

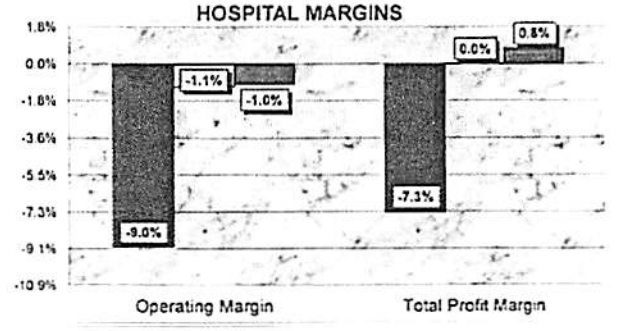
STATEMENT OF REVENUE AND EXPENSES - YTD	*ACTUAL*	*BUDGET*
Revenue:		
Gross Patient Revenues	$107,086,317	$104,651,865
Deductions From Revenue	(61,311,139)	(57,984,028)
Net Patient Revenues	45,775,178	46,667,836
Other Operating Revenue	2,131,260	2,226,456
Total Operating Revenues	**47,906,437**	**48,894,292**
Expenses:		
Salaries, Benefits & Contract Labor	30,225,154	29,238,822
Purchased Services & Physician Fees	8,731,207	6,770,501
Supply Expenses	7,794,668	7,774,546
Interest Expense	0	0
Depreciation Expense	1,377,719	1,683,276
Other Operating Expenses	4,098,146	3,986,250
Total Expenses	**52,226,895**	**49,453,394**
NET OPERATING SURPLUS	**(4,320,457)**	**(559,102)**
Non-Operating Revenue/(Expenses)	830,960	562,165
TOTAL NET SURPLUS	**($3,489,498)**	**$3,063**

BOND COVENANTS	*REQUIREMENT*	*ACTUAL*
DEBT SERVICE COVERAGE RATIO	1.25	-1.31
CURRENT RATIO	1.00	0.93
DAYS CASH ON HAND	30.00	37.93

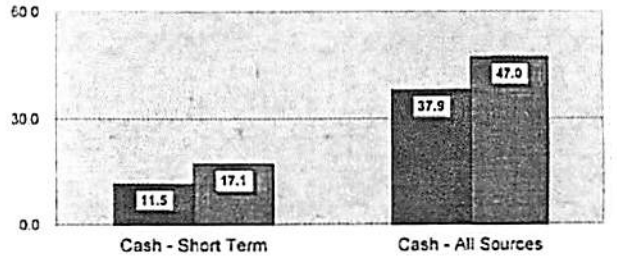
NET DAYS IN ACCOUNTS RECEIVABLE



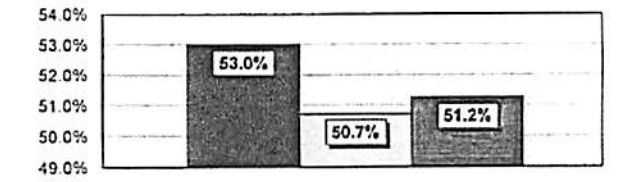
HOSPITAL MARGINS



DAYS CASH ON HAND



SALARY AND BENEFIT EXPENSE AS A PERCENTAGE OF NET PATIENT REVENUE



MENDOCINO COAST HEALTHCARE DISTF	5/31/2018
Budget	5/31/2018
Prior Fiscal Year End	6/30/2017

Balance Sheet - Assets

MENDOCINO COAST HEALTHCARE DISTRICT

FORT BRAGG, CA

For the month ended May 31, 2018

	Current Month 5/31/2018	Prior Month 4/30/2018	ASSETS Positive/ (Negative) Variance	Percentage Variance	Prior Year End 6/30/2017
CURRENT ASSETS					
CASH	$ 1,584,338	$ 1,024,678	$ 559,660	55%	$ 2,538,201
PATIENT RECEIVABLES	$ 18,541,903	$ 18,405,147	$ 136,756	1%	$ 17,140,710
LESS: RESERVES FOR ALLOWANCES FOR RECEIVABLES	$ (12,857,671)	$ (13,005,066)	$ 147,395	-1%	$ (10,261,795)
NET PATIENT ACCOUNTS RECEIVABLES	$ 5,684,232	$ 5,400,081	$ 284,151	5%	$ 6,878,915
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	$ 2,916,757	$ 3,505,845	$ (589,088)	-17%	$ 2,431,527
OTHER RECEIVABLES	$ 220,043	$ 448,436	$ (228,393)	-51%	$ 668,749
INVENTORIES	$ 818,054	$ 819,831	$ (1,777)	0%	$ 833,534
PREPAID EXPENSES	$ 424,735	$ 487,674	$ (62,939)	-13%	$ 529,555
TOTAL CURRENT ASSETS	**$ 11,648,159**	**$ 11,686,545**	**$ (38,386)**	**0%**	**$ 13,880,481**
ASSETS WHOSE USE IS LIMITED					
BOARD DESIGNATED FUNDS	$ 3,628,750	$ 3,626,750	$ 2,000	0%	$ 4,226,086
PLAN FUND	$ 13,750	$ 13,750	$ -	0%	$ 148,534
SPECIFIC PURPOSE FUND	$ -	$ -	$ -	0%	$ -
BONDS	$ 677,792	$ 744,470	$ (66,678)	-9%	$ 641,303
BOND COSTS	$ 530,517	$ 546,767	$ (16,250)	-3%	$ 568,749
TOTAL LIMITED USE ASSETS	**$ 4,850,809**	**$ 4,931,737**	**$ (80,928)**	**-2%**	**$ 5,584,672**
PROPERTY, PLANT, & EQUIPMENT					
LAND	$ 117,490	$ 117,490	$ -	0%	$ 117,490
LAND IMPROVEMENTS	$ 805,398	$ 805,398	$ -	0%	$ 805,398
BUILDINGS & IMPROVEMENTS	$ 24,604,464	$ 24,604,464	$ -	0%	$ 24,604,464
LEASEHOLD IMPROVEMENTS	$ 546,439	$ 546,439	$ -	0%	$ 546,439
EQUIPMENT	$ 21,883,057	$ 21,866,209	$ 16,848	0%	$ 20,225,944
CONSTRUCTION-IN-PROGRESS	$ 247,215	$ 247,632	$ (417)	0%	$ 1,137,653
GROSS PROPERTY, PLANT, & EQUIPMENT	$ 48,204,063	$ 48,187,632	$ 16,431	0%	$ 47,437,388
LESS: ACCUMULATED DEPRECIATION	$ (33,548,022)	$ (33,417,347)	$ (130,675)	0%	$ (32,229,605)
NET PROPERTY, PLANT, & EQUIPMENT	**$ 14,656,041**	**$ 14,770,285**	**$ (114,244)**	**-1%**	**$ 15,207,783**
TOTAL ASSETS	**$ 31,155,009**	**$ 31,388,567**	**$ (233,558)**	**-1%**	**$ 34,672,936**

Balance Sheet - Liabilities and Net Assets

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended May 31, 2018

	Current Month 5/31/2018	Prior Month 4/30/2018	Positive/ (Negative) Variance	Percentage Variance	Prior Year End 6/30/2017
LIABILITIES AND FUND BALANCE					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	$ 6,868,812	$ 6,952,687	$ 83,875	1%	$ 4,435,532
ACCRUED PAYROLL	$ 675,129	$ 470,214	$ (204,915)	-44%	$ 671,277
ACCRUED VACATION/HOLIDAY/SICK PAY	$ 1,129,859	$ 1,118,187	$ (11,672)	-1%	$ 1,294,330
PAYROLL TAXES PAYABLE	$ 44,862	$ 32,403	$ (12,459)	-38%	$ 92,976
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	$ 1,542,028	$ 1,544,177	$ 2,149	0%	$ 3,107,493
OTHER CURRENT LIABILITIES	$ 36,424	$ 35,838	$ (586)	-2%	$ 35,343
INTEREST PAYABLE	$ 1,123,223	$ 1,108,337	$ (14,886)	-1%	$ 1,195,705
PREVIOUS FY PENSION PAYABLE	$ 832,353	$ 832,353	$ -	0%	$ -
CURRENT PORTION OF LTD (BONDS/MORTGAGES)	$ 16,667	$ 33,333	$ 16,666	50%	$ -
CURRENT PORTION OF LTD (OTHER NON-CURRENT LIABILITIES)	$ 210,000	$ 210,000	$ -	0%	$ 210,000
TOTAL CURRENT LIABILITIES	**$ 12,479,357**	**$ 12,337,529**	**$ (141,828)**	**-1%**	**$ 11,042,656**
LONG TERM LIABILITIES					
CAPITALIZED LEASES	$ -	$ -	$ -	0%	$ -
BONDS PAYABLE	$ 10,523,820	$ 10,785,324	$ 261,504	2%	$ 11,374,245
OTHER NON-CURRENT LIABILITIES	$ 1,995,116	$ 1,995,116	$ -	0%	$ 2,620,383
CURRENT FY PENSION PAYABLE (NON-CURRENT LIABILITY)	$ 842,670	$ 761,435	$ (81,235)	-11%	$ 832,353
TOTAL LONG TERM LIABILITIES	**$ 13,361,606**	**$ 13,541,875**	**$ 180,269**	**1%**	**$ 14,826,981**
TOTAL LIABILITIES	**$ 25,840,963**	**$ 25,879,404**	**$ 38,441**	**0%**	**$ 25,869,637**
FUND BALANCE					
UNRESTRICTED FUND BALANACE	$ 8,803,300	$ 8,803,300	$ -	0%	$ 9,527,663
TEMPORARY RESTRICTED FUND BALANCE	$ -	$ -	$ -	0%	$ -
Net Revenue/(Expenses) (YTD)	$ (3,489,254)	$ (3,294,137)	$ 195,117	-6%	$ (724,364)
TOTAL NET ASSETS	**$ 5,314,046**	**$ 5,509,163**	**$ 195,117**	**4%**	**$ 8,803,299**
TOTAL LIABILITIES AND NET ASSETS	**$ 31,155,009**	**$ 31,388,567**	**$ 233,558**	**1%**	**$ 34,672,936**

Statement of Revenue and Expense

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended May 31, 2018

	CURRENT MONTH				
	Actual 05/31/18	Budget 05/31/18	Positive (Negative) Variance	Percentage Variance	Prior Year 05/31/17
GROSS PATIENT SERVICE REVENUES					
INPATIENT	$ 1,710,663	$ 2,043,935	$ (333,272)	-16%	$ 2,409,310
SWING BED	$ 220,196	$ 246,432	$ (26,236)	-11%	$ 222,249
OUTPATIENT	$ 7,406,473	$ 6,722,310	$ 684,163	10%	$ 7,046,432
NORTH COAST FAMILY HEALTH CENTER	$ 524,096	$ 437,892	$ 86,204	20%	$ 549,028
HOME HEALTH	$ 142,913	$ 127,485	$ 15,428	12%	$ 130,399
TOTAL PATIENT SERVICE REVENUES	$ 10,004,341	$ 9,578,054	$ 426,287	4%	$ 10,357,419
DEDUCTIONS FROM REVENUE					
CONTRACTUAL ALLOWANCES	$ (5,256,354)	$ (5,288,052)	$ 31,698	1%	$ (5,816,273)
POLICY DISCOUNTS	$ (6,463)	$ (19,052)	$ 12,589	66%	$ (18,274)
STATE PROGRAMS	$ -	$ 115,903	$ (115,903)	100%	$ -
BAD DEBT	$ (156,000)	$ (108,976)	$ (47,024)	-43%	$ (151,351)
CHARITY	$ (10,580)	$ (5,138)	$ (5,442)	-106%	$ (4,106)
TOTAL DEDUCTIONS FROM REVENUES	$ (5,429,397)	$ (5,305,315)	$ (124,082)	-2%	$ (5,990,004)
NET PATIENT SERVICE REVENUES	$ 4,574,944	$ 4,272,739	$ 302,205	7%	$ 4,367,415
OPERATING TAX REVENUES	$ -	$ -	$ -	0%	$ 61,418
OTHER OPERATING REVENUES	$ 206,014	$ 202,405	$ 3,609	2%	$ 146,114
TOTAL OPERATING REVENUES	$ 4,780,958	$ 4,475,144	$ 305,814	7%	$ 4,574,947
OPERATING EXPENSES					
SALARIES & WAGES - STAFF	$ 1,547,441	$ 1,481,475	$ (65,966)	-4%	$ 1,517,843
EMPLOYEE BENEFITS	$ 752,490	$ 677,322	$ (75,168)	-11%	$ 762,650
PROFESSIONAL FEES - PHYSICIAN	$ 562,637	$ 425,128	$ (137,509)	-32%	$ 578,195
OTHER PROFESSIONAL FEES - REGISTRY	$ 615,241	$ 525,230	$ (90,011)	-17%	$ 524,677
OTHER PROFESSIONAL FEES - OTHER	$ 128,543	$ 61,245	$ (67,298)	-110%	$ 40,968
SUPPLIES - DRUGS	$ 418,903	$ 462,299	$ 43,396	9%	$ 275,377
SUPPLIES - MEDICAL	$ 249,205	$ 241,739	$ (7,466)	-3%	$ 239,627
SUPPLIES - OTHER	$ 106,722	$ 84,462	$ (22,260)	-26%	$ 171,588
PURCHASED SERVICES	$ 134,783	$ 123,980	$ (10,803)	-9%	$ 115,977
REPAIRS & MAINTENANCE	$ 80,652	$ 79,348	$ (1,304)	-2%	$ 62,186
UTILITIES	$ 73,138	$ 64,115	$ (9,023)	-14%	$ 68,513
INSURANCE	$ 42,769	$ 45,209	$ 2,440	5%	$ 42,719
DEPRECIATION & AMORTIZATION	$ 130,675	$ 189,008	$ 58,333	31%	$ 77,876
RENTAL/LEASE	$ 54,614	$ 39,976	$ (14,638)	-37%	$ 45,755
OTHER EXPENSE	$ 129,830	$ 128,776	$ (1,054)	-1%	$ 151,444
TOTAL OPERATING EXPENSES	$ 5,027,643	$ 4,629,311	$ (398,332)	-9%	$ 4,675,395
NET OPERATING SURPLUS (LOSS)	$ (246,685)	$ (154,166)	$ (92,519)	60%	$ (100,448)
NON-OPERATING REVENUES (EXPENSES)					
OPERATING TAX REVENUES	$ 61,418	$ 61,270	$ 148	0%	$ 500
INVESTMENT INCOME	$ 2,000	$ 500	$ 1,500	300%	$ 59,045
DONATIONS	$ -	$ 29,166	$ (29,166)	-100%	$ -
INTEREST EXPENSE (ALL)	$ (44,017)	$ (78,064)	$ 34,047	-44%	$ (43,014)
EXTRAORDINARY GAINS/(LOSS)	$ -	$ -	$ -	0%	$ -
BOND EXPENSE (ALL)	$ 4,450	$ -	$ (4,450)	0%	$ -
TAX SUBSIDIES FOR GO BONDS	$ 27,716	$ 27,716	$ -	0%	$ 27,716
TOTAL NON OPERATING INCOME (LOSS)	$ 51,567	$ 40,588	$ 10,979	27%	$ 44,247
TOTAL NET INCOME (LOSS)	$ (195,118)	$ (113,579)	$ (81,539)	72%	$ (56,201)
Operating Margin	-5.2%	-3.4%			-2.2%
Total Profit Margin	-4.1%	-2.5%			-1.2%
EBIDA	-2.6%	0.8%			-0.5%
Cash Flow Margin	-1.9%	1.1%			-0.1%

Statement of Revenue and Expense

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended May 31, 2018

	YEAR-TO-DATE				
	Actual 05/31/18	Budget 05/31/18	Positive (Negative) Variance	Percentage Variance	Prior Year 05/31/17
GROSS PATIENT SERVICE REVENUES					
INPATIENT	$ 20,569,789	$ 22,229,716	$ (1,659,927)	-7%	$ 22,966,717
SWING BED	$ 2,248,350	$ 2,926,971	$ (678,622)	-23%	$ 2,761,810
OUTPATIENT	$ 77,008,530	$ 73,316,604	$ 3,691,926	5%	$ 72,426,087
NORTH COAST FAMILY HEALTH CENTER	$ 5,849,393	$ 4,923,731	$ 925,661	19%	$ 5,052,661
HOME HEALTH	$ 1,410,256	$ 1,254,843	$ 155,414	12%	$ 1,292,116
TOTAL PATIENT SERVICE REVENUES	$ 107,086,317	$ 104,651,865	$ 2,434,452	2%	$ 104,499,391
DEDUCTIONS FROM REVENUE					
CONTRACTUAL ALLOWANCES	$ (60,773,748)	$ (57,794,138)	$ (2,979,610)	-5%	$ (56,264,041)
POLICY DISCOUNTS	$ (133,490)	$ (209,576)	$ 76,086	36%	$ (249,565)
STATE PROGRAMS	$ 1,428,850	$ 1,274,933	$ 153,917	-12%	$ -
BAD DEBT	$ (1,660,001)	$ (1,198,732)	$ (461,269)	-38%	$ (1,111,843)
CHARITY	$ (172,751)	$ (56,515)	$ (116,235)	-206%	$ (63,192)
TOTAL DEDUCTIONS FROM REVENUES	$ (61,311,139)	$ (57,984,028)	$ (3,327,111)	-6%	$ (57,688,641)
NET PATIENT SERVICE REVENUES	$ 45,775,178	$ 46,667,836	$ (892,659)	-2%	$ 46,810,750
OPERATING TAX REVENUES	$ -	$ -	$ -	0%	$ 675,597
OTHER OPERATING REVENUES	$ 2,131,260	$ 2,226,456	$ (95,196)	-4%	$ 1,596,038
TOTAL OPERATING REVENUES	$ 47,906,437	$ 48,894,292	$ (987,855)	-2%	$ 49,082,386
OPERATING EXPENSES					
SALARIES & WAGES - STAFF	$ 16,019,080	$ 15,572,230	$ (446,850)	-3%	$ 15,491,206
EMPLOYEE BENEFITS	$ 8,239,397	$ 8,098,366	$ (141,031)	-2%	$ 8,292,483
PROFESSIONAL FEES - PHYSICIAN	$ 5,967,064	$ 4,886,197	$ (1,080,867)	-22%	$ 5,114,786
OTHER PROFESSIONAL FEES - REGISTRY	$ 5,966,677	$ 5,568,226	$ (398,452)	-7%	$ 5,469,207
OTHER PROFESSIONAL FEES - OTHER	$ 1,331,809	$ 620,182	$ (711,627)	-115%	$ 731,283
SUPPLIES - DRUGS	$ 4,259,656	$ 4,472,560	$ 212,904	5%	$ 3,916,631
SUPPLIES - MEDICAL	$ 2,657,848	$ 2,458,854	$ (198,994)	-8%	$ 2,472,709
SUPPLIES - OTHER	$ 877,163	$ 843,131	$ (34,032)	-4%	$ 925,471
PURCHASED SERVICES	$ 1,432,335	$ 1,264,122	$ (168,213)	-13%	$ 1,252,941
REPAIRS & MAINTENANCE	$ 893,374	$ 840,747	$ (52,627)	-6%	$ 778,928
UTILITIES	$ 737,761	$ 709,543	$ (28,218)	-4%	$ 672,524
INSURANCE	$ 492,662	$ 474,271	$ (18,391)	-4%	$ 463,073
DEPRECIATION & AMORTIZATION	$ 1,377,719	$ 1,683,276	$ 305,557	18%	$ 1,368,634
RENTAL/LEASE	$ 495,722	$ 508,131	$ 12,409	2%	$ 488,390
OTHER EXPENSE	$ 1,478,628	$ 1,453,557	$ (25,070)	-2%	$ 1,361,180
TOTAL OPERATING EXPENSES	$ 52,226,895	$ 49,453,394	$ (2,773,501)	-6%	$ 48,799,446
NET OPERATING SURPLUS (LOSS)	$ (4,320,457)	$ (559,102)	$ (3,761,356)	673%	$ 282,940
NON-OPERATING REVENUES (EXPENSES)					
OPERATING TAX REVENUES	$ 675,599	$ 673,968	$ 1,631	0%	$ 21,600
INVESTMENT INCOME	$ 43,664	$ 22,000	$ 21,664	98%	$ 559,045
DONATIONS	$ 325,068	$ 320,833	$ 4,235	1%	$ -
INTEREST EXPENSE (ALL)	$ (591,904)	$ (759,512)	$ 167,608	-22%	$ (497,610)
EXTRAORDINARY GAINS/(LOSS)	$ 63,482	$ -	$ 63,482	0%	$ -
BOND EXPENSE (ALL)	$ 10,174	$ -	$ 10,174	0%	$ 4,788
TAX SUBSIDIES FOR GO BONDS	$ 304,876	$ 304,876	$ 0	0%	$ 304,876
TOTAL NON OPERATING INCOME (LOSS)	$ 830,960	$ 562,165	$ 268,795	48%	$ 392,699
TOTAL NET INCOME (LOSS)	$ (3,489,498)	$ 3,063	$ (3,492,561)	-114010%	$ 675,639
Operating Margin	-9.0%	-1.1%			0.6%
Total Profit Margin	-7.3%	0.0%			1.4%
EBIDA	-6.8%	2.3%			3.3%
Cash Flow Margin	-5.0%	2.8%			3.5%

Statement of Revenue and Expense - 13 Month Trend

MENDOCINO COAST HEALTHCARE DISTRICT

FORT BRAGG, CA	1	2	3	4	5	6	7
	Actual 5/31/2018	Actual 4/30/2018	Actual 3/31/2018	Actual 2/28/2018	Actual 1/31/2018	Actual 12/31/2017	Actual 11/30/2017
GROSS PATIENT SERVICE REVENUES							
INPATIENT	1,710,663	1,918,063	2,345,794	1,401,056	2,435,408	2,186,036	1,670,126
SWING BED	220,196	286,394	146,671	119,614	170,724	170,022	266,001
OUTPATIENT	7,406,473	6,633,628	7,221,110	6,289,580	7,409,907	6,917,963	6,637,765
NORTH COAST FAMILY HEALTH CENTER	524,096	426,332	471,848	455,403	520,402	490,838	588,523
HOME HEALTH	142,913	127,248	134,653	119,436	122,497	99,586	130,336
TOTAL PATIENT SERVICE REVENUES	10,004,341	9,391,665	10,320,076	8,385,088	10,658,939	9,864,445	9,292,752
DEDUCTIONS FROM REVENUE							
CONTRACTUAL ALLOWANCES	(5,256,354)	(4,848,733)	(5,707,481)	(4,607,108)	(6,399,923)	(6,438,648)	(5,719,682)
POLICY DISCOUNTS	(6,463)	(11,048)	(12,931)	(5,306)	(13,975)	(20,568)	(15,988)
STATE PROGRAMS	0	4,332	115,274	115,274	118,562	115,274	115,274
BAD DEBT	(156,000)	(146,000)	(160,124)	(125,126)	(354,172)	279,795	(483,145)
CHARITY	(10,580)	(29,245)	(454)	(24,611)	(10,203)	(22,110)	0
TOTAL DEDUCTIONS FROM REVENUES	(5,429,397)	(5,030,694)	(5,765,716)	(4,646,875)	(6,659,711)	(6,086,258)	(6,103,542)
NET PATIENT SERVICE REVENUES	4,574,944	4,360,971	4,554,360	3,738,213	3,999,228	3,778,187	3,189,210
OPERATING TAX REVENUES	0	0	0	0	0	0	0
OTHER OPERATING REVENUES	206,014	158,264	155,205	218,356	231,306	225,803	168,405
TOTAL OPERATING REVENUES	4,780,958	4,519,235	4,709,565	3,956,569	4,230,534	4,003,991	3,357,616
OPERATING EXPENSES							
SALARIES & WAGES - STAFF	1,547,441	1,424,056	1,521,365	1,303,034	1,514,147	1,369,234	1,484,823
EMPLOYEE BENEFITS	752,490	735,667	714,786	716,454	797,370	755,014	729,710
PROFESSIONAL FEES - PHYSICIAN	562,637	585,949	545,248	525,065	561,695	559,939	562,026
OTHER PROFESSIONAL FEES - REGISTRY	615,241	603,219	582,688	485,542	566,752	479,436	556,089
OTHER PROFESSIONAL FEES - OTHER	128,543	116,212	170,740	182,466	154,099	110,675	87,846
SUPPLIES - DRUGS	418,903	343,074	356,336	363,368	335,916	393,037	456,388
SUPPLIES - MEDICAL	249,205	310,746	323,152	204,694	308,642	164,061	221,532
SUPPLIES - OTHER	106,722	74,882	78,263	115,777	83,697	62,509	83,655
PURCHASED SERVICES	134,783	184,502	119,827	125,112	151,991	77,187	150,931
REPAIRS & MAINTENANCE	80,652	71,791	81,919	93,613	67,831	87,487	70,457
UTILITIES	73,138	67,452	65,622	71,501	66,886	67,351	67,582
INSURANCE	42,769	49,884	41,691	42,732	50,516	40,874	42,758
DEPRECIATION & AMORTIZATION	130,675	139,628	126,792	125,175	120,319	121,390	123,690
RENTAL/LEASE	54,614	64,701	42,232	41,440	41,086	43,288	43,791
OTHER EXPENSE	129,830	157,475	134,852	145,370	133,555	124,636	122,062
TOTAL OPERATING EXPENSES	5,027,643	4,929,238	4,905,513	4,541,348	4,954,501	4,456,117	4,803,342
NET OPERATING SURPLUS (LOSS)	(246,685)	(410,003)	(195,948)	(584,777)	(723,967)	(452,127)	(1,445,726)
NON-OPERATING REVENUES (EXPENSES)							
OPERATING TAX REVENUES	61,418	61,418	61,418	61,418	61,418	61,418	61,418
INVESTMENT INCOME	2,000	2,000	12,843	2,000	1,000	10,361	1,000
DONATIONS	0	0	8,076	0	306,915	0	86
INTEREST EXPENSE (ALL)	(44,017)	(44,480)	(44,213)	(48,446)	(73,024)	(19,292)	(49,925)
EXTRAORDINARY GAINS/(LOSS)	0		0	0	63,482	0	0
BOND EXPENSE (ALL)	4,450		0	0	0	0	1,112
TAX SUBSIDIES FOR GO BONDS	27,716	27,716	27,716	27,716	27,716	27,716	27,716
TOTAL NON OPERATING INCOME (LOSS)	51,567	46,654	65,840	42,688	387,508	80,204	41,408
TOTAL NET INCOME (LOSS)	(195,118)	(363,349)	(130,108)	(542,089)	(336,459)	(371,922)	(1,404,318)
Operating Margin	-5%	-9%	-4%	-15%	-17%	-11%	-43%
Total Profit Margin	-4%	-8%	-3%	-14%	-8%	-9%	-42%
EBIDA	-1%	-4%	0%	-10%	-5%	-7%	-38%
Cash Flow Margin	0%	-3%	1%	-9%	-4%	-5%	-37%

Statement of Revenue and Expense

MENDOCINO COAST HEALTHCARE DISTRICT — PAGE 8

FORT BRAGG, CA

	8	9	10	11	12	13
	Actual 10/31/2017	Actual 9/30/2017	Actual 8/31/2017	Actual 7/31/2017	Actual 6/30/2017	Actual 5/31/2017
GROSS PATIENT SERVICE REVENUES						
INPATIENT	1,685,650	1,807,779	2,026,947	1,378,340	1,929,442	2,409,310
SWING BED	286,589	260,817	219,593	101,728	224,813	222,249
OUTPATIENT	7,068,018	7,198,017	7,789,932	6,440,064	7,133,727	7,046,432
NORTH COAST FAMILY HEALTH CENTER	475,065	998,834	453,065	444,987	482,240	549,028
HOME HEALTH	148,389	118,384	158,325	108,490	141,357	130,399
TOTAL PATIENT SERVICE REVENUES	9,663,711	10,383,831	10,647,861	8,473,609	9,911,579	10,357,419
DEDUCTIONS FROM REVENUE						
CONTRACTUAL ALLOWANCES	(5,191,525)	(6,122,523)	(6,081,215)	(4,400,558)	(5,636,984)	(5,816,273)
POLICY DISCOUNTS	(4,914)	(5,779)	(19,507)	(17,010)	(14,402)	(18,274)
STATE PROGRAMS	498,796	114,259	231,806	0	0	0
BAD DEBT	(314,528)	(32,999)	(47,846)	(119,856)	(221,990)	(151,351)
CHARITY	(1,248)	(57,557)	(4,779)	(11,963)	(4,833)	(4,106)
TOTAL DEDUCTIONS FROM REVENUES	(5,013,419)	(6,104,599)	(5,921,541)	(4,549,388)	(5,878,209)	(5,990,004)
NET PATIENT SERVICE REVENUES	4,650,292	4,279,232	4,726,320	3,924,222	4,033,370	4,367,415
OPERATING TAX REVENUES	0	0	0	0	61,418	61,418
OTHER OPERATING REVENUES	157,932	208,733	200,450	200,791	226,125	146,114
TOTAL OPERATING REVENUES	4,808,224	4,487,965	4,926,770	4,125,013	4,320,913	4,574,947
OPERATING EXPENSES						
SALARIES & WAGES - STAFF	1,513,412	1,471,287	1,478,779	1,391,502	1,509,099	1,517,843
EMPLOYEE BENEFITS	759,682	755,319	710,211	812,694	761,523	762,650
PROFESSIONAL FEES - PHYSICIAN	528,459	543,615	521,267	471,164	515,479	578,195
OTHER PROFESSIONAL FEES - REGISTRY	648,892	452,688	486,897	489,234	468,551	524,677
OTHER PROFESSIONAL FEES - OTHER	134,582	88,407	73,020	85,218	72,392	40,868
SUPPLIES - DRUGS	437,517	362,363	442,520	350,234	325,275	275,377
SUPPLIES - MEDICAL	241,807	226,089	241,249	166,671	216,798	239,627
SUPPLIES - OTHER	64,237	80,479	64,380	62,562	158,798	171,588
PURCHASED SERVICES	126,122	101,329	171,935	88,616	110,211	115,977
REPAIRS & MAINTENANCE	86,541	85,465	79,409	88,210	93,442	62,186
UTILITIES	70,063	59,334	77,454	51,379	64,816	68,513
INSURANCE	40,874	50,061	42,045	48,457	42,401	42,719
DEPRECIATION & AMORTIZATION	122,541	122,693	130,761	114,054	77,876	77,876
RENTAL/LEASE	44,499	43,434	41,366	35,272	53,308	45,755
OTHER EXPENSE	166,565	99,924	126,503	137,856	117,756	151,444
TOTAL OPERATING EXPENSES	4,985,793	4,542,487	4,687,796	4,393,123	4,631,712	4,718,409
NET OPERATING SURPLUS (LOSS)	(177,569)	(54,522)	238,975	(268,110)	(310,799)	(143,462)
NON-OPERATING REVENUES (EXPENSES)						
OPERATING TAX REVENUES	61,418	61,418	61,418	61,418	8,471	500
INVESTMENT INCOME	1,000	10,460	500	500	0	59,045
DONATIONS	0	0	2,800	7,191	0	0
INTEREST EXPENSE (ALL)	(142,776)	(39,348)	(42,984)	(43,400)	(43,987)	(43,014)
EXTRAORDINARY GAINS/(LOSS)	0	0	0	0	0	0
BOND EXPENSE (ALL)	1,112	3,391	54	54	0	0
TAX SUBSIDIES FOR GO BONDS	27,716	27,716	27,716	27,716	27,716	27,716
TOTAL NON OPERATING INCOME (LOSS)	(51,530)	63,637	49,504	36,187	(7,800)	278,216
TOTAL NET INCOME (LOSS)	(229,099)	9,115	288,479	(231,923)	(318,599)	134,754
Operating Margin	-4%	-1%	5%	-6%	-7%	-3%
Total Profit Margin	-5%	0%	6%	-6%	-7%	3%
EBIDA	1%	2%	8%	-2%	-3%	1%
Cash Flow Margin	0%	3%	9%	-1%	-3%	7%

Statement of Cash Flows

MENDOCINO COAST HEALTHCARE DISTRICT

FORT BRAGG, CA

For the month ended May 31, 2018

	CASH FLOW	
	Current Month 5/31/2018	Current Year-To-Date 5/31/2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	($195,118)	($3,489,498)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	130,675	1,377,719
(Increase)/Decrease in Net Patient Accounts Receivable	(284,151)	1,194,683
(Increase)/Decrease in Other Receivables	228,393	448,706
(Increase)/Decrease in Inventories	1,777	15,480
(Increase)/Decrease in Pre-Paid Expenses	62,939	104,820
(Increase)/Decrease in Third Party Receivables	589,088	(485,230)
Increase/(Decrease) in Accounts Payable	(83,875)	2,433,280
Increase/(Decrease) in Notes and Loans Payable	(1,780)	(55,815)
Increase/(Decrease) in Accrued Payroll and Benefits	229,046	(208,733)
Increase/(Decrease) in Previous Year Pension Payable	0	832,353
Increase/(Decrease) in Third Party Liabilities	(2,149)	(1,565,465)
Increase/(Decrease) in Other Current Liabilities	586	1,082
Net Cash Provided by Operating Activities:	675,431	603,381
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant and Equipment	(16,431)	(825,977)
(Increase)/Decrease in Limited Use Cash and Investments	(2,000)	732,120
(Increase)/Decrease in Other Limited Use Assets	82,928	1,743
Net Cash Used by Investing Activities	64,497	(92,114)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase/(Decrease) in Bond/Mortgage Debt	(261,504)	(850,425)
Increase/(Decrease) in Capital Lease Debt	0	0
Increase/(Decrease) in Other Long Term Liabilities	81,235	(614,950)
Net Cash Used for Financing Activities	(180,269)	(1,465,375)
(INCREASE)/DECREASE IN RESTRICTED ASSETS	1	245
Net Increase/(Decrease) in Cash	559,659	(953,863)
Cash, Beginning of Period	1,024,678	2,538,201
Cash, End of Period	$1,584,338	$1,584,338

Patient Statistics

MENDOCINO COAST HEALTHCARE DISTRICT

FORT BRAGG, CA

For the month ended May 31, 2018

Current Month					Year-To-Date			
Actual 05/31/18	Budget 05/31/18	Positive/ (Negative) Variance	Prior Year 05/31/17	STATISTICS	Actual 05/31/18	Budget 05/31/18	Positive/ (Negative) Variance	Prior Year 05/31/17
				Admissions				
16	20	(20.0%)	20	Critical Care Services	135	179	(24.6%)	179
50	39	28.2%	39	General	543	481	12.9%	481
66	59	11.9%	59	Subtotal Medical & Surgical Admissions	678	660	2.7%	660
4	9	(55.6%)	9	OB	88	114	(22.8%)	114
70	68	2.9%	68	Total Admissions	766	774	(1.0%)	774
8	16	(50.0%)	16	Swing Bed	120	164	(26.8%)	164
5	7	(28.6%)	7	Total Deliveries	80	99	(19.2%)	99
				Inpatient Days				
52	84	(38.1%)	84	Critical Care Services	467	608	(23.2%)	608
167	192	(13.0%)	192	General	1946	1967	(1.1%)	1967
219	276	(20.7%)	276	Subtotal Medical & Surgical Inpatient Days	2413	2575	(6.3%)	2575
10	18	(44.4%)	18	OB	205	259	(20.8%)	259
229	294	(22.1%)	294	Total Inpatient Days	2618	2834	(7.6%)	2834
93	97	(4.1%)	97	Swing Bed	1108	1279	(13.4%)	1279
10	20	(50.0%)	20	Total Newborn Days	176	209	(15.8%)	209
				Average Length of Stay				
3.25	4.20	(22.6%)	4.20	Critical Care Services	3.46	3.40	1.8%	3.40
3.34	4.92	(32.2%)	4.92	General	3.58	4.09	(12.4%)	4.09
3.32	4.68	(29.1%)	4.68	Subtotal Medical & Surgical	3.56	3.90	(8.8%)	3.90
2.50	2.00	25.0%	2.00	OB	2.33	2.27	2.5%	2.27
3.27	4.32	(24.3%)	4.32	Total Inpatient (CAH)	3.42	3.66	(6.7%)	3.66
11.63	6.06	91.8%	6.06	Swing Bed	9.23	7.80	18.4%	7.80
				Avg Daily Census - Hospital				
1.7	2.7	(38.1%)	2.7	Critical Care Services (4 Beds)	1.4	1.8	(23.2%)	1.8
5.4	6.2	(13.0%)	6.2	General (8 Beds)	5.8	5.9	(1.1%)	5.9
7.1	8.9	(20.7%)	8.9	Subtotal Medical & Surgical (12 Beds)	7.2	7.7	(6.3%)	7.7
0.3	0.6	(44.4%)	0.6	OB (3 Beds)	0.6	0.8	(20.8%)	0.8
7.4	9.5	(22.1%)	9.5	Subtotal Acute (15 Beds)	7.8	8.5	(7.6%)	8.5
3.0	3.1	(4.1%)	3.1	Swing Care (10 Beds)	3.3	3.8	(13.4%)	3.8
10.4	12.6	(17.6%)	12.6	Total Hospital (25 Beds Available)	11.1	12.3	(9.4%)	12.3
				Emergency Department				
784	792	(1.0%)	792	Outpatients Treated in ED - Emergent	8637	8597	0.5%	8,597
60	46	30.4%	46	Patients Admitted from ED	541	553	(2.2%)	553
844	838	0.7%	838	Total Patients treated in ED	9,178	9150	0.3%	9,150
				Ambulance Service				
121	156	(22.4%)	156	911 - Transports	1614	1538	4.9%	1538
0	1	(100.0%)	1	Transfer - Transports	9	16	(43.8%)	16
121	157	(22.9%)	157	Total Ambulance Transports	1623	1554	4.4%	1554
				Surgery - Cases				
15	14	7.1%	14	Inpatient Cases	194	195	(0.5%)	195
7	6	16.7%	6	Total Implant Cases	67	47	42.6%	47
210	195	7.7%	195	Outpatient Cases	2067	2022	2.2%	2022
232	215	7.9%	215	Total Surgery Cases	2328	2264	2.8%	2264
				North Coast Family Health Center				
2,841	2,908	(2.3%)	2,908	Visits	28,945	27,857	3.9%	27,857
				Home Health				
570	514	10.9%	514	Visits	5777	5,236	10.3%	5,236
				Outpatient				
5,650	5,135	10.0%	5,135	Encounters	55,793	52,953	5.4%	52,953

Key Financial Ratios

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended May 31, 2018

	Year to Date 5/31/2018	Compare Year to Date BUDGET	Prior Fiscal Year End 06/30/17	Compare TBD
Profitability:				
Operating Margin	-9.0%	-1.1%	-1.0%	
Total Profit Margin	-7.3%	0.0%	0.8%	
EBIDA	-6.8%	2.3%	2.8%	
Contractual Allowance % To Gross Charges	61.0%	58.9%	57.9%	
Inpatient Gross Revenue Percentage (Hospital)	22.9%	25.5%	26.0%	
Outpatient Gross Revenue Percentage (Hospital)	77.1%	74.5%	74.0%	
Liquidity:				
Days of Cash on Hand, Short Term	10.5		17.1	
Days Cash, All Sources	34.5		47.0	
Net Days in Accounts Receivable	42.5		44.3	
Gross Days in Accounts Receivable	58.7		48.0	
Cash Flow Margin	-5.0%		3.9%	
Average Payment Period	64.2		40.9	
Current Ratio	0.9		1.3	
Capital Structure:				
Average Age of Plant (Annualized)	22.5		22.9	
Capital Costs as a % of Total Exp.	3.8%		3.8%	
Capital Spend as a % of Annual Depreciation	60.0%		88.2%	
Long Term Debt to Net Position	71.5%		60.1%	
Debt Service Coverage Ratio	(1.3)		1.7	
Productivity and Efficiency:				
Net Patient Service Revenue per FTE	$169,168	$172,771	$174,830	
Salary & Benefits Expense per Paid FTE	($89,650)	($87,632)	($89,589)	
Salary & Benefits as a % of Total Expenses	46.4%	47.9%	48.3%	
Salary and Benefits as a % of Net Pat Rev.	53.0%	50.7%	51.2%	
Employee Benefits as a % of Salaries	51.4%	52.0%	53.3%	
Other Ratios:				
FTE - PRODUCTIVE	236.2	232.0	225.1	
FTE - NON-PRODUCTIVE	26.7	34.2	37.2	
FTE - REGISTRY/CONTRACT	32.3	28.5	28.5	
FTE - TOTAL PAID	295.2	294.7	290.8	
Cost To Charge Ratio	48.8%	48.0%	47.1%	
Medicare Revenue as a % of Total Revenue	55.9%	55.3%	55.3%	
Medi-cal Revenue as a % of Total Revenue	21.8%	23.5%	23.7%	
BC/BS Ins Revenue as a % of Total Revenue	15.0%	13.8%	13.7%	
Other Ins Revenue as a % of Total Revenue	5.0%	5.8%	5.8%	
Self-Pay Revenue as a % of Total Revenue	2.3%	1.8%	1.6%	

TAB 4

MENDOCINO COAST DISTRICT HOSPITAL

DATE: June 21, 2018

TO: BOARD OF DIRECTORS

FROM: JOHN KERMEN, DO
CHIEF OF STAFF

SUBJECT: MEDICAL EXECUTIVE COMMITTEE RECOMMENDATIONS

The Medical Executive Committee considered the following items and recommends them to the Board of Directors for approval:

Re-Appointments to Medical Staff-

- **Zoe Berna, MD-** Department of Medicine-Family Practice- North Coast Family Health Center

Temporary Privileges-

- **Scott Fisher, MD-** Department of Medicine-Pediatrics *(July 11-18; July 25-August 3; August 17-24; September 7-17; October 12-22, 2018)*

Temporary Privileges- Allied Health Professional Category

- **Melissa Baxter, CRNA-** Department of Surgery-Anesthesia *(June 21-27; July 25-August 1; September 23-30; October 8-17; October 22-31, 2018)*

Release from Provisional Status & Proctoring/Advance to Active Status

- **Tareq Ali, MD-** Department of Medicine- Emergency Department
- **Rajwinder Bahia, MD-** Department of Medicine- Hospitalist Service
- **Maher Danhash, MD-** Department of Medicine- Family Practice- North Coast Family Health Center
- **Sandra Fleming, MD-** Department of Medicine- Family Practice- North Coast Family Health Center
- **David Irvine, MD-**Department of Medicine-Emergency Medicine
- **Henna Kalsi, MD-** Department of Medicine- Hospitalist Service
- **Kelly King, MD-** Department of Medicine- Hospitalist Service
- **William Miller, MD-** Department of Medicine- Hospitalist Service & Emergency Department
- **Eleanor Oakley, MD-** Department of Medicine- Emergency Department
- **Christopher Ryan, MD-** Department of Medicine- Hospitalist Service

Release from Proctoring- Temporary Privileges/Locums Tenens

- **Scott Fisher, MD-** Department of Medicine-Pediatrics

Appointment to VRad Tele-Radiology Physicians

- **David Millikow, MD**

Department of Medical Staff Services
William Lee, CPCS, CPMSM~ Director
700 River Drive • Fort Bragg, California 95437
Phone: (707 961-4740 • Fax: (707) 961-4786

TAB 5

June 2018

Highlights

Sally McGregor has joined our team as our Staff Development Coordinator. She comes to us with experience in pre-hospital care education and administration in rural (Mendocino and Shasta Counties) and urban areas (San Francisco Bay Area). She is an Registered Nurse with emergency, pediatrics and NICU experience. She has dived right into the job, attending key meetings as well as with staff directly to get a clear picture of what our needs are. She is an excellent addition.

We are also hiring a dietician to provide outpatient education as well as provide back up and support to Anne Sansom, our fulltime Registered Dietician. We have an excellent candidate with the background and skill set to assist us in developing and outpatient program to assist diabetics in their nutritional education. We are hopeful that he will accept the position.

Our very own Doug Shald played the role of hero this month. While visiting our hospice thrift store a customer decided they needed the donation jar more than our hospice. Doug was able to follow that customer and retrieve the donations without difficulty. Thank you Doug.

MENDOCINO COAST HEALTH CARE DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING

THURSDAY, DECEMBER 6, 2018
4:00 p.m. Closed Session
6:00 p.m. Open Session

MENDOCINO COAST DISTRICT HOSPITAL
Redwoods Room
700 River Drive
Fort Bragg, California 95437

Mendocino Coast District Hospital Mission Statement

MISSION

To make a positive difference in the health of our rural community.

VISION

MCDH will play a vital role in the overall health and well-being of the community, and will be the key element in the healthcare system serving the needs of our community. We will provide leadership to enhance the efficiency, coordination, quality and range of services provided within our rural healthcare system.

MCDH will be the healthcare provider and employer of choice within our community. We will continually address and keep up with technology and superior clinical skills

We will have a positive impact on health by encouraging personal and community responsibility for health and wellness. Our efforts will play a decisive role in people choosing to stay in our community or to locate here.

VALUES

MCDH is committed to providing excellent quality, patient centered, cost effective health care in a caring, safe and professional environment, and serving the community's healthcare needs with current technology and superior clinical skills. We believe in the right to local access to a wide range of excellent quality healthcare services in our rural community. We promote patient safety and satisfaction, and consistently work toward a high level of care with results in our patients recommending us to others and in their returning to us for needed health care.

Every member of our healthcare team will play an active, participative role that effectively utilizes the skills and talents of each. People are our most valuable resource. We encourage professional development that will achieve a level of competence and morale that will attract and maintain the highest quality staff. We strive to build partnership with our employees emphasizing mutual respect and mutual success.

I. ROLL CALL

II. CLOSED SESSION

1. ***Information:*** Hardin v. Mendocino Coast District Hospital, U.S. District Court for the Northern District of California, et al., Case No. 3:17-CV-05554, conference with legal counsel. Government Code §54956.9.
2. ***Information/Action:*** Pursuant to §32155 of the Health and Safety Code October Quality Management and Improvement Council Reports
3. ***Information/Action:*** Pursuant to California Government Code §54954.5 and §32155 of the Health and Safety Code Medical Staff Credentials and Privileges Review
4. ***Information/Action:*** Pursuant to Government Code §54957.6: closed session Board Meeting with the District's Labor Union Negotiators, CEO Bob S. Edwards, Jr., CFO Mike Ellis, Mr. Dan Camp, Special Labor Union and Employment Counsel David Reis, and the District's General Legal Counsel. Government Code §54,957.6.
5. ***Information/Action:*** Public Employee Performance Review and Evaluation, Chief Executive Officer of the District. Government Code §§54957(b)(1) and (b)(2); Government Code §54954.5.

III. 6:00 P.M. OPEN SESSION CALL TO ORDER– STEVE LUND, PRESIDENT

IV. ROLL CALL

V. REPORT ON CLOSED SESSION ITEMS

1. Conference with Legal Counsel regarding Hardin v. Mendocino Coast District Hospital — ***Information***
2. October Quality Management and Improvement Council Report — ***Information/Action***
3. Medical Staff Credentials and Privileges Report — ***Information/Action***
4. Union Negotiations Update — ***Information/Action***
5. Performance Review and Evaluation, Chief Executive Officer of the District — ***Information/Action***

VI. PUBLIC COMMENTS

This portion of the meeting is reserved for persons desiring to address the Council on any matter over which the District has jurisdiction and not on the agenda. You must state your name and address for the record. Time is limited to 3 minutes with a 20-minute total time limit for all comments. The Council can take no action on your presentation, but can seek clarification to points made in your presentation or comments.

BROWN ACT REQUIREMENTS: *Pursuant to the Brown Act, the Board of Directors cannot discuss issues or take action on any requests during this comment period.*

VII. REVIEW OF THE AGENDA — ***Action***

VIII. BOARD COMMENTS — ***Information***

IX. APPROVAL OF CONSENT CALENDAR — ***Action***

The following items are considered routine and non-controversial by Hospital Staff. Consent items may be approved by one motion if no member of the Board or audience wishes to comment or ask questions. If comment or discussion is desired, the item will be removed from the Consent Agenda and will be considered under new business

1. Approval of Board of Directors meeting minutes of October 25, 2018 — Tab 1
2. Approval of Alysoun Huntley Ford Fund Draw
3. Policies — Tab 2

Name	*Number*
Criteria Bases Job Description of CEO (OBSOLETE)	100.1001
Organization Chart (OBSOLETE)	100.1008
Goals and Objectives (OBSOLETE)	100.1010
Annual Evaluation of Services (OBSOLETE)	100.1011
Facility Plan for the Provision of Care (OBSOLETE)	100.1012
Calendar of Administrative Events (OBSOLETE)	100.1019
Budget Policy (OBSOLETE)	100.1023

X. NEW BUSINESS

1. Approval or Rejection of Draft Independent Audit Report for FYE 2017/2018 — Tab 3 ***Action/Information***

2. Strategic Plan Update: Mr. Bob Edwards — Tab 4 ***Action/Information***
   a. Quality/Delivery of Care: Ms. Lynn Finley/Ms. Clara Slaughter
      1. Meditech Update: Mr. Mike Ellis, CFO
      2. Facility Score Card: Ms. Nancy Schmid
      3. Pain Management Recruitment: Mr. Will Lee
      4. The Joint Commission: Ms. Lynn Finley
      5. Community Health Improvement Plan (CHIP) PRIME Update: Ms. Clara Slaughter
      6. ACHD Personnel Training January 2019: Mr. Bob Edwards, CEO
      7. Nuclear Medicine Update: Mr. Mike Ellis, CFO
   b. Financial/Fiscal Solvency: Mr. Mike Ellis, CFO
   c. Physical Plant/Facilities: Ms. Nancy Schmid
      1. RFP Next Steps Architect Services
      2. Facility Project Updates: Ms. Nancy Schmid
   d. People/Physician Nursing and Support Staffing: Mr. Dan Camp
   e. Community Engagement/Involvement: Mr. Steve Lund, Chair
      Parcel Tax: Mr. Steve Lund, Chair
   f. Governance: Mr. Steve Lund

3. Approval of Planning Committee Member, Mary Anderson: Mr. Steve Lund — ***Action/Information***

4. Approval of Oversight Committee Bylaws: Mr. Steve Lund — Tab 5 ***Action/Information***

5. Approval of Oversight Committee Members — ***Action/Information***
   1. Myra Beals
   2. Lea Christensen
   3. Kathe Charter
   4. Jim Hurst
   5. Steve Antler
   6. Robert Becker
   7. Kitty Bruning

6. Contract with attorney Steven Schnier of the Law Firm Arent Fox, LLP: Mr. Bob Edwards, CEO — Tab 6 ***Action/Information***

7. Professional Services Amendment for Dr. Zoe Berna: Mr. Mike Ellis, CFO — Tab 7 ***Action/Information***
   a. Meditech Implementation Agreement: Mr. Mike Ellis, CFO — Tab 8 ***Action/Information***

8. Hospitalist Services Agreement Addendum with Rural Physicians Group: Mr. Bob Edwards, CEO — Tab 9 ***Action/Information***

XI. OLD BUSINESS

None

XII. REPORTS

- CEO Report — *Information*
- Medical Staff Appointments/Report: Dr. John Kermen — Tab 10 *Action/Informatio*
  a. Appointments to Medical Staff
  1. Christina Tsao, MD –Department of Medicine-Hospitalist Medicine
  b. Appointments to Allied Health Professional Staff
  1. Melissa Turner, FNP –Department of Medicine-Oncology
  2. David Milikow, MD
- Chief Nursing Officer Report: Ms. Lynn Finley — Tab 11 *Action/Informatio*
- Finance Report: Dr. Peter Glusker — Tab 12 *Action/Informatio*
- Association and Community Service Reports — *Action/Informatio*

XIII. Public Comments

This portion of the meeting is reserved for persons desiring to address the Board of Directors on any matter over which the District has jurisdiction. You must state your name and address for the record. Time is limited to 3 minutes. The Board of Directors can take no action on your presentation, but can seek clarification to points made in your presentation or comments. Additionally, members can ask staff for factual information or refer the item to staff and/or calendar the item on a future agenda. Any person desiring to speak on an agenda item will be given an opportunity to do so prior to the Board of Directors taking action on the item.

BROWN ACT REQUIREMENTS: *Pursuant to the Brown Act, the council cannot discuss issues or take action on any requests during this comment period.*

XIV. ADJOURNMENT

**** THIS DOCUMENT WILL BE PROVIDED AT THE MEETING.***

All disabled persons requesting disability related modifications or accommodations, including auxiliary aids or service may make such request in order to participate in a public meeting to Gayl Moon, Secretary to the Board of Directors, 700 River Drive, Fort Bragg, CA 95437, no later than 72 hours prior to the meeting that such matter be included on that month's agenda.

*Per District Resolution, each member of the Public who wishes to speak shall be limited to three minutes each per agenda item. Please identify yourself prior to speaking. Thank you.

TAB 1

BOARD OF DIRECTORS MEETING
HOSPITAL REDWOODS ROOM
THURSDAY, OCTOBER 25, 2018
MINUTES

The Board of Directors of the Mendocino Coast Health Care District met in CLOSED session at 4:30 pm in the Redwoods Room, Kitty Bruning, Vice Chair presiding

PRESENT: Mr. Lund (telephonically), Dr. Glusker, Ms. Bruning, Dr. Miller, Mr. Birdsell
Mr. Colin Coffey, Legal Counsel (via skype)
Ms. Noel Caughman, Legal Counsel (via skype)
Mr. Bob Edwards, CEO
Mr. Mike Ellis, CFO

1. **CALL TO ORDER:**
   OPEN Session of the Board of Directors of the Mendocino Coast Health Care District convened at 6:00 p.m. in the Redwoods Room, Kitty Bruning, Vice Chair presiding

2. **ROLL CALL:**
   PRESENT: Dr. Kevin Miller, Ms. Kitty Bruning, Mr. Tom Birdsell, Mr. Steve Lund (telephonically), Dr. Peter Glusker
   Board Members

   BOARD MEMBERS ABSENT: None

   ALSO PRESENT:
   Mr. Colin Coffey, Legal Counsel (via skype)
   Ms. Noel Caughman, Legal Counsel (via skype)
   Mr. Bob Edwards, CEO
   Mr. Mike Ellis, Chief Financial Officer
   Ms. Gayl Moon, Executive Assistant

3. **CLOSED SESSION MATTERS:**
   The Board of Directors reviewed the following items in closed session:

   1. ***INFORMATION/ACTION:*** Hardin v. Mendocino Coast District Hospital, U.S. District Court for the Northern District of California, et al., Case No. 3:17-CV-05554, conference with legal counsel. Government Code §54956.9
      - The Board received an update from legal counsel.
   2. ***INFORMATION/ACTION:*** Pursuant to §32155 of the Health and Safety Code September Quality Management and Improvement Council Reports
      - The Board approved the September Quality Management and Improvement Council Report
   3. ***INFORMATION/ACTION:*** Pursuant to California Government Code §54954.5 and §32155 of the Health and Safety Code Medical Staff Credentials and Privileges Review
      - The Board approved the Medical Staff Credentials and Privileges Report
   4. ***INFORMATION/ACTION:*** Pursuant to Government Code §54,957.6: closed session Board Meeting with the District's Labor Union Negotiations, CEO Bob S.

Edwards, Jr., CFO Mike Ellis, Special Labor Union and Employment Counsel David Reis, and the District's General Legal Counsel. Government Code §54,957.6.

- The Board received an update from staff and will discuss this matter further when the Board reconvenes Closed Session after Open Session.

5. ***INFORMATION/ACTION:*** Contract with attorney Steven Schnier of the law firm Arent Fox, LLP to serve as special counsel to the Medical Staff/Medical Executive Committee, as distinguished from the Hospital's general legal counsel, as required pursuant to conflict of interest laws. Government Code §54957
   - This issue was tabled and will be put on the next Board agenda as an Open Session item.
6. ***Information/Action:*** Public Employment: To review and approve Professional Services Amendment for Dr. Zoe Berna Government Code §54954.5 & 54957
   - This issue was tabled and will be put on the next Board agenda as an Open Session item

4. **PUBLIC COMMENTS**
   - Several community members made comments regarding MCDH issues.
   - Dr. Kermen requested that a presentation by the Medical Staff be put on the next agenda in order to give the community a better understanding of what the process is to maintain/ensure quality.

5. **REVIEW OF THE AGENDA**
   - There were no changes to the agenda.

   - **BOARD COMMENTS**
   - Mr. Birdsell requested that Dr. Glusker's letter to the editor be put on the next Board agenda.
   - Discussed a community member's statement regarding on-the-clock-docs; that physicians just see patients for 15 minutes in order to meet their quota. Mr. Birdsell stated that has not been his experience with the physicians at NCFHC; they put quality care above all else.
   - Mr. Birdsell stated it is important for people to understand the average compensation for hospitals the size of MCDH.

6. ***ACTION:*** **APPROVAL OF CONSENT CALENDAR: MR. STEVE LUND, PRESIDENT**
   1. Minutes: Regular Session, September 27, 2018
   2. Alysoun Huntley Ford Fund Draw – There were no requests
   3. Policies
      - Criteria Bases Job Description of CEO (OBSOLETE)
      - Organization chart (OBSOLETE)
      - Goals and Objectives (OBSOLETE)
      - Annual Evaluation of Services (OBSOLETE)
      - Facility Plan for the Provision of Care (OBSOLETE)
      - Calendar of Administrative Events (OBSOLETE)
      - Budget Policy (OBSOLETE)

   - Dr. Glusker requested the policies to be removed from the Consent Calendar.
   - The policies will be added to New Business as item #6.

MOTION: To approve the Consent Calendar with the removal of item #3

- Glusker moved
- Miller second
- Roll call
  - Ayes: Birdsell, Glusker, Miller, Bruning, Lund
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

7. *ACTION/INFORMATION*: STRATEGIC PLAN UPDATE: MR. BOB EDWARDS, CEO

a. Quality/Delivery of Care: Ms. Lynn Finley/Ms. Clara Slaughter

- ❖ The Joint Commission came last week and surveyed the Clinical and Home Health parts of the survey; Life Safety will come very soon. The final report will not be completed until after the Life Safety survey is complete.
- ❖ Mr. Edwards showed a video which was prepared prior to the Joint Commission visit.

1. The Meditech Agreement: Mr. Mike Ellis, CFO
   - ➢ A Meditech Project Manager has been hired.
2. Facility Score Card: Ms. Nancy Schmid
   - ➢ There was no report
3. Pain Management Specialists: Mr. Will Lee
   - ➢ Dr. Le will be leaving NCFHC, and will be replaced by Dr. Kahn the end of October; there will not be a lapse in pain management.

b. Financial/Fiscal Solvency: Mr. Mike Ellis, CFO

- ❖ Continue to update the policies.
- ❖ MCDH will host a three (3) day coding and billing seminar. Grants will pay the costs of the seminar.
- ❖ Mr. Edwards introduced the Hospital's new legal counsel, Ms. Noel Caughman and Mr. Colin Coffey who were present via skype.

1. RFP Next Steps Architect Services

c. Physical Plant/Facilities: Ms. Nancy Schmid

- ❖ OR HVAC & ATS: The digging has begun; both projects are still projected to be finished in March 2019.

1. RFP Next Steps Architect Services
   - ➢ Will invite architects to come to MCDH

d. People/Physician Nursing and Support Staffing: Mr. Dan Camp

- ❖ The Union Negotiations continue.
- ❖ Continue to work on reducing registry.

e. Community Engagement/Involvement: Mr. Steve Lund, Chair
Parcel Tax: Mr. Steve Lund, Chair

1. Oversight Committee Bylaws
   - ➢ The Bylaws will be presented to the Planning Committee in November, will hopefully be approved, and then be presented to the Board for approval.

f. Governance: Mr. Steve Lund

- The new Board members will be sworn in after December 7th.
- Ms. Bruning read a letter regarding the City of Bell and BB&K.

8. *ACTION/INFORMATION*: EMERGENCY OPERATION PLAN: MS. NANCY SCHMID

MOTION: To approve the Emergency Operation Plan

- Birdsell moved
- Lund second
- Dr. Glusker had the following questions regarding the Emergency Operation Plan:
  1. If there is a need to evacuate; where would the patients go, and what pre-arrangements have been made with Howard Hospital, Ukiah Hospital or Sherwood Oaks?
  2. If there is a need to have triage occur elsewhere; what preparations have been made at NCFHC or at the Mendocino Coast Clinic?
  3. If we become isolated: what preparations have been made for medications per pharmacy expectation of the approximate needs? Same questions applies to food and water.
  4. When was the last drill done for the community combining the Hospital, the Fire Department and the Police with a simulated emergency?
- Lynn Finley stated the Hospital actually went through an emergency during the fires.
- The Hospital has enough food for 100 people for 4 days, and 3 pallets of water, which is more than required.
- The Hospital has a network throughout the county and the state.
- What the Hospital does with a Disaster Manual is to address the routine things that happen: chemical spill, a fire, an elopement, etc. These are practiced often as well as the fire drills. The manual represents the way the Hospital moves through an uncertain event.
- The annual state wide drill was cancelled this year due to the fires.
- Roll Call
  - Ayes: Bruning, Lund, Birdsell
  - Noes: None
  - Absent: None
  - Abstain: Glusker, Miller
- Motion carried

9. *ACTON/INFORMATION:* PERFORMANCE IMPROVEMENT PLAN: MS. NANCY SCHMID

MOTION: To approve the Performance Improvement Plan

- Birdsell moved
- Miller second
- The Med Exec Committee agreed 100% to go forward with this plan.
- Dr. Glusker stated the following:
  1. This Performance Improvement Plan looks more like a to-do list than a thought out coherent plan.
  2. The proposed committee is too large with 27 members.
  3. The present administration has a three year record of poor economic performance with continued quality of care problems. That track record lacks any credibility to mount a Performance Improvement Plan.
  4. This plan is premature. It is inappropriate for this outgoing Board to approve it. It needs to be reviewed and discussed by the new incoming Board.
- Ms. Finley stated that these are all standard performance items.

- Dr. Bellah stated all the committee members are from different departments that have to be monitored and report in to try and make improvements across the Hospital.
- This plan comes from suggestions from Joint Commission and CMS. This plan does require all departments working together toward the same goals of patient safety and quality care.
- Roll call
  - Ayes: Miller, Bruning, Birdsell, Lund
  - Noes: Glusker
  - Absent: None
  - Abstain: None
- Motion carried

10. *ACTION/INFORMATION:* APPROVAL OF BOARD MEETING DATE CHANGES FOR NOVEMBER AND DECEMBER 2018: MR. STEVE LUND, CHAIR

- Discussed having the Audit, Finance and Board meetings all on December 6, 2018.
- Audit from 2:00 to 3:00
- Finance from 3:00 to 4:00
- The auditors would be first on the Board Agenda at 6:00 pm.

MOTION: To have the Board meeting on December 6th

- Birdsell moved
- Miller second
- Roll call
  - Ayes: Glusker, Lund, Bruning, Miller, Birdsell
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

MOTION: To approve the Finance Committee on January 8, 2019; Board meeting January 10, 2019; Planning Committee on January 15, 2019

- Miller moved
- Glusker moved
- Roll call
  - Ayes: Miller, Birdsell, Bruning, Lund, Glusker
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

11. *ACTION/INFORMATION:* MCDH RESOLUTION No. 2018-12, AUTHORIZED LOCAL AGENCY INVESTMENT FUND LAIF ACCOUNT SIGNATURE: MR. MIKE ELLIS, CFO

- Mr. Ellis stated this has to do with PRIME quality measures that were met; if MCDH gives the state $500,000, they will give the Hospital back a million dollars. These funds need to be withdrawn from the LAIF Account. When the million dollars is received from the state, the $500,000 will be deposited back into the LAIF Account.

MOTION: To approve MDCH Resolution # 2018-12

- Glusker moved
- Miller second

- Roll call
  - Ayes: Miller, Birdsell, Glusker, Lund, Bruning
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

12. ***INFORMATION/ACTION:*** **POLICIES TO BE MADE OBSOLETE: MR. BOB EDWARDS, CEO**

MOTION: To put this item on the first Board agenda in January when the new Board will be seated

- Glusker moved
- Miller second
- Mr. Edwards stated most of these policies are antiquated; they are out of Medicare standards and are not of real practice.
- Mr. Edwards feels the new Board should not be burdened with this issue at the beginning of their tenure.
- Dr. Glusker amended his motion and Dr. Miller amended his second to reflect the following Motion:

MOTION: To put this item on the December 6th Board agenda

- Glusker moved
- Miller second
- Roll call
  - Ayes: Glusker, Lund, Bruning, Miller Birdsell
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

13. ***ACTION/INFORMATION:*** **REVISIT PRIOR BOARD DIRECTION (DECISION), "INDIVIDUAL BOARD MEMBERS WHO HAVE A QUESTION OF ANY EMPLOYEE, STAFF MEMBER, CONTRACTED LEGAL SERVICE (COUNSEL), THAT THEY FIRST GO THROUGH THE CEO": DR. PETER GLUSKER**

- Dr. Glusker asked that this issue be on this Board in order to rescind this Board decision.
- Mr. Birdsell read the minutes of the June 30, 2016 Board meeting when the Board voted on this issue. The Board's decision at that time was *"If a Board Member has a request for general information they go through the CEO first; if there is a legal request for information they go through the CEO as well".* The Roll Call vote was as follows:
  Ayes: Hogan, Birdsell, Bruning
  Noes: Glusker
  Absent: None
  Abstain: None
  Motion Carried

MOTION: To rescind this policy

- Glusker moved
- Miller second

- Mr. Edwards recommended that the Board ask the Hospital's legal counsel to bring policies that would be a model for consideration for this chain of command issue for the future.
- Mr. Birdsell stated that when Dr. Glusker first came on the Board and there were a number of areas that he was looking to get involved in. One was to understand more about the MEC and how it operates and ensure everything met legal standards and the same thing was being done with the surgeons on staff at the Hospital, and members of the Administration were being looked at, primarily the CEO & CFO. Mr. Birdsell had received a number of complaints from Administration, other Board members and legal counsel. Mr. Birdsell became aware that the legal services bill that was run up by Dr. Glusker was $50,000 as a new Board member. Mr. Birdsell was concerned as the Hospital was struggling financially trying to control their finances. If the Board hadn't instituted this, that legal bill would have gone substantially higher in Mr. Birdsell's opinion.
- Dr. Miller feels that having to ask the CEO prior to contacting an employee is over restrictive. He feels a restrictive barrier to a Board member getting legal counsel would be fine.
- Mr. Edwards asked legal counsel to provide a model policy which would explore something that would work.
- Ms. Bruning stated that when she worked at MCDH as a nurse, she had a Board member interrupt her work to ask her questions.
- Dr. Glusker said that he wanted to answer comments about the MEC. He stated that he is very familiar with the MEC. The issues that have stemmed from him going around the Hospital as a Board member, as a physician looking into this or that, and being told by a nurse here and a department manager there, somebody else somewhere else "I'm so sorry, I cannot talk with you, but we have been instructed by the Administration that we are not allowed to talk with Board members without prior permission from the Mr. Edwards". When he did talk with them, he learned later that they were chastised severely, and in some cases their jobs threatened because he had spoken to them. That kind of attitude and culture on the part of Administration blocking a Board member from just walking around the Hospital and just looking at what is going on, is absolutely inappropriate. Dr. Glusker stated that he was unaware of what Mr. Ruprecht charged, and he thought his conversations with Mr. Ruprecht were informal and off the record and he didn't know the Hospital was being charged. If he had known that those conversations were being charged and that he was racking up a Hospital bill, which would have entirely changed the way he approached the attorney. After that, this whole thing blew up and it went down a road that is not conducive to transparency and good functioning of a on the part of the Board, Board Administration interactions, or the relationships between the staff and the Board.
- Dr. Kermen stated that at the time it wasn't just a financial matter, there were Board members pressing Will Lee to give them information that was protected on cases that were ongoing in the Hospital, certain physician files. They were pressing people in Quality Assurance to give peer protected information. There were other issues at stake rather than just financial. Charts were being looked at out on the floor. Staff told Dr. Kermen that they felt harassed.
- Mr. Edwards feels it is important that the Board be exposed to some ethics training, which the Colin Coffey will do. The Board also needs to be exposed to the law and some best practices. Mr. Edwards feels it is unfair to send the message to staff that they have a boss in the CEO as well as five other bosses in Board members. Mr. Edwards is the only person that Cal Mortgage said can be the CEO.
- Discussion ensued

- Roll call
  - Ayes: Miller, Glusker
  - Noes: Bruning, Birdsell, Lund
  - Absent: None
  - Abstain: None
- Motion did not carry

14. *INFORMATION:* CEO REPORT: MR. BOB EDWARDS, CEO

- Looking back over the last 3 ½ years the following changes have taken place:
  - Thank you all for the passage of the Parcel Tax.
  - Thanks to the Board for approving the Electronic Health Record (EHR).
  - The Hospital has grown by $22 million in gross revenue per year.
  - With money from Operations and from loans and from the Foundation, the Hospital has spent $3.9 million on new equipment: a new mobile x-ray, a temporary ATS and much more.
  - Department Score Cards are proving very informative. MCDH has never had any "*never events*".
  - The PRIME Project is helping save lives with the early cancer screening.
  - A full-time Purchasing Agent has been hired.
  - NCFHC offers Immediate Care.
  - MCDH now offers Pain Management.
  - The Hospital has new legal counsel.
  - The annual audit shows a $2.1 million loss.
  - HR evaluations are now at 100%.
  - Have a great hand washing program.
  - Patient experience is improving.
  - Moving forward will try to remove the variability in the hospitalist program.
  - A new PR person will start on November 5th.
  - Mr. Edwards would like MCDH to become a Certified Healthcare District.

15. *ACTION/INFORMATION:* MEDICAL STAFF APPOINTMENTS/REPORT: DR. JOHN KERMEN

- Dr. Kermen thanked Will Lee and Charrish Silva for their great work during the Joint Commission Survey.

A. Appointments to Medical Staff

1. Akbar Khan, DO –Department of Surgery-Interventional Pain Medicine
2. Althea Lindsay, MD –Department of Surgery-obstetrics-Gynecology
3. Timothy Musick, MD –Department of Medicine-Hospitalist Medicine

MOTION: After careful consideration recommend approval of Appointments to Medical Staff for Akbar Khan, DO: Althea Lindsay, MD: Timothy Musick, MD

- Birdsell moved
- Miller second
- Roll call
  - Ayes: Miller, Bruning, Birdsell, Lund, Glusker
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

B. Appointments to Allied Health Professional Staff

1. Melissa Baxter, CRNA –Department of Surgery-Anesthesia
2. Jennifer Brown PA-C –Department of Surgery-Orthopedic Surgery

MOTION: After careful consideration recommend approval of Appointments to Allied Professional Staff for Melissa Baxter, CRNA: Jennifer Brown PA-C

- Birdsell moved
- Miller second
- Roll call
  - Ayes: Miller, Bruning, Birdsell, Glusker, Lund
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

C. Release from Proctoring-Advance to Active Medical Staff

1. Christopher Robshaw, MD –Department of Medicine-Pediatrics

MOTION: After careful consideration recommend approval of Release from Proctoring-Advance to Active Medical Staff for Christopher Robshaw, MD

- Birdsell moved
- Miller second
- Roll call
  - Ayes: Birdsell, Glusker, Miller, Bruning, Lund
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

D. Re-Appointment to VRad Tele-Radiology Physicians

1. Jay Donohoo, MD
2. Frank Welty, MD

MOTION: After careful consideration recommend approval of Re-Appointments to VRad Tele-Radiology Physicians for Jay Donohoo, MD: Frank Welty, MD

- Birdsell moved
- Miller second
- Roll call
  - Ayes: Bruning, Lund, Glusker, Miller, Birdsell
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

E. Resignation from VRad Tele-Radiology Physicians

1. Melanie Elchico, MD

MOTION: After careful consideration recommend approval of Resignation from VRad Tele-Radiology Physicians for Melanie Elchico, MD

- Miller moved
- Birdsell second
- Roll call
  - Ayes: Miller, Bruning, Glusker, Birdsell, Lund
  - Noes: None

- Absent: None
- Abstain: None

- Motion carried

16. *ACTION/INFORMATION:* CHIEF NURSING OFFICER REPORT: MS. LYNN FINLEY

- Refer to the attached report as part of these minutes.

17. *ACTION/INFORMATION:* FINANCE REPORT: Dr. PETER GLUSKER

- The Finance Committee met on September 25. This month the ER Department was reviewed. The August finances were in the black.

September Summary

- September's cash of $2.4 mil decreased $.5 million from July. Board Designated Funds of $4.3 mil remain unchanged. Together this is 41 days cash-on-hand.
- Net AR increased $.4 mil and is 42 days in net AR. September's AP of $6.0 mil remained the same as the prior month, compared to the prior fiscal year average of $5.9 mil
- September's net patient revenues of $3.8 million are just below budget by $100,000. September is $751,000 or 12% less than the prior month August 2018. September had only 19 working days in the month, the lowest number in the year, compared to August's 23 working days in the month, the highest number of working days a month can have. Every extra working day provides an opportunity to generate more revenue to cover relatively fixed expenses.
- The month's total operating expenses of $4.4 million were $204,000 or 4% below budget. The largest budget variances in expenses are the line items: S&W and benefits $81,000 over budget and insurance at $22,000 over budget. September had a net operating loss of $494,000 compared to the budgeted loss of $526,000.
- New this fiscal year is the accrual of $133,000 for the Parcel Tax revenue that will occur every month at this amount. With this new revenue added to the other non-operating revenues and expenses the net loss for the month was $295,000.
- The fiscal year-to-date operating loss of $816,000 is under the budgeted loss of $1,036,000. This is only three months into the fiscal year and the year-end budgeted loss is $1.7 million and a positive $.8 million after non-operating revenues & expenses.

MOTION: To approve the Finance and Statistical Report for September 2018

- Glusker moved
- Miller second
- Roll call
  - Ayes: Glusker, Lund, Bruning, Miller, Birdsell
  - Noes: None
  - Absent: None
  - Abstain: None
- Motion carried

18. *INFORMATION:* ASSOCIATION AND COMMUNITY SERVICE REPORTS

- There were no Association and Community Service Reports.

19. PUBLIC COMMENTS:

- Community members discussed issues regarding the Hospital.

20. ADJOURN:

Open Session adjourned at 8:50 pm

Reconvened Closed Session at 9:00 pm

1. Reconvention of Open Session
   A. Reporting out on Closed Session
   1. The Board received an update on the Union Negotiations.

Peter Glusker, MD, Secretary
Board of Directors

Gayl Moon, Secretary to the
Board of Directors

TAB 2

Policies
&
Procedures

TAB 3

Mendocino Coast Health Care District
doing business as
Mendocino Coast District Hospital

Basic Financial Statements and
Independent Auditors' Report

June 30, 2018 and 2017

DZA

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
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DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Fort Bragg, California

Report on the Financial Statements

We have audited the accompanying financial statements of Mendocino Coast Health Care District doing business as Mendocino Coast District Hospital (the District) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

12015 East Main Avenue | Spokane Valley, WA 99206 | 509.242.0874 | www.dzacpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2018 and 2017, and the changes in its financial position and 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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
November 30, 2018

Our discussion and analysis of Mendocino Coast Health Care District doing business as Mendocino Coast District Hospital's (the District) financial performance provides an overview of the District's financial activities for the years ended June 30, 2018 and 2017. Please read it in conjunction with the District's financial statements, which begin on page 8.

Financial Highlights

- The District's net positon decreased by $1.2 million or 13.8 percent in the fiscal year ended June 30, 2018 and decreased by $0.7 million in the prior fiscal year ended June 30, 2017.
- The District reported an operating loss of $2.4 million in the fiscal year ended June 30, 2018 and an operating loss of $1.1 million in the prior fiscal year ended June 30, 2017. The operating loss in 2018 was a decrease in operating income of $1.3 million from the 2017 prior year. The operating loss in 2017 was a decrease in operating income of $3.2 million from the 2016 year.
- Nonoperating net revenues (expenses) increased by $1.0 million in 2018 compared to 2017. Nonoperating net revenues (expenses) decreased by $0.5 million in 2017 compared to 2016.

Using This Annual Report

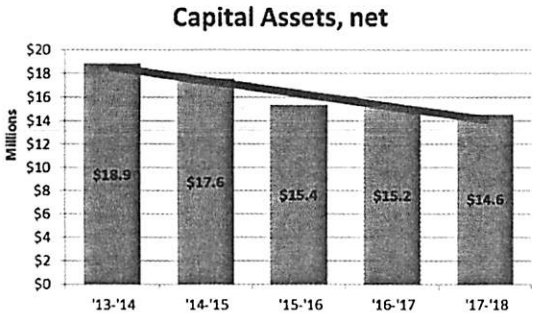
Financial statements are uniformly designed and presented in conformity with the provisions of GAAP (generally accepted accounting principles), and necessary for the fair evaluation of operations and the financial position of the District when looked at by various stakeholders. By reading and understanding these financial statements, stakeholders can determine if the District has made or lost money, where the money went and how the District stands financially. The District's financial statements consist of three statements — a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; and a Statement of Cash Flows.

The Statement of Net Position

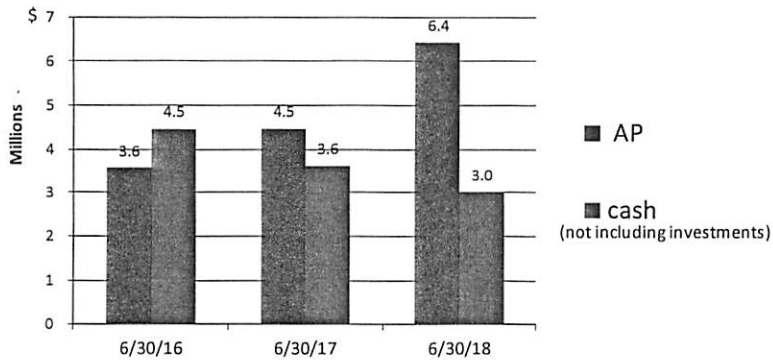
The following Table 1 summarizes the more detailed statement on pages 8 and 9. The District's net position is the difference between its assets and liabilities. The District's net position decreased by $1.2 million or 13.8 percent in 2018 and decreased by $0.7 million or 7.6 percent in 2017, an unfavorable trend of a decreasing net position.

	2018	2017	2016
Assets			
Current assets	$ **12,663,314**	$ 14,262,968	$ 13,762,465
Investments limited as to use in local agency investment fund	**4,280,051**	4,226,086	3,998,601
Cash and cash equivalents restricted or limited as to use, less current portion	**407,350**	407,350	976,884
Capital assets, net	**14,572,283**	15,207,782	15,388,339
Total assets	**31,922,998**	34,104,186	34,126,289
Deferred outflows of resources	**520,001**	568,750	-
Total assets and deferred outflows of resources	$ **32,442,999**	$ 34,672,936	$ 34,126,289
Liabilities			
Current liabilities	$ **13,364,768**	$ 12,984,246	$ 11,248,007
Long-term debt, net of current maturities	**11,486,238**	12,885,393	13,350,618
Total liabilities	**24,851,006**	25,869,639	24,598,625
→ *Net position*			
Invested in capital assets, net of related debt	**3,013,037**	2,734,858	2,622,931
Unrestricted	**4,578,956**	6,068,439	6,904,733
Total net position	**7,591,993**	8,803,297	9,527,664
Total liabilities and net position	$ **32,442,999**	$ 34,672,936	$ 34,126,289
Current ratio (current assets/current liabilities)	0.9	1.1	1.2

The current ratio provides one measure of liquidity where higher values are favorable, comparing current assets to current liabilities. It is an indicator of the District having enough resources to meet its short-term obligations.



"Net capital assets" is a line item in the assets section of the statements of net position. This graph indicates the decreasing trend in the District's net capital assets (buildings and equipment). This trend suggests that the District is not keeping up in replacing its infrastructure.



AP (on the statements of net position) and cash (as detailed on the statements of cash flows) is graphically compared here. The relationship is that the decrease in cash is not due to a decrease in AP.

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

Table 2 summarizes the more detailed statement on page 10. This statement provides annual financial performance, financial activities within a year. Financial performance is assessed by giving a summary of how the District incurred its revenues and expenses through both operating and nonoperating activities.

Table 2: Operating Results and Changes in the District's Net Position

	2018	2017	2016
Operating revenues:			
Net patient service revenue	$ 53,639,509	$ 51,866,507	$ 52,426,560
Other operating revenue	812,600	673,437	1,295,482
Total operating revenues	54,452,109	52,539,944	53,722,042
Operating expenses:			
Salaries & Wages and Benefits	$ 26,407,725	$ 25,948,038	$ 24,533,835
Registry	6,814,630	6,101,050	3,490,381
Total personnel cost	33,222,355	32,049,088	28,024,216
as a % of total operating revenues	61%	61%	52%
Supplies	8,472,046	8,314,818	8,222,292
Professional fees	7,875,143	6,570,308	6,920,688
All other	7,263,924	6,697,138	8,439,275
Total operating expenses	56,833,468	53,631,352	51,606,471
Operating income (loss)	(2,381,359)	(1,091,408)	2,115,571
Nonoperating revenues (expenses)	830,741	(192,270)	327,683
Capital contributions and gain on extinguishment of debt	339,314	559,311	914,044
Change in net position	$ (1,211,304)	$ (724,367)	$ 3,357,298

The first component of the overall change in the District's net position is its operating income—generally, the difference between net patient revenues and the expenses incurred to perform those services. The District reported an operating loss in both the years ended June 30, 2018 and June 30, 2017.

The District primarily provides its healthcare services through billing for those services. Healthcare reimbursement from various payers is much less than the gross charges; this difference allowing the differing payment methods from governmental and commercial insurance companies. Note 8 of the financial statements, net patient service revenues, goes into greater explanation. Net patient service revenues increased $1.8 million or 3.4 percent in 2018 and increased $0.6 million or 1.1 percent in 2017.

The District is service oriented, and as such, the largest expenditure of providing these healthcare services is the personnel cost. Compounding this cost is the nature of the services, requiring skilled and educated staff that is often in shortage both on a local and national level. The District also has a collective bargaining unit (union). Total personnel cost increased $1.2 million or 3.7 percent in 2018 and increased $4.0 million or 14.4 percent in 2017.

The District's next largest operating cost is supplies. Healthcare supplies are characteristically expensive due to the nature of the services provided. The District belongs to a group purchasing organization in the process of mitigating these costs. Total supply cost increased $0.2 million or 1.9 percent in 2018 and increased $0.1 million or 1.1 percent in 2017.

The other primary expense components of these operating results are:

- An increase in professional fees of $1.3 million or 19.9 percent in 2018, and a decrease of $350,380 or 5.1 percent, in 2017.
- An increase in registry costs of $0.7 million or 11.7 percent in 2018, and an increase of $2.6 million or 74.8 percent, in 2017.
- An increase in purchased services costs of $178,000 or 16.9 percent in 2018, and an increase of $55,000 or 5.5 percent, in 2017.
- An increase in depreciation expense of $55,000 or 3.8 percent in 2018, and a decrease of $1.0 million or 40.6 percent in 2017.
- The District's level of uncompensated care provided in 2018 was $269,000 and $68,000 in 2017, or 0.5 percent and 0.1 percent of gross revenue, respectively. These are services provided for which no payment is expected.

In summary, the operating loss in both 2018 and 2017 is due to operating expenses increasing more than net patient service revenue.

The Statement of Cash Flows

Table 3 summarizes the more detailed statements on pages 11 and 12. The statements of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as, "Where did cash come from?", "What was cash used for?", and "What was the change in cash balance during the reporting period?" There is an unfavorable decreasing trend in ending cash.

Table 3: Statements of Cash Flows

	2018	2017	2016
Beginning cash	$ 3,622,886	$ 4,460,648	$ 3,183,967
Net cash provided by operating activities	563,104	1,446,007	2,511,149
Net cash provided by noncapital financing activities	277,969	461,788	762,506
Net cash used in capital and related financing activities	(1,402,853)	(2,518,072)	(1,982,545)
Net cash used in investing activities	(53,965)	(227,485)	(14,429)
Ending cash	**$ 3,007,141**	**$ 3,622,886**	**$ 4,460,648**

The low level of net cash provided by operating activities in addition to the unfavorable decreasing trend of ending cash is of concern. Increasing net patient revenues and/or decreasing expenses will help improve the cash position.

Other Economic Factors

Competition from other hospitals and healthcare providers is a risk to the District's revenue. New or existing organizations try to carve out profitable segments of the District's business by expanding their marketing and/or facilities to meet the demand of healthcare in this area.

Contacting the District's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the finance department.

Mendocino Coast District Hospital
700 River Drive
Fort Bragg, California 95437

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Statements of Net Position
June 30, 2018 and 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2018	2017
Current assets		
Cash and cash equivalents	$ 1,806,804	$ 2,691,381
Cash and cash equivalents restricted or limited as to use	792,987	524,155
Receivables:		
Patient accounts	5,152,985	6,603,536
Estimated third-party payor settlements	2,061,339	727,380
California Department of Health and Human Services	791,608	1,732,027
Other	756,296	555,975
Taxes	70,390	65,424
Inventories	811,360	833,535
Prepaid expenses	419,545	529,555
Total current assets	12,663,314	14,262,968
Noncurrent assets		
Investments limited as to use in local agency investment fund	4,280,051	4,226,086
Cash and cash equivalents restricted or limited as to use, less current portion	407,350	407,350
Capital assets, net	14,572,283	15,207,782
Total noncurrent assets	19,259,684	19,841,218
Deferred outflows of resources, Bond refunding	520,001	568,750
Total assets and deferred outflows of resources	$ 32,442,999	$ 34,672,936

See accompanying notes to basic financial statements.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Statements of Net Position (Continued)
June 30, 2018 and 2017

LIABILITIES AND NET POSITION	2018	2017
Current liabilities		
Accounts payable	$ 6,422,501	$ 4,472,609
Accrued compensation and related liabilities	2,843,613	2,890,935
Estimated third-party payor settlements	1,648,985	3,107,493
Accrued interest	1,120,700	1,193,974
Current maturities of long-term debt	1,328,969	1,319,235
Total current liabilities	13,364,768	12,984,246
Noncurrent liabilities		
Long-term debt, less current maturities	11,486,238	12,885,393
Total liabilities	24,851,006	25,869,639
Net position		
Net investment in capital assets	3,013,037	2,734,858
Unrestricted	4,578,956	6,068,439
Total net position	7,591,993	8,803,297
Total liabilities and net position	$ 32,442,999	$ 34,672,936

See accompanying notes to basic financial statements

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2018 and 2017

	2018	2017
Operating revenues		
Net patient service revenue	$ 53,639,509	$ 51,866,507
Other revenue	812,600	673,437
Total operating revenues	54,452,109	52,539,944
Operating expenses		
Salaries and wages	19,922,700	19,351,726
Employee benefits	6,485,025	6,596,312
Professional fees	7,875,143	6,570,308
Registry	6,814,630	6,101,050
Purchased services	1,233,737	1,055,008
Supplies	8,472,046	8,314,818
Depreciation	1,511,526	1,456,629
Repairs and maintenance	937,924	876,336
Utilities	805,686	823,391
Leases and rentals	550,046	541,807
Insurance	541,866	505,474
Other	1,683,139	1,438,493
Total operating expenses	56,833,468	53,631,352
Operating loss	(2,381,359)	(1,091,408)
Nonoperating revenues (expenses)		
Taxation for operations	831,003	805,563
Taxation for debt service	512,895	332,592
Interest expense	(513,157)	(736,975)
Bond issuance costs	-	(593,450)
Total nonoperating revenues (expenses), net	830,741	(192,270)
Excess of expenses before capital contributions	(1,550,618)	(1,283,678)
Capital contributions	339,314	559,311
Change in net position	(1,211,304)	(724,367)
Net position, beginning of year	8,803,297	9,527,664
Net position, end of year	$ 7,591,993	$ 8,803,297

See accompanying notes to basic financial statements.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities		
Receipts from and on behalf of patients	$ 53,238,012	$ 51,967,588
Other receipts	612,279	232,424
Medicare electronic health records incentive	-	604,956
Payments to and on behalf of employees	(26,455,047)	(26,089,053)
Payments to suppliers and contractors	(26,832,140)	(25,269,908)
Net cash provided by operating activities	563,104	1,446,007
Cash flows from noncapital financing activities		
District tax receipts for maintenance and operations	826,037	800,778
Principal payments on long-term debt	(500,267)	(280,820)
Interest paid	(47,801)	(58,170)
Net cash provided by noncapital financing activities	277,969	461,788
Cash flows from capital and related financing activities		
District tax receipts for bond principal and interest	512,895	332,592
Capital contributions	339,314	559,311
Principal payments on long-term debt	(818,968)	(722,102)
Bond issuance costs	-	(593,450)
Interest paid	(560,067)	(818,351)
Purchase of capital assets	(876,027)	(1,276,072)
Net cash used in capital and related financing activities	(1,402,853)	(2,518,072)
Cash flows from investing activities		
Purchase of investments in local agency investment fund	(53,965)	(227,485)
Net cash used in investing activities	(53,965)	(227,485)
Net decrease in cash and cash equivalents	(615,745)	(837,762)
Cash and cash equivalents, beginning of year	3,622,886	4,460,648
Cash and cash equivalents, end of year	$ 3,007,141	$ 3,622,886

See accompanying notes to basic financial statements.

Mendocino Coast Health Care District
doing business as Mendocino Coast District Hospital
Statements of Cash Flows (Continued)
Years Ended June 30, 2018 and 2017

	2018	2017
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	$ 1,806,804	$ 2,691,381
Cash and cash equivalents restricted or limited as to use, current	792,987	524,155
Cash and cash equivalents restricted or limited as to use, long-term	407,350	407,350
Total cash and cash equivalents	**$ 3,007,141**	**$ 3,622,886**
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	$ (2,381,359)	$ (1,091,408)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	1,511,526	1,456,629
Provision for bad debts	1,878,991	1,333,832
Decrease (increase) in assets:		
Receivables:		
Patient accounts	(428,440)	(2,511,587)
Estimated third-party payor settlements	(1,333,959)	88,493
California Department of Health and Human Services	940,419	107,786
Medicare electronic health records incentive	-	604,956
Other	(200,321)	(441,013)
Inventories	22,175	(33,164)
Prepaid expenses	110,010	86,751
Increase (decrease) in liabilities:		
Accounts payable	1,949,892	903,190
Accrued compensation and related liabilities	(47,322)	(141,015)
Estimated third-party payor settlements	(1,458,508)	1,082,557
Net cash provided by operating activities	**$ 563,104**	**$ 1,446,007**

Noncash Financing Activities
During the year ended June 30, 2017, the District refunded its 1996, 2010, and a portion of its 2009 revenue bonds in the amount of $5,745,000 with a premium of $787,588 through the issuance of 2016 revenue bonds. The District also refunded its 2000 general obligation bonds in the amount of $4,125,000 through the issuance of the 2016 general obligation bonds.

See accompanying notes to basic financial statements.

1. Reporting Entity and Summary of Significant Accounting Policies:

a. Reporting Entity

Mendocino Coast Health Care District doing business as Mendocino Coast District Hospital (the District) is comprised of two separate divisions, a hospital division and a home health/hospice division, both of which are wholly owned by the District, 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 is a political subdivision of the State of California and is generally not subject to federal or state income taxes. The District is governed by a five member Board of Directors, elected from within the district to specified terms of office. The District's hospital and offices are located in Fort Bragg, California.

The District is a critical access hospital with 25 set-up acute-care beds. Services offered by the District include medical, swing bed, surgical, labor/delivery and nursery care, 24-hour emergency, laboratory, imaging services, orthopedics, oncology, physical therapy, home health, cardiac rehabilitation, and clinics. Members of the medical staff include specialist in emergency medicine, family practice, general surgery, radiology, and inpatient hospitalization.

The District has no significant component units.

b. Summary of Significant Accounting Policies

Use of estimates – The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Enterprise fund accounting – The District's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to proprietary funds of governments. The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

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.

Cash and Cash Equivalents and Investments – The District considers cash and cash equivalents to include certain investments in highly liquid debt instruments with an original maturity date of 90 days or less.

Inventories – Inventories are stated at cost on the first-in, first-out method. Inventories consist of pharmaceutical, medical, surgical, and other supplies used in the operation of the District.

Prepaid expenses – Prepaid expenses are expenses paid during the year relating to expenses incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense.

1. **Reporting Entity and Summary of Significant Accounting Policies (continued):**

   b. **Summary of Significant Accounting Policies (continued)**

   Accrued compensated absences – The District's employees earn paid time off (PTO) for vacation, holidays, and short-term illnesses based upon years of service. The related liability is accrued during the period in which it is earned. The District's policy is to permit employees to accumulate up to 400 hours of accrued compensated absences. The District may pay accrued vacation absences upon termination if proper notice and termination procedures are followed. As of June 30, 2018 and 2017, the District has an accrued compensated absence liability of $1,173,087 and $1,294,330, respectively.

   Net position – Net position of the District is classified into three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation, and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District. The District had no restricted net position as of June 30, 2018 and 2017. *Unrestricted net position* is remaining net position that does not meet the definition of *net investment in capital assets* or *restricted net position.*

   Operating Revenues and Expenses – The District's statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services, which is the District's principal activity. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs. Nonoperating revenues and expenses are those transactions not considered directly linked to providing healthcare services.

   Restricted resources – When the District has both restricted and unrestricted resources available to finance a particular program, it is the District's policy to use restricted resources before unrestricted resources.

   Grants and contributions – From time to time, the District receives grants from the state of California and others, as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements are met. Grants and contributions may be restricted for specific operating purposes or for capital purposes. Amounts that are restricted to specific capital acquisitions are reported after nonoperating revenues and expenses. Grants that are for specific projects or purposes related to the District's operating activities are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating revenue.

   Reclassifications – Certain amounts have been reclassified in the 2017 financial statements in order to be consistent with the 2018 financial statements. These reclassifications had no effect on the previously reported change in net position.

   Subsequent Events – Subsequent events have been reviewed through November 30, 2018, the date on which the financial statements were available to be issued.

1. **Reporting Entity and Summary of Significant Accounting Policies (continued):**

   b. **Summary of Significant Accounting Policies (continued)**

   Upcoming accounting standard pronouncements – In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Specifically, this statement requires a government entity with legal obligations to perform future asset retirement activities related to its tangible capital assets to recognize a liability based on the guidance in this statement. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The determination of when a liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event obligating a government entity to perform asset retirement activities. This statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The new guidance is effective for the District's year ending June 30, 2019. The District has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

   In June 2017, the GASB issued Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease payable and a right to use asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. The new guidance is effective for the District's year ending June 30, 2021, although earlier application is encouraged. The District has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

   In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, to improve the information that is disclosed in governmental entity financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities government entities should include when disclosing information related to debt. The statement defines debt and requires additional essential information related to debt to be disclosed in the 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. This statement also requires that existing and additional information be provided for direct borrowings and direct placement of debt separately from other debt. The new guidance is effective for the District's year ending June 30, 2019, although earlier application is encouraged. The District has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

2. Bank Deposits and Investments:

As of June 30, 2018 and 2017, the District had amounts on deposit in various financial institutions in the form of operating cash and cash equivalents. All of these funds were collateralized in accordance with the California Government Code (CGC), except for $250,000 per financial institution that is federally insured.

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 percent of the District's deposits. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150 percent 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.

3. Investments:

The District's investment balances and average maturities were as follows:

	2018				
		Investment Maturities in Years			Investment
	Fair Value	Less than 1	1 to 5	Over 5	Ratings
Investment in Local Agency Investment Funds	$ 4,280,051	$ 4,280,051	$ -	$ -	Not applicable
Total investments	$ 4,280,051	$ 4,280,051	$ -	$ -	

	2017				
		Investment Maturities in Years			Investment
	Fair Value	Less than 1	1 to 5	Over 5	Ratings
Investment in Local Agency Investment Funds	$ 4,226,086	$ 4,226,086	$ -	$ -	Not applicable
Total investments	$ 4,226,086	$ 4,226,086	$ -	$ -	

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had no investments subject to fair value measurements at June 30, 2018 or 2017.

The policy identifies certain provisions which address interest rate risk, credit risk, and concentration of credit risk.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's exposure to interest rate risk is minimal as 100 percent of their investments have a maturity of less than one year. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the preceding schedules that show the distribution of the District's investments by maturity.

Credit Risk – Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, such as Moody's Investor Service, Inc. The District's investments are in government investment funds which are not rated. The District believes that there is minimal credit risk with its investments at this time.

3. Investments (continued):

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer), the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investments are generally held by banks or government agencies. The District believes there is minimal custodial credit risk with their investments at this time. District management monitors the entities which hold the various investments to ensure they remain in good standing.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District believes there is minimal concentration of credit risk at this time.

Assets limited as to use – Assets limited as to use as of June 30, 2018 and 2017, were comprised of cash and cash equivalents held by the County of Mendocino under a General Obligation bond agreement, held by a trustee under bond indenture agreements, and designated by the board for investment in Local Agency Investment Fund for board determined use. Interest income, dividends, and both realized and unrealized gains and losses on investments are recorded as investment income. Total investment income includes both income from operating cash and cash equivalents and cash and cash equivalents related to assets limited as to use.

Assets limited as to use were comprised of the following:

	2018	2017
Board designated for the participation in Medicaid supplemental payment programs	$ 4,280,051	$ 4,226,086
Board designated for repayment of long-term debt	792,987	524,155
Bond restricted for payment of long-term debt	407,350	407,350
Total assets limited as to use	$ 5,480,388	$ 5,157,591

4. Patient Accounts Receivable:

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of accounts receivable, the District analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

4. Patient Accounts Receivable (continued):

The District's allowance for uncollectible accounts for self-pay patients did not change significantly from the prior year. The District does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

Patient accounts receivable reported as current assets consisted of these amounts:

	2018	2017
Receivable from patients and their insurance carriers	$ 4,697,861	$ 5,302,121
Receivable from Medicare	1,766,877	1,821,394
Receivable from Medi-Cal	507,997	1,438,607
Total patient accounts receivable	6,972,735	8,562,122
Less allowance for uncollectible accounts	(1,819,750)	(1,958,586)
Patient accounts receivable, net	$ 5,152,985	$ 6,603,536

5. District Tax Revenues:

The Mendocino County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually and are due in equal installments on October 31 and February 1. Property taxes are recorded as revenue when levied. Since state law allows for sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

6. Capital Assets:

The District capitalizes assets whose costs exceed $5,000 and have an estimated useful life of at least two years. Major expenses for capital assets, including repairs that increase the useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses as incurred. Capital assets are reported at historical cost or their estimated fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and computed using the straight-line method.

Useful lives are estimated as follows:

Buildings and improvements	5-40 years
Equipment	3-20 years

Capital asset activity follows:

	Balance June 30, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
Capital assets not being depreciated					
Land	$ 117,490	$ -	$ -	$ -	$ 117,490
Construction in progress	1,137,652	647,081	-	(1,504,149)	280,584
Total capital assets not being depreciated	1,255,142	647,081	-	(1,504,149)	398,074
Building and improvements	25,215,842	-	-	-	25,215,842
Equipment	20,966,403	228,946	(59,301)	1,504,149	22,640,197
Total capital assets being depreciated	46,182,245	228,946	(59,301)	1,504,149	47,856,039
Less accumulated depreciation for					
Building and improvements	(14,172,324)	(810,596)	-	-	(14,982,920)
Equipment	(18,057,281)	(700,930)	59,301	-	(18,698,910)
Total accumulated depreciation	(32,229,605)	(1,511,526)	59,301	-	(33,681,830)
Total capital assets being depreciated, net	13,952,640	(1,282,580)	-	1,504,149	14,174,209
Capital assets, net of accumulated depreciation	$ 15,207,782	$ (635,499)	$ -	$ -	$ 14,572,283

6. Capital Assets (continued):

	Balance June, 30 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Capital assets not being depreciated					
Land	$ 117,490	$ -	$ -	$ -	$ 117,490
Construction in progress	259,517	878,135	-	-	1,137,652
Total capital assets not being depreciated	377,007	878,135	-	-	1,255,142
Capital assets being depreciated					
Building and improvements	25,215,842	-	-	-	25,215,842
Equipment	21,416,984	397,937	(848,518)	-	20,966,403
Total capital assets being depreciated	46,632,826	397,937	(848,518)	-	46,182,245
Less accumulated depreciation for					
Building and improvements	(13,325,800)	(846,524)	-	-	(14,172,324)
Equipment	(18,295,694)	(610,105)	848,518	-	(18,057,281)
Total accumulated depreciation	(31,621,494)	(1,456,629)	848,518	-	(32,229,605)
Total capital assets being depreciated, net	15,011,332	(1,058,692)	-	-	13,952,640
Capital assets, net of accumulated depreciation	$ 15,388,339	$ (180,557)	$ -	$ -	$ 15,207,782

Construction in Progress – As of June 30, 2018, construction in progress (CIP) consisted of an Auto Transfer Switch, an HVAC system, an Emergency Department Water Heater and the remaining grouped into various other projects. The estimated completion dates and budgeted remaining costs for the projects in CIP are as follows:

	Estimated Completion Date	Total Budgeted Project Cost	Total Cost Incurred	Estimated Cost to Complete
Auto Transfer Switch	March 2019	$ 767,617	$ 134,244	$ 633,373
Parking Lot	On Hold	500,000	7,574	492,426
HVAC	March 2019	900,836	134,256	766,580
Emergency Department Water Heater	March 2019	57,007	4,510	52,497
Other various capital projects and equipment installations	2018 and 2019	8,000	-	8,000
Total costs to complete		$ 2,233,460	$ 280,584	$ 1,952,876

7. Long-term Debt and Capital Lease Obligations:

A schedule of changes in the District's long-term debt follows:

Bonds and Notes Payable	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due Within One Year
LTGO bonds series 2016	$ 4,125,000	$ -	$ (35,000)	$ 4,090,000	$ 50,000
LTGO bonds series 2000 - capital appreciation	507,741	-	(78,968)	428,773	79,659
2009 revenue bonds	470,000	-	(230,000)	240,000	240,000
2016 revenue bonds	5,440,000	-	(350,000)	5,090,000	360,000
United Healthcare note	1,470,000	-	(210,000)	1,260,000	210,000
CMS note	55,483	-	(55,483)	-	-
OSHPD CAL Mortgage	880,805	-	(125,000)	755,805	200,000
Bankruptcy payables	424,094	-	(234,784)	189,310	189,310
Premiums and discounts	831,505	-	(70,186)	761,319	-
Total long-term debt	$ 14,204,628	$ -	$ (1,389,421)	$ 12,815,207	$ 1,328,969

Bonds and Notes Payable	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year
LTGO bonds series 2000	$ 3,940,000	$ -	$ (3,940,000)	$ -	$ -
LTGO bonds series 2016	-	4,125,000	-	4,125,000	35,000
LTGO bonds series 2000 - capital appreciation	585,503	-	(77,762)	507,741	78,968
1996 revenue bonds	1,095,000	-	(1,095,000)	-	-
2009 revenue bonds	3,835,000	-	(3,365,000)	470,000	230,000
2010 revenue bonds	2,140,000	-	(2,140,000)	-	-
2016 revenue bonds	-	5,745,000	(305,000)	5,440,000	350,000
United Healthcare note	1,680,000	-	(210,000)	1,470,000	210,000
CMS note	126,303	-	(70,820)	55,483	55,483
OSHPD CAL Mortgage	980,805	-	(100,000)	880,805	125,000
Bankruptcy payables	424,094	-	-	424,094	234,784
Premiums and discounts	(161,977)	787,588	205,894	831,505	-
Total long-term debt	$ 14,644,728	$ 10,657,588	$ (11,097,688)	$ 14,204,628	$ 1,319,235

Aggregate annual principal and interest payments over the terms of long-term debt follow:

Years Ending June 30,	Long-term Debt Principal	Interest	Total
2019	$ 1,328,969	$ 604,589	$ 1,933,558
2020	1,163,463	575,931	1,739,394
2021	941,356	562,721	1,504,077
2022	902,675	549,307	1,451,982
2023	762,757	546,284	1,309,041
2024 - 2028	4,624,668	1,141,601	5,766,269
2029 - 2031	2,330,000	129,126	2,459,126
	$ 12,053,888	**$ 4,109,559**	**$ 16,163,447**

7. Long-term Debt and Capital Lease Obligations (continued):

Refunding Revenue Bonds, Series 1996 – Bonds payable dated August 1, 1996, in the original amount of $4,030,000, refunded in 2017 by the Refunding Revenue Bonds, Series 2016.

Refunding Revenue Bonds, Series 2009 – Bonds payable dated October 1, 2009, in the original amount of $5,000,000, partially refunded in 2017 by the Refunding Revenue Bonds, Series 2016. The unfunded portion of the bond principal is payable in 2019 in the amount of $240,000. Bond interest is payable semiannually at 5.3 percent.

Revenue Bonds, Series 2010 – Bonds payable dated July 1, 2010, in the original amount of $2,875,000, refunded in 2017 by the Refunding Revenue Bonds, Series 2016.

Refunding Revenue Bonds, Series 2016 – In July 2016, the District issued the Mendocino Coast Health Care District (Mendocino County, California) Insured Health Facility Refunding Revenue Bonds, Series 2016 in the amount of $5,745,000. The bond principal is payable yearly at various amounts from $350,000 to $625,000. Bond interest is payable semiannually at various rates from 3.0 percent to 5.0 percent. The bonds mature in 2029 and are payable solely from gross revenues and certain funds held under the Indenture. The new debt issue will reduce debt service payments for the District by $1,215,679 with an economic gain of $503,246. Repayment of the bonds is insured pursuant to a Contract of Insurance and a Regulatory Agreement through the California Health Facility Construction Loan Insurance Program administered by the Office of Statewide Health Planning and Development of the State of California (OSHPD).

General Obligation Bonds, Series 2000 – Bonds payable dated November 1, 2000, in the original amount of $5,500,000, refunded in 2017 with the 2000 General Obligation Refunding Bonds, Series 2016.

2000 General Obligation Refunding Bonds, Series 2016 – In November 2016, the District issued $4,125,000 principal amount of general obligation bonds in order to refinance its General Obligation Bonds, Series 2000. Interest on the bonds is payable semiannually at rates ranging from 2.375 percent to 5.000 percent and principal maturities ranging from $50,000 in 2023 to $645,000 in 2031, are due annually on August 1 of each year. The new debt issues will reduce debt service payments for the District by $579,368 with an economic gain of $430,122.

Bonds maturing on or after August 1, 2027, may be redeemed prior to maturity at the District's option. The redemption price is 100 percent. The Bonds are general obligations of the District payable from ad valorem taxes. Payment of principal, interest and maturity value of the Bonds, when due, are insured by a municipal bond insurance policy.

Bonds maturing on August 1, 2022, are subject to mandatory redemption, paid from a mandatory sinking fund in which the District will make annual payments on August 1, 2018, through August 1, 2022, in amounts ranging from $35,000 to $55,000.

United Healthcare Note – The District borrowed funds in the amount of $2,100,000 in April 2014 from United Healthcare (UHC) under a program established to finance certain electronic medical records (EMR) conversion and installation required by CMS. The note carries an interest rate of 4.0 percent and principal payments of $210,000 are due annually in April through 2024.

7. Long-term Debt and Capital Lease Obligations (continued):

Cal Mortgage – The District borrowed a total of $1,005,806 from Cal Mortgage to replace a line of credit with a bank in the amount of $1,000,000 during fiscal year ended June 30, 2013. This was done to help facilitate the District's bankruptcy filing. The note carries varying interest rates and payments including principal and interest ranging from $233,207 to $157,570 and are due monthly through March 2022.

The Agreement with OSHPD sets out certain business covenants of the District, including maintenance, operation and management of facilities and limitations on encumbrances, assignment and transfer of any part of the facilities, and other matters. The Agreement also provides for the rights and obligations of the parties in the event of a default. Under the Agreement, the District has agreed to fix, charge, and collect such rates, fees, and charges which, together with all other receipts and revenues of the District, will produce a debt coverage ratio of at least 1.25 times the District's aggregate debt service for a fiscal year. The District was not in compliance with the bond's liquidity covenant and, as a result, OSHPD has the ability to require the District to engage a consultant to make recommendations on rates, fees, charges, and operations. OSHPD also has the ability to waive the engagement of a consultant upon OSHPD's acceptance of an improvement plan submitted by the District.

CMS Payable – The District had a note payable to CMS related to a settlement for a self-reported Stark Law violation. This note was repaid during fiscal year ended June 30, 2018.

Bankruptcy Payable – The District has a note payable related to amounts due to various vendors from the bankruptcy settlement. The settlement was for $900,884, and has a final payment of $189,310 due in 2019.

8. Net Patient Service Revenues:

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the District's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the District records a significant provision for bad debts related to uninsured patients in the period the services are provided. The District's provision for bad debts and writeoffs increased from the prior year due to untimely billing caused by significant turnover in the business office. The District has not changed its charity care or uninsured discount policies during 2018. Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	2018	2017
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	$ 31,655,763	$ 29,615,447
Medi-Cal	4,530,030	6,960,660
Other third-party payors	14,444,611	13,324,526
Patients	1,840,649	1,304,491
Supplemental payments	3,316,703	2,063,239
	55,787,756	53,268,363
Less:		
Charity care	269,256	68,024
Provision for bad debts	1,878,991	1,333,832
Net patient service revenue	$ 53,639,509	$ 51,866,507

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** – The District has been designated a critical access hospital by Medicare and is reimbursed for inpatient and outpatient services and rural health clinic visits on a cost basis as defined and limited by the Medicare program. Physician services outside the rural health clinic are paid on a fee schedule. Home health and hospice services are reimbursed on a prospective rate per episode of care. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor.

- **Medi-Cal** – Services to Medi-Cal beneficiaries are paid at prospectively determined rates per procedure or discharge. The rural health clinic (RHC) is paid a prospective rate per encounter and updated annually for inflation.

8. Net Patient Service Revenues (continued):

The District also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing Medicare, Med-Cal, and other 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. Net patient service revenue increased by approximately $70,000 and decreased by approximately $76,000 in 2018 and 2017, respectively, due to differences between original estimates and final settlements or revised estimates. Net patient service revenue increased by approximately $690,000 and decreased by approximately $278,000 in 2018 and 2017, respectively, due to differences between original estimates and final settlements or revised estimates for supplemental payment programs.

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended June 30, 2018 and 2017, were approximately $131,000 and $33,000, respectively. The District did not receive any gifts or grants to subsidize charity services during 2018 and 2017.

9. Employees' Retirement Plans:

The District has a noncontributory, defined contribution pension plan which covers substantially all employees, the Mendocino Coast District Hospital Money Purchase Pension Plan (the Plan) which is administered by Transamerica. The District has the authority to amend the Plan. Assets of the Plan consist of a group of annuity contracts. The annual contribution made by the District is equal to approximately 5 percent of eligible employee salaries. Total pension expense for the years ended June 30, 2018 and 2017, were $834,849 and $811,495, respectively. For the years ended June 30, 2018 and 2017, the amounts owed to the Plan by the District were $860,213 and $832,353, respectively.

The District has a 403(b) salary savings plan which is available to substantially all employees. The 403(b) plan is wholly employee funded through regular deductions from wages and salaries. There is no provision for any matching or other such contributions by the District. Employee contributions to the plan for the years ended June 30, 2018 and 2017, were $829,747 and $748,761, respectively.

10. Risk Management and Contingencies:

Medical malpractice claims – The District purchases malpractice liability insurance through Beta Healthcare Group. Beta offers the District a professional and general liability policy on a "claims made" basis with primary limits of $10,000,000 per claim and an annual aggregate of $20,000,000. The policy has a $1,000 deductible per claim.

No liability has been accrued for future coverage of acts, if any, occurring in this or prior years. Also, it is possible that claims may exceed coverage available in any given year.

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 employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of various statutes and regulations by healthcare providers. 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. Management believes the District is in compliance with fraud and abuse as well as other applicable government laws and regulations. If the District is found in violation of these laws, the District could be subject to substantial monetary fines, civil and criminal penalties, and exclusion from participation in the Medicare and Medicaid programs.

11. Mendocino Coast District Foundation:

The Mendocino Coast District Foundation (the Foundation) has been established as a nonprofit public benefit corporation to solicit contributions on behalf of the community in the Mendocino County coastal area. Funds raised, except for funds required for operation of the Foundation, are distributed to the District or held for the benefit of the District and other healthcare functions within the community. The Foundation's funds, which represent the Foundation's unrestricted resources, are donated to the District in amounts and in periods determined by the Foundation's Board of Trustees, who may also restrict the use of such funds for District property or equipment replacement, expansion, or other specific purposes.

The District received contributions from the Foundation in the amount of $339,314 and $559,331 during the years ended June 30, 2018 and 2017, respectively. The District provides office space to the Foundation at no charge and the Foundation's directors and computer equipment are covered under the District's general liability, directors and officers, and property insurance.

TAB 4

1. Quality/Delivery of Care

Goal: **The Hospital District performs high quality of care.**

Strategies: **Use reviews and inspections by regulatory and accreditation entities to ensure MCDH is maintaining and improving the quality of its services. Share results with patients and the community.**

		Exec. Sponsor	Result
Meet or exceed Accreditation, Regulatory Review, Quality Bonus, Quality Incentive and Inspection standards	Joint Commission, 2nd or 3rd quarter 2018 (see below)	Finley	• The Joint Commission arrived at MCDH unannounced for a bifurcated survey. Part A had the Clinical/Operations and Home Health Survey, and Part B had the Facility, Environment of Care, and Safety. • We **are currently putting together our plan of correction to submit to Joint Commission. Once they accept the plan we can publically share the Joint commission findings. Many findings were fixed while Joint Commission was onsite.**
	CDPH, California Department of Public Health, Ongoing, Unannounced	Schmid	
	PRIME, Annual, July 2018	Slaughter	The PRIME Year-End Report was submitted and we passed both the Colorectal and Breast Cancer Screening Metrics. We over performed on the Colorectal Screenings by 50% thus becoming eligible to claim up to 25% of unearned funding on another metric. Due to the lack of data for the PRIME patients due for Cervical Cancer Screenings we were unable to validate and pass that metric. We did really well with all three measures for our NCFHC PRIME patients. For this fiscal year we hope to be able to extract this data through agreements with other entities in the area. PRIME patients ae identified by 2 visits at the entity (MCDH

			and/or NCFHC) and insured through state Medi-Cal as primary, secondary or tertiary insurance. Our outreach continues at NCFHC to ALL of our primary care patients to ensure that every patient seen by their Primary Care Provider is offered these cancer screenings. Our new data for our NCFHC Primary Care Patients that are in the PRIME population as of November 7, 2018 are: Br Ca Screening = 66.19% (target 55.89%); Cerv Ca Screening = 51.7% (target 51.94%); Colorectal Ca Screening = 46% (target 44.64%)
	CMS, Centers for Medicare and Medicaid Services, Ongoing, Unannounced	Schmid	
	ACHD, Association of California Healthcare Districts, Board Self Evaluation April 2018	Lund	This Board Self Evaluation was completed by the MCDH Board, and meets the expectation and policy for the Annual Board requirement.
	NRC Health (HCAHPS) (Patient Experience Survey, Quarterly)	Lee	
Upgrade the Electronic Health Record (E H R) to improve business office performance, revenue cycle data, patient data flow, physician engagement, staff productivity, and progress with National Meaningful Use Standards. Implement a robust, single platform Electronic Health Record for all District entities	Choose Vendor (currently MediTech is the chosen provider)	Finley/Turner	MediTech was selected as the vendor of choice in a number of categories: • Financial – upfront costs were the cheapest of other vendors that were reviewed. • Consistency – Meditech Magic is currently implemented at the hospital as one aspect of our EHR; our financial data as well as our ADR (Admission/Discharge/Registration) data will flow seamlessly to the new product. • Physician Satisfaction – Physicians were impressed with the product demos and the ability to unify both the Ambulatory and Hospital patient records.
	Down payment and contract approval, Contract approval May 18, Down Payment Sept 18	Ellis	• This will be presented to the Board in August.

	Implementation periods for MCDH; NCFHC; Out Patient Clinics; Home Health , Jan. 19 to July 19	Finley/Turner	• Start date for the implementation is January 4, 2019. • **Implementation started on October 2019, with a go-live July 1, 2019.**
	Evaluate improvements related to EHR implementation, Oct 19 NOTE: Electronic Health Record improves Quality of Care by furnishing data in the Plan, Do, Study, Act phases of Performance Improvement. PI processes need data mining. E H R also quickly improves transparency in sharing information between providers, care givers, and patients. E H R systems offer faster collection of safety metrics over human collection and entry. E H R systems on a single platform cause patient infor be in easy identifiable locations. E H R systems assist in improving patient revenue cycle practices.	Finley/Turner	

2. Financial/Fiscal Solvency

Goal: **Adequately fund ongoing operations and capital improvements in order to support advancements in the care provided.**

Strategy: **Stabilize operational funding through a parcel tax or other means.**

Improve the Revenue Cycle processes through recruiting full-time, permanent employee talent into the positions that support the Finance Department and the Revenue Cycle Departments*.

		Executive Sponsor	Results
Stabilize operational funding	Build support for measures that will assist the Hospital by providing information to regarding Hospital finances, management and strategic plans, Jan 19	Ellis	
Improve Finance and Revenue Cycle Departments	Purchasing Manager, hire permanent position Permanent Revenue Cycle Director hired Insurance Denial Lead position, hired Integrity Lead, for claim completeness, hired 2 additional patient account billers hired May 2018	Ellis	• Updating policies and procedures • Providing education and training to staff • Applying for grants/assistance for revenue cycle • Developed and tracking quality improvement Measures to improve revenue cycle
Evaluate ROI on 10 key services	Contract with subscription service to externally extrapolate department ROI (Return on Investment), and determine economic benefit to facility and/or need for negotiating funding from payers, May 2018, start service with first actions July 2018	Edwards/Ellis	• Proposal to discontinue Nuclear Med Services
RFP, Expert Legal Counsel to negotiate best pay from third party payers, once we have 'need' determined, as mentioned in ROI	Begin negotiation process on payer reimbursement, August 18, with results in late 2019	Edwards/Ellis/ Legal	• Reviewing engagement proposals for payor Contracts review
RFP, In House Legal Services	In House Legal due to retirement of Mr. Ruprecht, or Legal support from existing group, from outside the area, May 2018	Edwards/ Camp	We have advertised in the following publications: • The San Francisco Recorder which is strictly a legal newspaper publication • Posted an Ad on the California Society of Healthcare Attorneys Job Board • California Healthcare Attorneys Jobs (this is a different publication than the "CSHA") • Posted on the American Health Lawyers

			Association. • Ad on the ACHD (Association of California Healthcare Districts) In addition, 9 RFP (Request for Proposal) have been sent out to Law firms in California that might have an interest in providing Legal Services. • CHRO (Camp), CEO (Edwards), and Legal Counsel (Ruprecht) narrowed list of interested individuals and legal firms to 3 • Board set up a committee of two Board Members to interview the narrowed list of qualified attorneys and top RFP responses. • Plan for July 2018 Board Agenda item on RFP, In House, Legal Services with Action • The Board approved setting up a "special" Board meeting to interview the two final candidates. This is scheduled for Thursday, August 16. • The Board postponed the selection of legal counsel during the July 2018 Board meeting. • The Board will agendize the selection of legal counsel for the Board meeting in August 2018. • MCDH set in motion, certain steps to engage BB&K, specifically attorneys Colin Coffey and Noel Caughman as MCDH General Counsel, effective October 5, 2018. • **Complete**

*(Revenue cycle is defined by HFMA as "All administrative and clinical functions that contribute to the capture, management, and collection of patient service revenue." Elements of Revenue Cycle include: Scheduling and Pre-Registration; Point of Service Registration, Counseling and Collections; Encounter Utilization Review and Case Management; Charge Capture and Coding; Claim Submission; Third Party Follow Up; Remittance Processing and Rejections; Payment Posting, Appeals and Collections.

3. Physical Plant/Facilities

Goals: **Modernize the physical plant to meet or exceed OSHPD seismic standards.**

Develop processes, and income to meet 2030 earthquake standards for all required elements of the hospital.

Strategies: Complete upgrades to achieve 90% compliance with known facility improvements.

Develop a financial feasibility strategy to address hospital building requirement for remodeling or replacement of facility.

		Executive Sponsor	Results
Perform Current Facility improvements	HELP II	Schmid	• HELP II Loan first distribution received by hospital and account set up according to requirements
	OR HVAC, Operating Room Air Balance, Humidity, Temperature control units. Nov 2018	Schmid	December 2018 OSHPD signed off on 1st mile stone and 25% of project completed. • Unforeseen Condition OR HVAC Electrical Trench: Completion before 12-31-2018 o Extend trench to avoid concrete footing at Electrical Room ▪ Install sub surface pull vault and steel lid ▪ Install conduit and sweeps Encasement concrete and Backfill ▪ Asphalt Restoration $5,642.36 • OR HVAC Electrical Pull box and panel complete. • OR HVAC Replacement Equipment pad complete. • OR Demolition: Suite one is schedule to be closed down for six weeks. Following Suite two will close down for six weeks. o Arrangements for surgery schedules and infection control are in discussion. o A meeting for educating training all

			staff who will be impacted with the six week closure. ○ Daily inspections will need to be done when work begins. ○ Housekeeping will be schedule to do a daily clean. ○ A definite start date will be determined in January.
	ATS, Automatic Transfer Switch, to switch between electric power and generator electric power Nov 2018 Telemetry	Schmid Schmid	December 2018 • ATS Replacement Overhead conduit bracing complete • ATS Replacement Transfer Switch and Paralleling Gear Fabrication and Delivery expected by end of January 2019 • ATS Replacement Generator Controls Scheduled for February 2019.
	Nurse Call System. Nurse Call System upgrade and installed in required locations in facility. August 2018	Schmid	• The project is complete • The final cost was submitted to OSHPD
	Emergency Hot Water Tank and Heater, in Emergency Room location needs replacement. Nov 2018	Schmid	• The architect has submitted change order and awaiting OSHPD approval to begin work. I have requested an expedited review.

	Parking Lot, repair and resurfacing, to occur in three stages, May 18 to Oct 18	Schmid	• The project is unfunded. • We will fill potholes until MCDH finds a way to fund this project • The parking lot is on hold.
Identify ongoing facility improvement needs through key stakeholders	Planning Committee, Medical Staff, Employees, Senior Leadership Team, CEO, OSHPD, CDPH, Quality Review Reports (QRR), and Board of Directors review/identify at regular meetings, Bi-Monthly or as Discovered	Edwards & Planning Chair	• On a Bi-Monthly basis the Board will review and identify (as Discovered) facility improvement needs. We will put this Item on the July 2018 Board Agenda (this was reported during the July 2018 Board meeting) • During the July 2018 Board meeting, this was addressed by an Agenda item. The Board did not add any additional facility improvement(s). • At this time, the CEO or his direct reports have requested facility improvement needs through the following stakeholders: Medical Staff; Employees; Senior Leadership Team; QRR (Quality Reports). • This is also a place holder for the Planning Committee to provide input: And this space will record that he Planning Committee Meeting for June 19, 2018, met but did not add any additional facility projects when asked. • The Medical Staff and QRR's did identify the need to find a replacement or identify the relocation of Cardiopulmonary Services Department. o The roof has been replaced o Outside siding is in process of repair o HVAC units on order o Should be starting inside repairs in 1st quarter 2019.
Establish a Future Hospital Building Plan that addresses seismic issues and appropriate hospital size/function for c	Geotechnical Soil Analysis, Core Samples of surface to bedrock in multiple locations on campus. Core Samples under existing building and in open area of campus, to determine if present location is better location for building seismic upgrades.	Schmid	• **November 2018 Completed**

community, within an affordable range.	Oct 2018		
	Architectural Firm RFP. Firm will lead dialogue with stakeholders on plan for seismic upgraded facility. Moneys to pay for this may exceed one million dollars. Prepare and send out to appropriate Architects after Parcel Tax approval. Expect RFP approval and selection by Board in Nov 2018 for RFP.	Schmid	• **In process to write** ○ **Goal to post 1st Quarter 2019**

4. People/Physician, Nursing and Support Staffing

Goals: **Increase the percentage of physicians, nurses and support staff who are permanent residents of the District, and stabilize other staffing as necessary.**

Strategies: Analyze the need to adjust wages and other incentives to recruit for hard-to-fill positions.

		Executive Sponsor	Results
Wage adjustments	Negotiate with labor union, June 2018	Camp/Edwards	Both MCDH and the Union have agreed to extend the Current Memorandum of Understanding indefinitely Beyond the current expiration date of the Agreement, June 30, 2018. Initial Union negotiations will begin On Wednesday and Thursday, July 25 & 26 to be held At MCDH. Union Negotiations continue, with a follow-up meeting on August 8, 2018. • Union Negotiations continue, with regular scheduled meetings.
	Adjust wages and benefits from the 25th percentile to the 75th percentile of compensation ranges for selected positions, June 2018	Camp	Will be discussed as part of upcoming Union Negotiations. • There have been two meetings thus far with the Union with very little movement. Negotiations will resume on Wednesday, August 22. • An additional meeting took place on Wednesday, September 19. The next meeting will be held on Wednesday, October 3. • Next meeting to be held on Tuesday, October 30. • MCDH and UFCW8 have not been able to reach an Agreement and a declaration letter of impasse was Presented to the Union by our Labor Attorney. • **The Union has agreed to a fact-finding negotiation with a representative from MCDH/UFCW and a neutral party. The attorneys party will be selecting the Arbitrator that will need to be agreed upon by both parties.**
Recruitment and Retention	Deploy best practices in Health Care Industry to sustain workforce. Best practices may include:	Camp	R&R plan in the process of being developed.

	Performance incentives; succession planning; assisting with affordable housing; eliminating bully behaviors; benefit selection, Work Place Culture that supports Teamwork. Feb 2018		
	Establish Registry personnel comparative metric, by department(s) comparing MCDH with local, area, and state metrics. After metrics are determined, establish and set up a department(s) standard for Registry staff within each major employee (department) group. Feb 2019	Camp	Research in process. • Registry has dropped from 41 to 28 in the past few weeks and will hopefully continue with the recruiting efforts for permanent staff.

*Market includes Northern California, North Bay, Northern Rural California, Facilities with $50M to $100M income that have over 315 employees. Consider services, differentials for CAH: Rural Health Clinic, Ambulance, Home Health, Hospice and Thrift Store, Oncology, Anesthesiology, Pain Specialists, Nephrologists, Orthopedics, Family Medicine Academic Setting, Ophthalmology, Non-Invasive Cardiology Services.

5. Community Engagement/Involvement

Goal: **Increase both the utilization of hospital facilities and community identification, loyalty and investment in the Hospital.**

Strategies: **Utilize a variety of strategies including Board Committees, public meetings, forums and presentations to community groups to regularly communicate with the public regarding hospital financing (e.g., Parcel Tax, bonds) and strategic planning (including desired services, facility retrofit/replacement).**

		Executive Sponsor	Results
Community engagement in funding strategies	Engage the community (press, speakers, etc.) regarding the benefits of a District Parcel Tax (within the legal parameters for lobbying) J June 5, 2018 or Nov 6, 2018	Edwards & Parcel Tax Community Committee	The June 5, 2018 ballot had Measure C to support key services and recruit and retain physicians. The use of a community survey was done to establish a $144 per parcel tax rate. Outreach efforts to civic clubs, community meetings, and special groups were done by Hospital Staff and Steve Lund, Board Chair to inform the community. A Community Committee to support and organize the voting effort was done by community members and volunteers. This committee advertised in the media, did door to door campaigning in Fort Bragg, made voter registration list phone calls, distributed signs, and engaged the community about the importance of Measure C. The election of June 5, 2018 has not been certified. At this date, over 2700 ballots have been counted and over 5100 ballots are left to be tabulated and certified. State law requires the election to be certified within 28 days of the election. We all recognize a 66.7% vote is a steep hill. Measure C passed by a supermajority. The Budget for MCDH will include income from the parcel tax monies from Measure C for 12 years. Measure C was required to go through a recount, per law a recount can be requested. The recount did not change the outcome; MCDH is awaiting the Certification of the election on the Parcel Tax. Next steps: a) formalize the contiguous parcel

			exemption form and process; b) formalize the Oversight Committee. The contiguous parcel exemption process is in place and is addressing all requests for the exemption. The process has reviewed simple exemption requests and complex exemption requests. MCDH is using parcel tax exemption experts and Legal Counsel to resolve issues. The draft Bylaws of the Oversight Committee are being distributed to the Planning Committee and the Planning Committee is the forum for community feedback. • We continue to discuss Oversight Committee Bylaws at Planning Committee and Board meetings.
Community engagement in facility strategies	Implement systems to receive community, employee, medical staff, Architect, State of California for design build, OSHPD input into the strategic planning process, especially as it relates to the required retrofit/replacement of the facility.	Edwards/ Schmid	The CEO has directed Nancy Schmid to develop a Request Proposal, that can be sent to appropriate Architects, so the process of community input, employee input, medical staff input, and OSHPD input can be collected. • In process to identify Architectural firms willing to come do presentations to the Planning Committee and the Board to make a master building plan that address current state to future state including a hospital that will meet the seismic requirements of 2030
	Continue a robust community dialogue regarding financing future facility retrofit/replacement (bond measures). After parcel tax positive vote, RFP Architect, Engineering	Edwards/ Board of Directors	

6. Governance

Goal: **Have a District Board that continues to provide the leadership and vision required to guide healthcare delivery over the next two decades.**

Strategy:

		Executive Sponsor	Results
Provide Board members with the information, skills and knowledge needed to be effective. Support a leadership team philosophy.	Develop and implement a plan for board education and development, Nov 2018	Board Chair person	
Prepare for Board Elections, Nov. 2018	Work with the League of Women Voters to inform potential members of board duties and responsibilities, June 2018 to Oct 2018	Edwards	CEO and Board Chair reached out to Ms. Sharon Gilligan, League of Women Voters Pat Dunbar (agreed to be Moderator) and Carol Chadick (agreed to assist with timing of candidate answers) for the July 16 2018 appointment process. Board Chair has identified interested person to champion a public meeting for interested Board Candidates, and the November 2018 election. The public meeting will be held in late July 2018, but before August 11, 2018. The primary intent, of the meeting, is to assist public members in understanding the role and responsibilities of MCDH Board members. The information is not yet developed. Community/Informational meeting held August 8, 2018 to inform interested persons about the Hospital, Boardmanship, and to answer attendees questions. The meeting had 25 attendees. The presentations were let by Steve Lund, Board Chair, Bob Edwards, CEO, and Charlene McAllister. 100% of the November 2018 MCDH Board candidates attended the information session.
	Revise Bylaws, Policies, Ethics Standards, Conduct Standards, Board member job description, Dec 2018	Board Chair person	Board subcommittee, Lund and Bruning, reviewed the Board Policies, and made appropriate assignments.

			Reviewed/Revised Board policies will be presented to the Board at a later date. The League of Women Voters has set up a Forum for Board Candidates, to occur October 1, 2018.
Review and refine the organization's Mission, Vision and Values	Review and refine the Organization's Mission, Vision and Values	Newly elected Board to review and consider changes to our Mission, Vision and Values statements.	

TAB 5

Mendocino Coast Healthcare District
Measure C Taxpayer Oversight Committee

DRAFT 4.0
Bylaws

Preamble

In accordance with Measure "C" parcel tax of the Mendocino Coast Healthcare District ("District"), passed by the voters on June 5, 2018, the Mendocino Coast Healthcare District Board of Directors ("Board") has established a Measure "C" Taxpayer Oversight Committee ("Committee") which shall have the duties and rights set forth in these Bylaws.

Name, Purpose, and Duties

Name

The name of this committee shall be the "Mendocino Coast Healthcare District Measure "C" Taxpayer Oversight Committee" hereinafter referred to as the "Committee."

1. Purpose

The Committee shall review proposed spending of Measure C funds and make recommendations to the Board about whether the proposed spending is consistent with the purposes set forth in Measure C. The Committee shall review and report on the expenditure of Measure "C" revenues to verify said revenues are expended solely to *attract and retain high quality doctors/nurses, maintain local emergency room, obstetric, surgical, ambulance and related 911 services, and make critical repairs and upgrades to medical equipment/facilities.*

The Board reserves the exclusive power and responsibility for the expenditure of all Measure "C" revenues.

2. Duties

Committee members shall be expected to attend its regularly scheduled meetings, review all pertinent information provided to the Committee, and abide by the provisions of the *Ralph M. Brown Act* (the "Brown Act") (Gov. Code § 54950 *et seq.*) and all rules of conduct established in these Bylaws. In furtherance of its purpose the Committee may engage in the following activities:

A. Receive and review the District's budgets to verify that parcel tax is planned to be expended in accordance with the purposes set forth in the ballot language of Measure "C" as approved by the voters.

B. Receive and review all pertinent expenditure reports produced by the District to verify that parcel tax revenue was expended in accordance with the purposes set forth in the ballot language of Measure "C" as approved by the voters.

C. Prepare and present to the Board, in open session, in December of each year or whatever month is otherwise deemed appropriate by the Committee and Board., an annual written report beginning with the 2018-19 fiscal year and continuing through fiscal year 2029-2030 ("Annual Report") which will include:

   i. A statement indicating whether the District's parcel tax revenue expenditures for the preceding year were made in accordance with the stated purposes of Measure "C".

   ii. A summary of the Committee's proceedings for the preceding year.

D. Prepare and provide other reports and input to the Board on Measure C parcel tax expenditures' compliance, to the extent practicable and the Committee deems necessary.

3. Committee Composition

A. The Committee shall consist of seven voting members.

Eligibility

A. The Committee shall be comprised of individuals who are at least 18 years of age and who live within the boundaries of the District.

B. No employee, official, vendor, contractor, or consultant of the District shall be appointed to the Committee.

C. In appointing members to the Committee the Board should make an effort to have as much geographic and demographic representation on the Committee as possible.

Conflict of Interest

A. Members of the Committee are not subject to the Political Reform Act (Gov. Code §§ 81000 *et seq.*), and are not required to complete Form 700.

B. Pursuant to the prohibitions contained in Article 4 (commencing with Section 1090) of Division 4 of Title 1 of the Government Code ("Article 4") and Article 4.7 (commencing with Section 1125) of Division 4 of Title 1 of the Government Code ("Article 4.7") are applicable to members of the Committee. Accordingly:

i. Members of the Committee shall not be financially interested in any contract made by them in their official capacities or by the Committee, nor shall they be purchasers at any sale or vendors at any purchase made by them in their official capacity, all as prohibited by Article 4; and

ii. Members of the Committee shall not engage in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, in conflict with, or inimical to duties as a member of the Committee or with the duties, functions, or responsibilities of the Committee or the District. A member of the Committee shall not perform any work, service, or counsel for compensation where any part of his or her efforts will be subject to approval by any other officer, employee, board, or commission of the District's Board, except as permitted under Article 4.7.

4. Term of Service

A. Committee members serve without compensation.

B. Terms of Appointed Committee members shall be staggered. Three members shall serve for the first three years, and four members shall serve for the first four. Subsequent members shall serve four year terms, except those appointed to replace vacancies.

C. The Committee will terminate following the submission of the final Annual Report in December of 2030 (or whatever month is otherwise deemed appropriate by the Committee and the Board for presentation of the Committee's final Annual Report).

5. Replacing a Committee Member

A. If a Committee position becomes vacant, the Board shall appoint a replacement as soon as practicable.

B. Unless failure to act results in the inability to meet a Committee quorum, if six months or less remain of the unexpired four-year term, the Board may choose to leave that position vacant for the remainder of the term.

C. A replacement Committee member may be appointed by the Board if one or more of the following events occur:

1. The Committee member submits a written resignation to the Board, with a copy to the Committee Chair;

2. The Board removes a member for cause, including non-attendance at meetings violating these Bylaws, and/or violating the District's adopted norms.

D. Committee members appointed to fill vacant, unexpired terms may apply and shall be eligible for reappointment to a succeeding full four-year term.

E. Members whose term has expired may continue to serve on the Committee until a successor has been appointed.

6. Committee Officers

Officers of the Committee shall be a Chair, and a Vice-Chair. The Healthcare District CFO shall serve as non-voting Secretary to the Committee.

7. Elections

At the first meeting of each fiscal year, the Committee shall place into nomination and elect a Chair and a Vice-Chair.

8. Term of Office

Officers shall be elected for a one-year term and shall not be term-limited except for the limit on the terms of Committee members set forth in Section 4(B) above.

9. Duties of the Chair

A. The Chair shall call Committee meetings.

B. The Chair shall, in consultation with District staff and with input from the Committee, establish the agenda for each Committee meeting.

C. The Chair shall preside over each Committee meeting, following the adopted Rules of Procedure.

D. The Chair or his/her Committee-approved designee shall serve as spokesperson for the Committee in all representations of the Committee to the public, the Board, and the media.

10. Duties of the Vice-Chair

The Vice-Chair shall perform each of the duties of the Chair as necessary in the absence of the Chair.

11. Duties of the District-Designated Secretary

A. Subject to review by the Chair before publishing, the District-designated Secretary shall provide oversight in the preparation, recording, and distribution by District-provided support of the following documents in accordance with the Brown Act:

- Committee meeting agendas;
- All reports, materials, and meeting packets as required by or addressed to the Committee;
- The minutes of Committee meetings;
- All written material submitted by the public during Committee meetings;
- All official correspondence addressed to the Committee;
- Reports adopted by the Committee;
- Committee attendance records.

B. The District-designated Secretary shall take and record roll at the beginning of each Committee meeting to determine the existence of a quorum. If a quorum ceases to exist during a meeting, the District-designated Secretary shall immediately inform the Chair.

12. Succession

The Vice-Chair will accede to Chair when a vacancy occurs in that office. In the event of a vacancy in the office of Vice-Chair, the position will be filled by election, agendized at its next regular Committee meeting.

13. Meetings

A. All Committee meetings subject to the Brown Act will be held in a fully-accessible District facility.

B. The Committee shall meet quarterly each fiscal year. Special meetings can be scheduled as necessary.

C. To the extent practicable, the Committee, with the support of the District-designated Secretary and Clerk of the Board, shall publicize and promote its meetings to attempt to invite as much public participation as can reasonably be expected.

D. Committee members shall be available to attend Board of Directors meetings when reports relating to Measure "C" are presented.

14. Agendas

A. The Committee will take public comment at the beginning of each meeting.

B. Agendas for regular Committee meetings will be prepared by its Chair, in consultation with District staff and with input from the committee. All documents applicable to agenda items shall be distributed at least three days in advance of meetings.

C. Any member of the Committee may submit a request for placing an item on a future agenda.

D. Agendas may include a consent calendar for routine, non-controversial items. These items must be clearly identified on published agendas. Any member of the Committee or public may

request at the meeting that an item be added to the consent calendar or be pulled for discussion.

E. After roll-call and the establishment of a quorum, meetings will begin with a consent calendar if appropriate.

15. Quorum

Actions may be undertaken at a meeting only if half-plus-one of Committee members in office as defined by Section 3(A) are present.

16. Committee Voting

Unless otherwise specified in these Bylaws an agendized action item may be approved by a simple majority of Committee members in attendance, a quorum being present. Members must be present to vote.

17. Rules of Procedure

Meetings shall be conducted with courtesy and decorum and in accordance with Robert's Rules of Order.

18. California's Open Meeting Law

All meetings of the Committee shall be open to the public and shall be noticed and conducted in strict compliance with the Brown Act.

19. Public Participation

Any member of the public present at a meeting may address the Committee during the period designated for public comment. The Chair may, at his/her discretion, choose in advance to place an equal time limit on all speakers.

20. Minutes

Minutes of Committee proceedings and all documents received and reports issued shall be a matter of public record, and the District shall make them available on the District's website. The District shall provide secretarial/clerical services to assist the Committee Chair in preparation, distribution, and posting of minutes for all Committee meetings. Minutes published before adoption by the Committee shall always be labeled "Draft Minutes."

21. Attendance

Regular attendance at Committee meetings is a fundamental obligation of every member of the Committee. Absences are disruptive to Committee activity and representation. Failure to attend two consecutive meetings without acceptable reason announced in advance shall constitute due cause for member removal.

A. Members anticipating an absence must call or email the Committee Chair or District-designated Secretary no later than 24 hours before the scheduled meeting.

B. Committee attendance reports will be distributed annually and upon request by the Chair.

22. Committee Reports

A. With the assistance of the District-designated Secretary, the Committee may prepare regular reports on its activities and, to the extent practicable, publicize and promote such reports.

The Annual Report shall be issued and presented to the Board for each fiscal year. All Committee reports shall be made available on the District's website.

B. Any such reports, written and/or oral, that represent the Committee's position must proceed from Committee review, be duly approved as to substance by an affirmative vote of a majority of the members present at a Committee meeting, a quorum being present, and be faithfully articulated to the public only by the Committee Chair or an approved designee.

C. Any member of the Committee may speak as an individual on parcel tax issues but must clearly state for the record that such statements are their own personal views which do not necessarily represent those of the Committee or the District.

23. Amendment of Bylaws

Any amendment to these Bylaws shall be approved by a majority vote of the Board.

TAB 6

Steven V. Schnier
Counsel
415.757.5513
415.757.5501
steven.schnier@arentfox.com

October 2, 2018

Mr. Bob S. Edwards
Chief Executive Officer
Mendocino Coast District Hospital
700 River Drive
Fort Bragg, CA 95437

Re: Engagement Agreement

Dear Mr. Edwards:

I am very thankful that I and Arent Fox LLP (the "Firm") have been asked to advise Mendocino Coast District Hospital, and its Medical Staff (the "Hospital and Medical Staff"), regarding the conduct of certain credentialing, peer review, quality improvement, and organizational processes and operations, with particular attention to the requirements of the Medical Staff Bylaws, the Medical Staff Rules and Regulations, Medical Staff and Hospital policies, and the pertinent requirements of law.

In keeping with the policies of the Firm and the provisions of the California Business and Professions Code, I now provide a written description of the arrangements whereby the Firm will be providing those legal services.

SPECIFIC DESCRIPTION OF ENGAGEMENT

We were initially engaged by the Hospital and the Medical Staff to provide guidance to the Hospital and the Medical Staff regarding the evaluation of the practice and conduct of a certain member of the Medical Staff. We have also been asked to provide guidance regarding the evaluation of the practices and conduct of other members of the Medical Staff, as well as to provide guidance regarding the evaluation of certain applications for appointment to the Medical Staff, as well as to advise regarding the options for possible modifications to the Medical Staff appointments and privileges of individual members of the Medical Staff. In addition, we have been asked to comment on portions of the current Medical Staff Bylaws and

Medical Staff Rules and Regulations, particularly those portions pertaining to peer review, corrective action, and formal hearings.

Depending on the specific project, these services will entail review of credentialing and peer review materials, pertinent research and analysis, communications with Medical Staff leaders and Hospital personnel, and attendance at selected meetings. Further, this engagement will include certain services, regarding those specific credentialing and peer review matters, that we may have provided prior to the date of this letter and Agreement.

As with all services and with our approach to the practice, at the outset of a particular potential project we will confer with the Hospital and the Medical Staff regarding the anticipated scope and complexity of the project, and then provide as estimate of possible fess this as is as accurate as possible.

In addition, the Hospital and the Medical Staff may decide, from time to time, to enlarge the scope of our engagement under this Agreement, as we are asked to and agree to perform additional services, and no additional written agreement will be required to document those periodic changes.

DESCRIPTION OF BASIS FOR LEGAL FEES

The Firm charges for legal services on the basis of the time devoted by me and, as might be agreed to later, other members of our professional staff. My hourly rate for this particular engagement is $480.00, which is a significantly discounted rates, which the Firm has made available to a preferred healthcare client such as the Hospital and the Medical Staff.

If I were to believe that another one of the Firm's attorneys, or one of the Firm's paralegals, could beneficially assist in a particular matter, I will propose that to the Hospital and the Medical Staff, describing the reason for that recommendation and, of course, stating the hourly rate for any such attorney or paralegal. No additional member of the Firm's professional staff will be called upon to assist on a project until and unless the Hospital and the Medical Staff agree to that arrangement.

Further, while the Firm may, at some time in the future, propose an adjustment to any of these hourly rates, no hourly rate would be modified until and unless the Hospital and the Medical Staff agreed.

GENERAL PROVISIONS

The attached document (entitled "General Provisions") sets forth a number of additional provisions that are incorporated into this letter and Agreement with the same effect as if they were expressly set forth in the body of this letter and Agreement.

I am, of course, eager to continue to provide advice and guidance to the Hospital and the Medical Staff. Should you have any questions about this letter and Agreement, and our engagement, please do not hesitate to call me. If you do wish to proceed, please sign the enclosed copy of this letter, as well as the enclosed copy of the usual "Business Associate Agreement," and return them to me.

Very truly yours,

Steven V. Schnier
Arent Fox LLP

I have read and understand this letter and Agreement and the referenced "General Provisions" as modified. I hereby confirm the engagement of Steven V. Schnier, Esq. and Arent Fox LLP as described therein.

Mendocino Coast District Hospital

_____

By: Mr. Bob S. Edwards
Chief Executive Officer

Date: _____

GENERAL PROVISIONS

DESCRIPTION OF BASES FOR CHARGES OTHER THAN LEGAL FEES

In addition to fees, the Hospital will be responsible to reimburse the Firm for third-party costs incurred on its behalf, and to pay the Firm's customary charges for various services such as certain direct travel expenses, central word processing, LEXIS/WESTLAW and other computer database uses, photocopying, messenger services, secretarial overtime, and transcripts, if applicable.

BILLING AND PAYMENT PROCEDURES

The Firm's statements will be prepared and transmitted periodically, typically monthly. Charges for expenses will be based on information available to the Firm at the time the statements are prepared. In appropriate cases, the statements may include estimated charges for expenses, in which event the estimates will be reconciled when final information becomes available.

We ask that the Firm's statements be paid upon receipt. Prompt payment is a requirement for our continued service. If statements are not paid within 30 days after the invoice date, the Firm retains the right to charge interest on overdue amounts at the rate of 1% per month (12% Annual Percentage Rate). In the unfortunate event that we are forced to incur collection costs to obtain payment, the Hospital will also be responsible for the collection costs, including reasonable attorneys' fees.

Please review each invoice promptly after you receive it, and notify the Firm of any concerns regarding our services, fees, charges, and payment. If the Hospital fails to do so within thirty (30) days after receipt of the invoice, we will conclude that the Hospital has approved the invoice and has agreed to its payment in full.

TERMINATION OF ENGAGEMENT

HOSPITAL'S RIGHT TO TERMINATE ENGAGEMENT

The Hospital has the right to terminate our engagement at any time.

THE FIRM'S RIGHT TO TERMINATE ENGAGEMENT

The Firm may also terminate this engagement at any time for any reason consistent with the Rules of Professional Conduct, including non-payment of fees and charges.

CONCLUSION OF OUR ENGAGEMENT

If the professional relationship between the Hospital/Medical Staff comes to an end, and if the Hospital/Medical Staff becomes a former client, the Firm would be entitled, under the applicable Rules of Professional Conduct, to undertake representations in matters that are not the same as, or substantially related to, any matter in which the Firm had represented or advised the Hospital and the Medical Staff. Of course, under no circumstances would the Firm, in the course of representing any other client, use or disclose any confidential or non-public information that the Firm has obtained as a result of any representation of the Hospital and the Medical Staff.

Upon termination of our engagement, the Hospital will be responsible for the fees and charges incurred in connection with the Firm's engagement up to the time of termination, and for the fees and charges necessary to effect any transfer of obligations to another attorney. The Hospital and the Medical Staff will afford us a reasonable period of time to make copies of all client files we transfer to the Hospital or to another attorney.

LIMITATION ON OUR OBLIGATIONS

The Firm's acceptance of this engagement does not constitute an undertaking to represent the Hospital or the Medical Staff in any matter other than that described in the Paragraph entitled

"Description of Engagement."

EXISTING CONFLICTS OF INTEREST

We cannot, without appropriate consent, represent any party if there is a conflict of interest with any of our other clients. In order to avoid conflicts of interest among our clients, we maintain an index of relevant names. Given the nature and scope of the matters that are described above, we have concluded our representation of the Hospital and the Medical Staff will not represent a conflict.

ADVANCE CLEARANCE OF CONFLICTS OF INTEREST

You are aware that the Firm represents many other institutions, groups, and individuals. It is possible that some of our existing or future clients might have a dispute with the Hospital, or engage in transactions with the Hospital, during the time that we are advising the Hospital or the Medical Staff. This will not affect our continuing representation of the Hospital and the Medical Staff.

Further, if our engagement by the Hospital and Medical Staff should end, we may then represent or may undertake in the future to represent an existing or new client in any matter (including any litigation matter), even if the interests of the other client or clients in those other matters are directly adverse to the Hospital. Of course, under no circumstances will we, in the course of representing any other client, use or disclose any confidential or non-public information that we have obtained as a result of our representation of the Hospital and the Medical Staff.

RETENTION OR DESTRUCTION OF RECORDS

The Firm adopts policies from time to time concerning the retention or destruction of records relating to engagements by clients. After the conclusion of this engagement, we may destroy any such records as we believe is appropriate. If the Hospital/Medical Staff and the Firm agree that we will retain records for a particular period, that Agreement will supersede this general rule. If we are required by applicable law to retain records for a particular period, the applicable law will supersede this general rule.

DISPUTE RESOLUTION PROCEDURES

If any dispute arises out of or relates to this letter and Agreement, our relationship, or the services performed thereunder (including disputes regarding attorneys' fees or costs and those based on allegations of negligence, breach of fiduciary duty, fraud, or a claim based upon a statute), jurisdiction and venue for the adjudication of that dispute shall reside solely in the Superior Court of and for the County of Mendocino, California. The prevailing party shall be entitled to an award of its costs and attorney's fees.

ERRORS AND OMISSIONS INSURANCE

The California Business and Professions Code requires us to inform the Hospital/Medical Staff that the Firm maintains errors and omissions insurance coverage applicable to the services to be rendered to the Hospital and the Medical Staff.

YOUR ADDITIONAL DUTIES

The Hospital/Medical Staff agrees to be truthful with us, to keep us informed of developments regarding the matters that are the subjects of this engagement, to abide by this letter and Agreement, and to keep us informed as to its contact information.

CONFIDENTIALITY OF INTERNAL FIRM COMMUNICATIONS

We designate certain Firm attorneys to represent us in connection with legal matters affecting the Firm that arise from time to time, such as claims brought against the Firm by clients or others, and collection actions brought by the Firm against clients and others. The discussions about such legal matters among these designated attorneys and other Firm personnel constitute confidential and privileged communications to which others, including Firm clients, are not privy.

GOVERNING LAW

The provisions of this letter and Agreement will be governed by the laws of the State of California.

CONDITION TO ENGAGEMENT

Our agreement to this engagement is subject to the approval of the Firm's Financial Management Committee. If for any reason the engagement is not approved, we will inform the Hospital promptly. If the engagement is not approved and if, at the time of such disapproval, we have commenced working on this matter, our engagement will be deemed to be terminated and we will not charge the Hospital for any legal fees for our work on the matter.

HIPAA CONTRACTUAL REQUIREMENTS

There is a possibility that we may need to use and disclose protected health information (PHI) subject to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) in order to perform certain legal work on your behalf. When we use or disclose PHI received from you or on your behalf, we recognize that we will be your "business associate" as that term is defined under HIPAA. Our use and disclosure of such PHI shall be subject to the Business Associate Agreement that is attached to these "General Provisions" that are, in turn, incorporated into the Engagement Agreement by reference.

TAB 7

FIRST AMENDMENT
OF
PROFESSIONAL SERVICES AGREEMENT BETWEEN
MENDOCINO COAST HEALTH CARE DISTRICT
AND
ZOE BERNA, M.D.

This First Amendment to the Professional Services Agreement (the "**First Amendment**") between **Mendocino Coast Health Care District**, a local Health Care District formed and operating pursuant to the California Local Health Care District Law, Health & Safety Code §32000, et seq., which owns and operates **Mendocino Coast District Hospital**, 700 River Drive, Fort Bragg, County of Mendocino, State of California and the **North Coast Family Health Center**, a rural health clinic and division of the Hospital (hereinafter collectively "**Hospital**") and **ZOE BERNA, M.D. ("Physician")** dated December 28, 2015 (the **"Agreement"**), is made as of this 7th day of December, 2018, by and between Hospital and Physician. Capitalized terms used but not defined herein shall have the definition provided in the Agreement. Each of the Hospital and Physician are sometimes referred to hereinafter as a "Party" or collectively as the "Parties".

WHEREAS, the Parties entered into the Agreement as of December 28, 2015; and

WHEREAS, the current Term of the Agreement is for a period of five (5) years and will expire on December 27, 2020; and

WHEREAS, the Parties desire to amend the Agreement pursuant to Attachment B to the Agreement to ensure that the compensation paid to Physician is consistent with fair market value at 12/7/2018 for the remaining Term of the Agreement; and

WHEREAS, the Parties have reviewed data pertaining to the fair market value of the services being provided by the Physician and have agreed to amend the Agreement as set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Incorporation of Recitals.** The foregoing recitals, and the Agreement, are incorporated into this First Amendment and made a part hereof as if they were fully restated in the text of this First Amendment.

2. **Attachment A to Agreement.** The language contained in first paragraph of Attachment A to the Agreement is hereby deleted in its entirety and shall be replaced with the following language:

l. Professional Services. Physician shall provide Professional Services within the Clinic's regular business hours. Physician is expected to maintain a physical presence at the Clinic and shall be available to see patients, as scheduled by the Clinic, a minimum of 47 weeks per year and 3.5 Equivalent Clinic Days each week, except for weeks where Clinic is opened only 3 days in which case Physician will be available 3 Clinic Days. A "Clinic Day" is defined as a day that the Physician is physically at the Clinic and available to see patients for a minimum of 8 hours. A "Half Clinic Day" is defined as a day that the Physician is physically at the Clinic and available to see patients for a minimum of 4 hours but less than 8 hours. Clinic Days and Half Clinic Days together are added to equal Equivalent Clinic Days.

3. **Attachment B to Agreement.** The language contained in Attachment B to the Agreement is hereby deleted in its entirety and shall be replaced with the following language:

District shall pay Physician in accordance with this Compensation Schedule for the Professional Services rendered by Physician pursuant to this Agreement, as amended:

Clinic. District shall pay Physician the sum of Sixty-Eight Dollars and Fifty Cents ($68.50) per Rural Health Clinic Qualifying Encounter (a "RHC Qualifying Encounter") for Professional Services personally provided by the Physician at the Clinic, the patient's home or the Skilled Nursing Facility. A RHC Qualifying Encounter is defined as a medically necessary, face-to-face visit with the Physician who also documents a level of care that requires the scope of practice of the Physician.

Bonus. In the event that the Physician meets or exceeds 4,200 RHC Qualifying Encounters during the period of December 1, 2018 to November 30, 2019 (the "Bonus Eligibility Period"), the District shall pay the Physician a bonus equal to Four Dollars and Two Cents ($3.74) for each such RHC Qualify Encounter (the "Bonus"). Within thirty (30) days following the end of the Bonus Eligibility Period, the District shall provide Physician with a report of the number of applicable RHC Qualifying Encounters performed by Physician during the Bonus Eligibility Period. If the Physician performed 4,200 or more RHC Qualifying Encounters during the Bonus Eligibility Period then Hospital shall pay the Physician the Bonus amount due within 45 days after the end of the Bonus Eligibility Period.

Supervision. District shall pay Physician the sum of Two Hundred and Fifty Dollars ($250.00) per month for each midlevel practitioner supervised by Physician.

As soon as practicable following the end of each month of the term of this Agreement, but no later than the twelfth (12th) business day following the end of the month, the District shall provide Physician with a report of the services for which payment is to be made, the number of applicable RHC Qualifying Encounters for such services, the District's computation of the total payment due to Physician for the month, and a check in the amount of the total payment.

4. **No Other Changes.** Except for the modification of the Agreement as set forth above, the terms of the Agreement shall remain in full force and effect.

5. **Counterparts.** This First Amendment may be executed in multiple counterparts, and counterpart signature pages may be assembled to form a single, fully executed document.

IN WITNESS WHEREOF, the Parties have executed this First Amendment on the dates set forth below.

DISTRICT:

_____

By: Bob Edwards, Chief Executive Officer Date:_____

PHYSICIAN:

_____

By: ZOE BERNA, M.D. Date:_____

TAB 8

This document will be provided at the meeting

TAB 9

ADDENDUM NO. 2
TO HOSPITALIST SERVICES AGREEMENT

THIS ADDENDUM NO. 1 TO HOSPITALIST SERVICES AGREEMENT is effective as of Dec 30, 2018 (the "Effective Date"), by and between Mendocino Coast District Hospital a Critical Access Hospital located in Fort Bragg, CA. ("Hospital") and Rural Physicians Group – P.C. ("Contractor").

RECITALS

Hospital and Contractor previously entered into a Hospitalist Services Agreement dated July 6, 2015. The parties desire to make modifications and amendments to the Agreement as further set forth herein.

NOW, THEREFORE, in consideration of the above-recited premises, the Agreement and mutual covenants and conditions set forth therein, the parties agree as follows:

1. Section 5.3 of the Agreement, Hospitalist Supplemental Compensation shall be amended to: Contractor shall be paid Sixty Four thousand Two Hundred and Fifty Dollars ($64, 250) per month. Payments will be due 15 days after the previous month the applicable Hospitalist services were provided.

2. Medical Director duties will be provided monthly at $200/hr for a total annual reimbursement of Seventy Thousand Dollars ($70,000) per year. Contractor will include the monthly Medical Director Work Hours in the monthly invoice with the total cost of the monthly invoice not to exceed $64,250 per month.

3. All terms and conditions of the Agreement not amended, replaced or modified hereby shall remain in full force and effect as set forth in the Agreement. Accordingly, the terms of this Addendum shall control in the event of any conflict between the terms of this Addendum and the terms of the Agreement.

4. This Addendum may be executed in counterparts which, when combined, shall constitute the entire Addendum among the parties.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties have executed this Addendum on the day and year indicated below.

Mendocino Coast District Hospital	RURAL PHYSICIANS GROUP – PC.
_____	_____
Bob Edwards, FACHE	Cindy Johnson, FACHE
Chief Executive Officer	Vice President
DATE: _____	DATE: _____

TAB 10

MENDOCINO COAST DISTRICT HOSPITAL

DATE: November 28, 2018

TO: BOARD OF DIRECTORS

FROM: JOHN KERMEN, DO
CHIEF OF STAFF

SUBJECT: MEDICAL EXECUTIVE COMMITTEE RECOMMENDATIONS

The Medical Executive Committee considered the following items and recommends them to the Board of Directors for approval:

Appointments to Medical Staff-

- **Christina Tsao, MD-** Department of Medicine-Hospitalist Medicine

Appointments to Allied Health Professional Staff-

- **Melissa Turner, FNP-** Department of Medicine-Oncology

Department of Medical Staff Services
William Lee, CPCS, CPMSM~ Director
700 River Drive ▪ Fort Bragg, California 95437
Phone: (707 961-4740 ▪ Fax: (707) 961-4786

TAB 11

November 2018 CNO Report

One of our hires this past year is an RN in our outpatient department, for whom we frequently receive positive feedback. Below is a letter we received that exemplifies the feedback we receive.

"To the Mendocino Coast District Hospital,

This morning I was an outpatient for a procedure at 7:30 am. My nurse was named Chris and I did not get her last name. I wanted her to know I truly appreciated her professionalism, expertise and devotion. She made me feel relaxed and let me know what was happening and what was going to happen. I have been there several times before and had wonderful nurses. Chris is exceptional and I want her to know that the quality of her service and care was noticed by my husband and me.

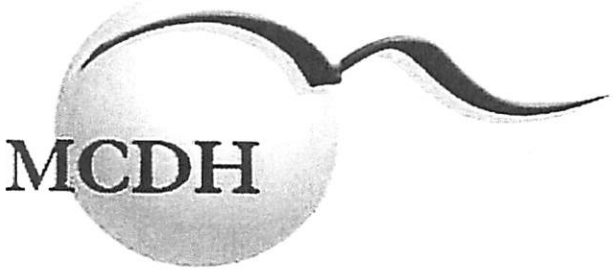
I also want to thank Dr Conlon for being the great doctor that he is. I hope he can serve our community for many years to come. We are lucky to have him."

Meditech Upgrade

We held a 3 day kick off with the Meditech team here on site, and will officially start the implementation of our new electronic health record on January 4, 2019. Our Project Manager is already at work in preparing for this implementation. He is working with our managers on identifying current workflows, and as a result managers are proactively researching how they can streamline those workflows to prepare staff for the changes this implementation will bring. We are also gathering all our current order sets so we are ready to compare to the order sets that come with the new E.H.R. The new order sets are based on current standards of care but we can edit them to bring in some customization.

The Meditech device is arriving this week. We are setting up a 40 megabit outbound internet connection and have started working on the satellite back up connection. It is exciting to be part of this process. I look forward to all the improvements to our clinical and financial workflows this system will bring.

TAB 12



MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA

Unaudited Financial Statements

for

For the month ended October 31, 2018

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended October 31, 2018

TABLE OF CONTENTS

MENDOCINO COAST HEALTHCARE DISTRICT

EXECUTIVE FINANCIAL SUMMARY

For the month ended October 31, 2018

BALANCE SHEET

	10/31/2018	6/30/2018
ASSETS		
Current Assets	$12,861,573	$12,244,405
Assets Whose Use is Limited	5,302,697	5,626,312
Property, Plant and Equipment (Net)	14,122,721	14,572,282
Total Unrestricted Assets	**32,286,991**	**32,442,999**
Total Assets	**$32,286,991**	**$32,442,999**
LIABILITIES AND NET ASSETS		
Current Liabilities	$12,039,207	$12,035,802
Long-Term Debt	12,860,959	12,815,206
Total Liabilities	**24,900,166**	**24,851,008**
Net Assets	7,386,825	7,591,991
Total Liabilities and Net Assets	**$32,286,991**	**$32,442,999**

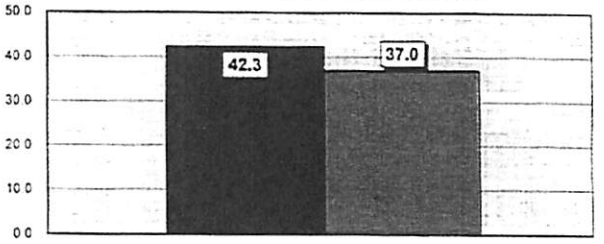
STATEMENT OF REVENUE AND EXPENSES - YTD

	ACTUAL	*BUDGET*
Revenue:		
Gross Patient Revenues	$38,213,335	$39,267,000
Deductions From Revenue	(21,060,663)	(21,961,000)
Net Patient Revenues	17,152,672	17,306,000
Other Operating Revenue	478,453	700,000
Total Operating Revenues	**17,631,125**	**18,006,000**
Expenses:		
Salaries, Benefits & Contract Labor	10,856,177	11,056,000
Purchased Services & Physician Fees	2,875,420	3,149,000
Supply Expenses	2,872,052	2,960,000
Interest Expense	0	0
Depreciation Expense	508,657	512,000
Other Operating Expenses	1,487,368	1,480,000
Total Expenses	**18,599,674**	**19,157,000**
NET OPERATING SURPLUS	(968,549)	(1,151,000)
Non-Operating Revenue/(Expenses)	763,375	820,000
TOTAL NET SURPLUS	($205,174)	($331,000)

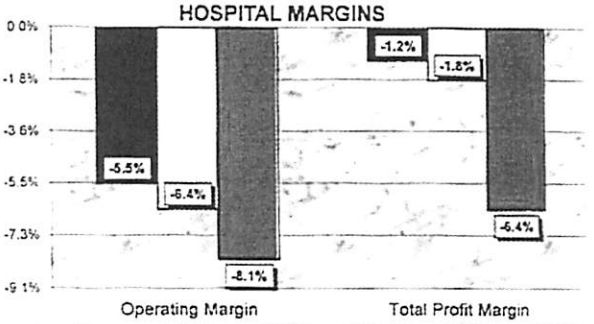
BOND COVENANTS

	REQUIREMENT	*ACTUAL*
DEBT SERVICE COVERAGE RATIO	1.25	**-1.29**
CURRENT RATIO	1.00	**1.07**
DAYS CASH ON HAND	30.0	**38.8**

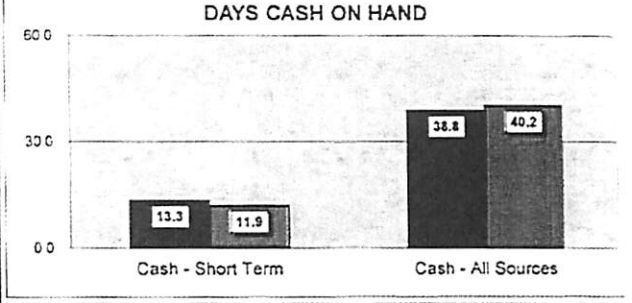
NET DAYS IN ACCOUNTS RECEIVABLE



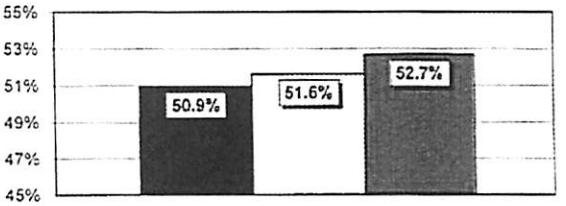
HOSPITAL MARGINS



DAYS CASH ON HAND



SALARY AND BENEFIT EXPENSE AS A PERCENTAGE OF NET PATIENT REVENUE



MENDOCINO COAST HEALTHCARE DISTF	10/31/2018
Budget	10/31/2018
Prior Fiscal Year End	6/30/2018

Balance Sheet - Assets

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended October 31, 2018

	Current Month 10/31/2018	Prior Year End 6/30/2018
CURRENT ASSETS		
CASH	$ 1,991,963	$ 1,806,804
PATIENT RECEIVABLES	$ 18,333,313	$ 16,595,137
LESS: RESERVES FOR ALLOWANCES FOR RECEIVABLES	$ (12,438,519)	$ (11,442,152)
NET PATIENT ACCOUNTS RECEIVABLES	$ 5,894,794	$ 5,152,985
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	$ 1,674,351	$ 3,254,576
OTHER RECEIVABLES	$ 1,860,432	$ 799,134
INVENTORIES	$ 823,276	$ 811,360
PREPAID EXPENSES	$ 616,757	$ 419,546
TOTAL CURRENT ASSETS	**$ 12,861,573**	**$ 12,244,405**
ASSETS WHOSE USE IS LIMITED		
BOARD DESIGNATED FUNDS	$ 3,807,370	$ 4,280,052
PLAN FUND	$ 13,759	$ 13,759
BONDS	$ 977,818	$ 812,501
BOND COSTS	$ 503,750	$ 520,000
TOTAL LIMITED USE ASSETS	**$ 5,302,697**	**$ 5,626,312**
PROPERTY, PLANT, & EQUIPMENT		
LAND	$ 117,490	$ 117,490
LAND IMPROVEMENTS	$ 805,398	$ 805,398
BUILDINGS & IMPROVEMENTS	$ 24,604,464	$ 24,604,464
LEASEHOLD IMPROVEMENTS	$ 546,439	$ 546,439
EQUIPMENT	$ 21,876,933	$ 21,899,738
CONSTRUCTION-IN-PROGRESS	$ 349,561	$ 280,584
GROSS PROPERTY, PLANT, & EQUIPMENT	$ 48,300,285	$ 48,254,113
LESS: ACCUMULATED DEPRECIATION	$ (34,177,564)	$ (33,681,831)
NET PROPERTY, PLANT, & EQUIPMENT	**$ 14,122,721**	**$ 14,572,282**
TOTAL ASSETS	**$ 32,286,991**	**$ 32,442,999**

Balance Sheet - Liabilities and Net Assets

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended October 31, 2018

	Current Month 10/31/2018	Prior Year End 6/30/2018
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	$ 6,122,488	$ 6,383,566
ACCRUED PAYROLL	$ 597,356	$ 758,061
ACCRUED VACATION/HOLIDAY/SICK PAY	$ 1,133,702	$ 1,173,087
PAYROLL TAXES PAYABLE	$ 39,158	$ 52,256
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	$ 1,577,142	$ 1,648,982
OTHER CURRENT LIABILITIES	$ 36,340	$ 36,543
INTEREST PAYABLE	$ 1,065,434	$ 1,123,094
PREVIOUS FY PENSION PAYABLE	$ 860,213	$ 860,213
CURRENT PORTION OF LTD (BONDS/MORTGAGES)	$ 133,333	$ -
CURRENT PORTION OF LTD (OTHER NON-CURRENT LIABILITIES)	$ 474,041	$ -
TOTAL CURRENT LIABILITIES	**$ 12,039,207**	**$ 12,035,802**
LONG TERM LIABILITIES		
BONDS PAYABLE	$ 10,546,470	$ 10,610,090
OTHER NON-CURRENT LIABILITIES	$ 309,373	$ 2,205,116
CURRENT FY PENSION PAYABLE (NON-CURRENT LIABILITY)	$ 2,005,116	$ -
TOTAL LONG TERM LIABILITIES	**$ 12,860,959**	**$ 12,815,206**
TOTAL LIABILITIES	**$ 24,900,166**	**$ 24,851,008**
FUND BALANCE		
UNRESTRICTED FUND BALANACE	$ 7,591,999	$ 8,803,300
TEMPORARY RESTRICTED FUND BALANCE	$ -	$ -
Net Revenue/(Expenses) (YTD)	$ (205,174)	$ (1,211,309)
TOTAL NET ASSETS	**$ 7,386,825**	**$ 7,591,991**
TOTAL LIABILITIES AND NET ASSETS	**$ 32,286,991**	**$ 32,442,999**

Statement of Revenue and Expense

MENDOCINO COAST HEALTHCARE DISTRICT

FORT BRAGG, CA

For the month ended October 31, 2018

	CURRENT MONTH				
	Actual 10/31/18	Budget 10/31/18	Positive (Negative) Variance	Percentage Variance	Prior Year 10/31/17
GROSS PATIENT SERVICE REVENUES					
INPATIENT	$ 1,911,377	$ 1,951,000	$ (39,623)	-2%	$ 1,685,650
SWING BED	$ 361,702	$ 213,000	$ 148,702	70%	$ 286,589
OUTPATIENT	$ 6,757,366	$ 7,569,000	$ (811,634)	-11%	$ 7,068,018
NORTH COAST FAMILY HEALTH CENTER	$ 534,850	$ 509,000	$ 25,850	5%	$ 475,065
HOME HEALTH	$ 135,916	$ 142,000	$ (6,084)	-4%	$ 148,389
TOTAL PATIENT SERVICE REVENUES	$ 9,701,211	$ 10,384,000	$ (682,789)	-7%	$ 9,663,711
DEDUCTIONS FROM REVENUE					
CONTRACTUAL ALLOWANCES	$ (5,229,079)	$ (5,640,000)	$ 410,921	-7%	$ (5,191,525)
POLICY DISCOUNTS	$ (5,199)	$ (12,000)	$ 6,801	-57%	$ (4,914)
STATE PROGRAMS	$ 132,039	$ 100,000	$ 32,039	32%	$ 498,796
BAD DEBT	$ (135,000)	$ (208,000)	$ 73,000	-35%	$ (314,528)
CHARITY	$ (25,221)	$ (50,000)	$ 24,779	-50%	$ (1,248)
TOTAL DEDUCTIONS FROM REVENUES	$ (5,262,460)	$ (5,810,000)	$ 547,540	9%	$ (5,013,419)
NET PATIENT SERVICE REVENUES	$ 4,438,751	$ 4,574,000	$ (135,249)	-3%	$ 4,650,292
OTHER OPERATING REVENUES	$ 141,819	$ 175,000	$ (33,181)	-19%	$ 157,931
TOTAL OPERATING REVENUES	$ 4,580,570	$ 4,749,000	$ (168,430)	-4%	$ 4,808,223
OPERATING EXPENSES					
SALARIES & WAGES - STAFF	$ 1,531,359	$ 1,545,000	$ (13,641)	-1%	$ 1,513,412
EMPLOYEE BENEFITS	$ 697,464	$ 791,000	$ (93,536)	-12%	$ 759,682
PROFESSIONAL FEES - PHYSICIAN	$ 540,482	$ 560,000	$ (19,518)	-3%	$ 528,459
OTHER PROFESSIONAL FEES - REGISTRY	$ 460,916	$ 481,000	$ (20,084)	-4%	$ 648,892
OTHER PROFESSIONAL FEES - OTHER	$ 107,941	$ 118,000	$ (10,059)	-9%	$ 134,582
SUPPLIES - DRUGS	$ 441,700	$ 406,000	$ 35,700	9%	$ 437,517
SUPPLIES - MEDICAL	$ 244,958	$ 252,000	$ (7,042)	-3%	$ 241,807
SUPPLIES - OTHER	$ 96,098	$ 82,000	$ 14,098	17%	$ 64,237
PURCHASED SERVICES	$ 131,133	$ 131,000	$ 133	0%	$ 126,122
REPAIRS & MAINTENANCE	$ 66,778	$ 81,000	$ (14,222)	-18%	$ 86,541
UTILITIES	$ 82,745	$ 70,000	$ 12,745	18%	$ 70,063
INSURANCE	$ 37,263	$ 47,000	$ (9,737)	-21%	$ 40,874
DEPRECIATION & AMORTIZATION	$ 127,156	$ 128,000	$ (844)	-1%	$ 122,541
RENTAL/LEASE	$ 54,585	$ 46,000	$ 8,585	19%	$ 44,499
OTHER EXPENSE	$ 112,191	$ 126,000	$ (13,809)	-11%	$ 166,565
TOTAL OPERATING EXPENSES	$ 4,732,769	$ 4,864,000	$ 131,231	3%	$ 4,985,790
NET OPERATING SURPLUS (LOSS)	$ (152,199)	$ (115,000)	$ (37,199)	32%	$ (177,567)
NON-OPERATING REVENUES (EXPENSES)					
OPERATING TAX REVENUES	$ 65,000	$ 66,750	$ (1,750)	-3%	$ 61,418
INVESTMENT INCOME	$ 4,000	$ 4,000	$ -	0%	$ 1,000
DONATIONS	$ -	$ 27,000	$ (27,000)	-100%	$ -
INTEREST EXPENSE (ALL)	$ (43,233)	$ (54,500)	$ 11,267	-21%	$ (142,776)
EXTRAORDINARY GAINS/(LOSS)	$ -	$ -	$ -	0%	$ -
BOND EXPENSE (ALL)	$ 1,112	$ 1,000	$ 112	11%	$ 1,112
TAX SUBSIDIES FOR GO BONDS	$ 27,716	$ 27,750	$ (34)	0%	$ 27,716
PARCEL TAX REVENUES	$ 133,000	$ 133,000	$ -	0%	$ -
TOTAL NON OPERATING INCOME (LOSS)	$ 187,595	$ 205,000	$ (17,405)	-8%	$ (51,529)
TOTAL NET INCOME (LOSS)	$ 35,396	$ 90,000	$ (54,604)	-61%	$ (229,096)
Operating Margin	-3.3%	-2.4%			-3.7%
Total Profit Margin	0.8%	1.9%			-4.8%
EBIDA	-0.6%	0.3%			-1.2%
Cash Flow Margin	2.9%	4.0%			-2.8%

Statement of Revenue and Expense

MENDOCINO COAST HEALTHCARE DISTRICT

FORT BRAGG, CA

For the month ended October 31, 2018

	YEAR-TO-DATE				
	Actual 10/31/18	Budget 10/31/18	Positive (Negative) Variance	Percentage Variance	Prior Year 10/31/17
GROSS PATIENT SERVICE REVENUES					
INPATIENT	$ 6,950,230	$ 7,741,000	$ (790,770)	-10%	$ 6,902,643
SWING BED	$ 1,039,096	$ 845,000	$ 194,096	23%	$ 868,727
OUTPATIENT	$ 27,834,274	$ 28,249,000	$ (414,726)	-1%	$ 28,492,103
NORTH COAST FAMILY HEALTH CENTER	$ 1,913,031	$ 1,902,000	$ 11,031	1%	$ 2,371,951
HOME HEALTH	$ 476,704	$ 530,000	$ (53,296)	-10%	$ 533,587
TOTAL PATIENT SERVICE REVENUES	$ 38,213,335	$ 39,267,000	$ (1,053,665)	-3%	$ 39,169,011
DEDUCTIONS FROM REVENUE					
CONTRACTUAL ALLOWANCES	$ (20,673,543)	$ (21,327,000)	$ 653,457	-3%	$ (21,795,821)
POLICY DISCOUNTS	$ (32,353)	$ (48,000)	$ 15,647	-33%	$ (47,210)
STATE PROGRAMS	$ 219,039	$ 400,000	$ (180,961)	-45%	$ 844,861
BAD DEBT	$ (529,460)	$ (786,000)	$ 256,540	-33%	$ (515,229)
CHARITY	$ (44,346)	$ (200,000)	$ 155,654	-78%	$ (75,547)
TOTAL DEDUCTIONS FROM REVENUES	$ (21,060,663)	$ (21,961,000)	$ 900,337	4%	$ (21,588,947)
NET PATIENT SERVICE REVENUES	$ 17,152,672	$ 17,306,000	$ (153,328)	-1%	$ 17,580,064
OTHER OPERATING REVENUES	$ 478,453	$ 700,000	$ (221,547)	-32%	$ 767,906
TOTAL OPERATING REVENUES	$ 17,631,125	$ 18,006,000	$ (374,875)	-2%	$ 18,347,970
OPERATING EXPENSES					
SALARIES & WAGES - STAFF	$ 5,867,146	$ 5,940,000	$ (72,854)	-1%	$ 5,854,980
EMPLOYEE BENEFITS	$ 2,871,008	$ 3,042,000	$ (170,992)	-6%	$ 3,037,906
PROFESSIONAL FEES - PHYSICIAN	$ 2,081,477	$ 2,153,000	$ (71,523)	-3%	$ 2,064,505
OTHER PROFESSIONAL FEES - REGISTRY	$ 2,118,023	$ 2,074,000	$ 44,023	2%	$ 2,077,711
OTHER PROFESSIONAL FEES - OTHER	$ 360,012	$ 472,000	$ (111,988)	-24%	$ 381,227
SUPPLIES - DRUGS	$ 1,658,605	$ 1,624,000	$ 34,605	2%	$ 1,592,634
SUPPLIES - MEDICAL	$ 923,374	$ 1,008,000	$ (84,626)	-8%	$ 875,816
SUPPLIES - OTHER	$ 290,073	$ 328,000	$ (37,927)	-12%	$ 271,658
PURCHASED SERVICES	$ 433,931	$ 524,000	$ (90,069)	-17%	$ 488,002
REPAIRS & MAINTENANCE	$ 299,936	$ 324,000	$ (24,064)	-7%	$ 339,625
UTILITIES	$ 304,977	$ 280,000	$ 24,977	9%	$ 258,230
INSURANCE	$ 227,833	$ 188,000	$ 39,833	21%	$ 181,436
DEPRECIATION & AMORTIZATION	$ 508,657	$ 512,000	$ (3,343)	-1%	$ 490,049
RENTAL/LEASE	$ 210,425	$ 184,000	$ 26,425	14%	$ 164,570
OTHER EXPENSE	$ 444,197	$ 504,000	$ (59,803)	-12%	$ 530,848
TOTAL OPERATING EXPENSES	$ 18,599,674	$ 19,157,000	$ 557,326	3%	$ 18,609,195
NET OPERATING SURPLUS (LOSS)	**$ (968,549)**	**$ (1,151,000)**	**$ 182,451**	**-16%**	**$ (261,225)**
NON-OPERATING REVENUES (EXPENSES)					
OPERATING TAX REVENUES	$ 260,000	$ 267,000	$ (7,000)	-3%	$ 245,672
INVESTMENT INCOME	$ 27,318	$ 16,000	$ 11,318	71%	$ 12,460
DONATIONS	$ -	$ 108,000	$ (108,000)	-100%	$ 9,991
INTEREST EXPENSE (ALL)	$ (173,373)	$ (218,000)	$ 44,627	-20%	$ (268,508)
EXTRAORDINARY GAINS/(LOSS)	$ 2,118	$ -	$ 2,118	0.00%	$ -
BOND EXPENSE (ALL)	$ 4,448	$ 4,000	$ 448	11%	$ 4,611
TAX SUBSIDIES FOR GO BONDS	$ 110,864	$ 111,000	$ (136)	0%	$ 110,864
PARCEL TAX REVENUES	$ 532,000	$ 532,000	$ -	0%	$ -
TOTAL NON OPERATING INCOME (LOSS)	$ 763,375	$ 820,000	$ (56,625)	-7%	$ 115,091
TOTAL NET INCOME (LOSS)	**$ (205,174)**	**$ (331,000)**	**$ 125,826**	**-38%**	**$ (146,134)**
Operating Margin	**-5.5%**	**-6.4%**			**-1.4%**
Total Profit Margin	**-1.2%**	**-1.8%**			**-0.8%**
EBIDA	**-2.8%**	**-3.8%**			**1.3%**
Cash Flow Margin	**1.1%**	**0.4%**			**1.3%**

Statement of Revenue and Expense - 13 Month Trend

MENDOCINO COAST HEALTHCARE DISTRICT

FORT BRAGG, CA	*1*	*2*	*3*	*4*	*5*	*6*	*7*
	Actual 10/31/2018	**Actual 9/30/2018**	**Actual 8/31/2018**	**Actual 7/31/2018**	**Actual 6/30/2018**	**Actual 5/31/2018**	**Actual 4/30/2018**
GROSS PATIENT SERVICE REVENUES							
INPATIENT	1,911,377	1,455,829	1,765,957	1,817,067	1,637,141	1,710,663	1,918,063
SWING BED	361,702	97,364	183,436	396,594	218,491	220,196	286,394
OUTPATIENT	6,757,366	6,238,897	8,389,301	6,448,710	7,118,539	7,406,473	6,633,628
NORTH COAST FAMILY HEALTH CEN	534,850	428,398	500,685	449,098	460,370	524,096	426,332
HOME HEALTH	135,916	115,086	111,764	113,938	114,398	142,913	127,248
TAL PATIENT SERVICE REVENUES	9,701,211	8,335,574	10,951,143	9,225,407	9,548,939	10,004,341	9,391,665
DEDUCTIONS FROM REVENUE							
CONTRACTUAL ALLOWANCES	(5,229,079)	(4,512,033)	(6,230,003)	(4,702,428)	(4,882,616)	(5,256,354)	(4,848,733)
POLICY DISCOUNTS	(5,199)	(8,342)	(10,454)	(8,358)	(9,154)	(6,463)	(11,048)
STATE PROGRAMS	132,039	87,000	0	0	0	0	4,332
BAD DEBT	(135,000)	(85,460)	(143,827)	(165,173)	(140,282)	(156,000)	(146,000)
CHARITY	(25,221)	(5,894)	(5,081)	(8,150)	(96,506)	(10,580)	(29,245)
AL DEDUCTIONS FROM REVENUES	(5,262,460)	(4,524,729)	(6,389,365)	(4,884,109)	(5,128,558)	(5,429,397)	(5,030,694)
NET PATIENT SERVICE REVENUES	4,438,751	3,810,845	4,561,778	4,341,298	4,420,381	4,574,944	4,360,971
OPERATING TAX REVENUES	0	0	0	0	0	0	0
OTHER OPERATING REVENUES	141,819	96,496	131,304	108,834	209,313	206,014	158,264
TOTAL OPERATING REVENUES	**4,580,570**	**3,907,341**	**4,693,082**	**4,450,132**	**4,629,694**	**4,780,958**	**4,519,235**
OPERATING EXPENSES							
SALARIES & WAGES - STAFF	1,531,359	1,423,551	1,450,481	1,461,755	1,468,205	1,547,441	1,424,056
EMPLOYEE BENEFITS	697,464	744,099	683,304	746,141	709,468	752,490	735,667
PROFESSIONAL FEES - PHYSICIAN	540,482	463,019	531,274	546,702	477,514	562,637	585,949
OTHER PROFESSIONAL FEES - REGI	460,916	498,128	603,309	555,670	575,451	615,241	603,219
OTHER PROFESSIONAL FEES - OTHE	107,941	90,932	75,301	85,838	96,497	128,543	116,212
SUPPLIES - DRUGS	441,700	347,892	452,113	416,900	302,744	418,903	343,074
SUPPLIES - MEDICAL	244,958	158,867	262,701	256,848	249,974	249,205	310,746
SUPPLIES - OTHER	96,098	69,112	60,665	64,198	85,889	106,722	74,882
PURCHASED SERVICES	131,133	78,668	124,097	100,033	145,486	134,783	184,502
REPAIRS & MAINTENANCE	66,778	75,267	99,133	58,758	65,282	80,652	71,791
UTILITIES	82,745	75,579	72,748	73,905	68,676	73,138	67,452
INSURANCE	37,263	69,640	64,061	56,869	49,203	42,769	49,884
INTEREST	0	0	0	0	0	0	0
DEPRECIATION & AMORTIZATION	127,156	127,169	140,089	114,243	133,809	130,675	139,628
RENTAL/LEASE	54,585	50,857	54,841	50,142	52,701	54,614	64,701
OTHER EXPENSE	112,191	128,277	109,321	94,408	96,024	129,830	157,475
TOTAL OPERATING EXPENSES	**4,732,769**	**4,401,057**	**4,783,438**	**4,682,410**	**4,576,923**	**5,027,643**	**4,929,238**
NET OPERATING SURPLUS (LOSS)	**(152,199)**	**(493,716)**	**(90,356)**	**(232,278)**	**52,771**	**(246,685)**	**(410,003)**
NON-OPERATING REVENUES (EXPENSES)							
OPERATING TAX REVENUES	65,000	65,000	65,000	65,000	61,418	61,418	61,418
INVESTMENT INCOME	4,000	15,318	4,000	4,000	13,404	2,000	2,000
DONATIONS	0	0	0	0	13,859	0	0
INTEREST EXPENSE (ALL)	(43,233)	(43,619)	(42,989)	(43,532)	(43,476)	(44,017)	(44,480)
EXTRAORDINARY GAINS/(LOSS)	0	0	0	2,118	0	0	
BOND EXPENSE (ALL)	1,112	1,112	1,112	1,112	3,337	4,450	
TAX SUBSIDIES FOR GO BONDS	27,716	27,716	27,716	27,716	27,716	27,716	27,716
PARCEL TAX REVENUE	133,000	133,000	133,000	133,000			
NON OPERATING INCOME (LOSS)	**187,595**	**198,527**	**187,839**	**189,414**	**76,258**	**51,567**	**46,654**
TOTAL NET INCOME (LOSS)	**35,396**	**(295,189)**	**97,483**	**(42,864)**	**129,029**	**(195,118)**	**(363,349)**
Operating Margin	**-3%**	**-13%**	**-2%**	**-5%**	**1%**	**-5%**	**-9%**
Total Profit Margin	**1%**	**-8%**	**2%**	**-1%**	**3%**	**-4%**	**-8%**
EBIDA	**-1%**	**-9%**	**1%**	**-3%**	**4%**	**-2%**	**-6%**
Cash Flow Margin	**1%**	**-7%**	**3%**	**-1%**	**6%**	**-1%**	**-5%**

Statement of Revenue and Exp

MENDOCINO COAST HEALTHCARE DIS

FORT BRAGG, CA

	8	9	10	11	12	13
	Actual 3/31/2018	Actual 2/28/2018	Actual 1/31/2018	Actual 12/31/2017	Actual 11/30/2017	Actual 10/31/2017
GROSS PATIENT SERVICE REVENUES						
INPATIENT	2,345,794	1,401,056	2,435,408	2,186,036	1,670,126	1,685,650
SWING BED	146,671	119,614	170,724	170,022	266,001	286,589
OUTPATIENT	7,221,110	6,289,580	7,409,907	6,917,963	6,637,765	7,068,018
NORTH COAST FAMILY HEALTH CEN	471,848	455,403	520,402	490,838	588,523	475,065
HOME HEALTH	134,653	119,436	122,497	99,586	130,336	148,389
TAL PATIENT SERVICE REVENUES	10,320,076	8,385,088	10,658,939	9,864,445	9,292,752	9,663,711
DEDUCTIONS FROM REVENUE						
CONTRACTUAL ALLOWANCES	(5,707,481)	(4,607,106)	(6,399,923)	(6,438,648)	(5,719,682)	(5,191,525)
POLICY DISCOUNTS	(12,931)	(5,306)	(13,975)	(20,568)	(15,988)	(4,914)
STATE PROGRAMS	115,274	115,274	118,562	115,274	115,274	498,796
BAD DEBT	(160,124)	(125,126)	(354,172)	279,795	(483,145)	(314,528)
CHARITY	(454)	(24,611)	(10,203)	(22,110)	0	(1,248)
AL DEDUCTIONS FROM REVENUES	(5,765,716)	(4,646,875)	(6,659,711)	(6,086,258)	(6,103,542)	(5,013,419)
NET PATIENT SERVICE REVENUES	4,554,360	3,738,213	3,999,228	3,778,187	3,189,210	4,650,292
OPERATING TAX REVENUES	0	0	0	0	0	0
OTHER OPERATING REVENUES	155,205	218,356	231,306	225,803	168,405	157,932
TOTAL OPERATING REVENUES	**4,709,565**	**3,956,569**	**4,230,534**	**4,003,991**	**3,357,616**	**4,808,224**
OPERATING EXPENSES						
SALARIES & WAGES - STAFF	1,521,365	1,303,034	1,514,147	1,369,234	1,484,823	1,513,412
EMPLOYEE BENEFITS	714,786	716,454	797,370	755,014	729,710	759,682
PROFESSIONAL FEES - PHYSICIAN	545,248	525,065	561,695	559,939	562,026	528,459
OTHER PROFESSIONAL FEES - REGI	582,688	485,542	566,752	479,436	556,089	648,892
OTHER PROFESSIONAL FEES - OTHE	170,740	182,466	154,099	110,675	87,846	134,582
SUPPLIES - DRUGS	356,336	363,368	335,916	393,037	456,388	437,517
SUPPLIES - MEDICAL	323,152	204,694	308,642	164,061	221,532	241,807
SUPPLIES - OTHER	78,263	115,777	83,697	62,509	83,655	64,237
PURCHASED SERVICES	119,827	125,112	151,991	77,187	150,931	126,122
REPAIRS & MAINTENANCE	81,919	93,613	67,831	87,487	70,457	86,541
UTILITIES	65,622	71,501	66,886	67,351	67,582	70,063
INSURANCE	41,691	42,732	50,516	40,874	42,758	40,874
INTEREST	0	0	0	0	0	0
DEPRECIATION & AMORTIZATION	126,792	125,175	120,319	121,390	123,690	122,541
RENTAL/LEASE	42,232	41,440	41,086	43,288	43,791	44,499
OTHER EXPENSE	134,852	145,370	133,555	124,636	122,062	166,565
TOTAL OPERATING EXPENSES	**4,905,513**	**4,541,346**	**4,954,501**	**4,456,117**	**4,803,342**	**4,985,793**
NET OPERATING SURPLUS (LOSS)	**(195,948)**	**(584,777)**	**(723,967)**	**(452,127)**	**(1,445,726)**	**(177,569)**
NON-OPERATING REVENUES (EXPENSI						
OPERATING TAX REVENUES	61,418	61,418	61,418	61,418	61,418	61,418
INVESTMENT INCOME	12,843	2,000	1,000	10,361	1,000	1,000
DONATIONS	8,076	0	306,915	0	86	0
INTEREST EXPENSE (ALL)	(44,213)	(48,446)	(73,024)	(19,292)	(49,925)	(142,776)
EXTRAORDINARY GAINS/(LOSS)	0	0	63,482	0	0	0
BOND EXPENSE (ALL)	0	0	0	0	1,112	1,112
TAX SUBSIDIES FOR GO BONDS	27,716	27,716	27,716	27,716	27,716	27,716
PARCEL TAX REVENUE						
NON OPERATING INCOME (LOSS)	65,840	42,688	387,508	80,204	41,408	(51,530)
TOTAL NET INCOME (LOSS)	**(130,108)**	**(542,089)**	**(336,459)**	**(371,922)**	**(1,404,318)**	**(229,099)**
Operating Margin	**-4%**	**-15%**	**-17%**	**-11%**	**-43%**	**-4%**
Total Profit Margin	**-3%**	**-14%**	**-8%**	**-9%**	**-42%**	**-5%**
EBIDA	**-1%**	**-12%**	**-14%**	**-8%**	**-39%**	**-1%**
Cash Flow Margin	**0%**	**-10%**	**-4%**	**-6%**	**-37%**	**0%**

Statement of Cash Flows

MENDOCINO COAST HEALTHCARE DISTRICT

FORT BRAGG, CA

For the month ended October 31, 2018

	10/31/2018
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income (Loss)	($205,174)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	508,657
(Increase)/Decrease in Net Patient Accounts Receivable	(741,809)
(Increase)/Decrease in Other Receivables	(1,061,298)
(Increase)/Decrease in Inventories	(11,916)
(Increase)/Decrease in Pre-Paid Expenses	(197,211)
(Increase)/Decrease in Third Party Receivables	1,580,225
Increase/(Decrease) in Accounts Payable	(261,078)
Increase/(Decrease) in Notes and Loans Payable	549,714
Increase/(Decrease) in Accrued Payroll and Benefits	(213,188)
Increase/(Decrease) in Previous Year Pension Payable	0
Increase/(Decrease) in Third Party Liabilities	(71,840)
Increase/(Decrease) in Other Current Liabilities	(203)
Net Cash Provided by Operating Activities:	(125,121)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Property, Plant and Equipment	(59,096)
(Increase)/Decrease in Limited Use Cash and Investments	472,682
(Increase)/Decrease in Other Limited Use Assets	(149,067)
Net Cash Used by Investing Activities	264,519
CASH FLOWS FROM FINANCING ACTIVITIES:	
Increase/(Decrease) in Bond/Mortgage Debt	(63,620)
Increase/(Decrease) in Capital Lease Debt	0
Increase/(Decrease) in Other Long Term Liabilities	109,373
Net Cash Used for Financing Activities	45,753
(INCREASE)/DECREASE IN RESTRICTED ASSETS	8
Net Increase/(Decrease) in Cash	185,159
Cash, Beginning of Period	1,806,804
Cash, End of Period	$1,991,963

Patient Statistics

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended October 31, 2018

Current Month					Year-To-Date			
Actual 10/31/18	Budget 10/31/18	Positive/ (Negative) Variance	Prior Year 10/31/17	STATISTICS	Actual 10/31/18	Budget 10/31/18	Positive/ (Negative) Variance	Prior Year 10/31/17
				Admissions				
10	12	(17%)	12	Critical Care Services	43	48	(10%)	56
48	50	(4%)	57	General	163	199	(18%)	186
58	62	(6%)	69	Subtotal Medical & Surgical Admissions	206	247	(17%)	242
15	8	88%	9	OB	41	32	28%	37
73	70	4%	78	Total Admissions	247	279	(11%)	279
11	11	0%	13	Swing Bed	35	44	(20%)	52
13	8	63%	8	Total Deliveries	33	32	3%	33
				Inpatient Days				
36	42	(14%)	24	Critical Care Services	151	168	(10%)	148
175	175	0%	193	General	602	697	(14%)	666
211	217	(3%)	217	Subtotal Medical & Surgical Inpatient Days	753	865	(13%)	814
32	18	78%	20	OB	91	72	26%	84
243	235	3%	237	Total Inpatient Days	844	937	(10%)	898
99	99	0%	138	Swing Bed	331	396	(16%)	404
32	16	100%	21	Total Newborn Days	75	64	17%	73
				Average Length of Stay				
3.6	3.5	3%	2.0	Critical Care Services	3.51	3.50	0%	2.64
3.6	3.5	4%	3.4	General	3.69	3.50	5%	3.58
3.6	3.5	4%	3.1	Subtotal Medical & Surgical	3.66	3.50	4%	3.36
2.1	2.3	(5%)	2.2	OB	2.22	2.25	(1%)	2.27
3.3	3.4	(1%)	3.0	Total Inpatient (CAH)	3.42	3.36	2%	3.22
9.0	9.0	0%	10.6	Swing Bed	9.46	9.00	5%	7.77
				Avg Daily Census - Hospital				
1.2	1.4	(14%)	0 8	Critical Care Services (4 Beds)	1.2	1.4	(10%)	1.2
5.6	5.6	0%	6.2	General (8 Beds)	4.9	5.7	(14%)	5.4
6.8	7.0	(3%)	7.0	Subtotal Medical & Surgical (12 Beds)	6.1	7.0	(13%)	6.6
1.0	0.6	78%	0.6	OB (3 Beds)	0.7	0.6	26%	0 7
7.8	7.6	3%	7.6	Subtotal Acute (15 Beds)	6.9	7.6	(10%)	7.3
3.2	3.2	0%	4.5	Swing Care (10 Beds)	2.7	3.2	(16%)	3.3
11.0	10.8	2%	12.1	Total Hospital (25 Beds Available)	9.6	10.8	(12%)	10.6
				Emergency Department				
779	803	(3%)	801	Outpatients Treated in ED - Emergent	3236	3180	2%	3,346
44	49	(10%)	54	Patients Admitted from ED	165	195	(15%)	188
823	852	(3%)	855	Total Patients treated in ED	3,401	3375	1%	3,534
				Ambulance Service				
180	169	7%	140	911 - Transports	635	671	(5%)	633
2	1	100%	1	Transfer - Transports	7	4	75%	2
182	170	7%	141	Total Ambulance Transports	642	675	(5%)	635
				Surgery - Cases				
11	19	(42%)	17	Inpatient Cases	49	72	(32%)	69
4	6	(33%)	6	Total Implant Cases	19	23	(17%)	17
199	211	(6%)	214	Outpatient Cases	614	788	(22%)	794
214	236	(9%)	237	Total Surgery Cases	682	883	(23%)	880
				North Coast Family Health Center				
2,975	2,909	2%	2,812	Visits	10,987	10,877	1%	10,587
				Home Health				
549	573	(4%)	553	Visits	2,019	2,142	(6%)	2,186
				Outpatient				
5,468	5,636	(3%)	5,011	Encounters	21,154	21,074	0%	19,917

Key Financial Ratios

MENDOCINO COAST HEALTHCARE DISTRICT
FORT BRAGG, CA
For the month ended October 31, 2018

	Year to Date 10/31/2018	BUDGET	Prior Fiscal Year End 06/30/18
Profitability:			
Operating Margin	-5.5%	-3.1%	-8.1%
Total Profit Margin	-1.2%	1.5%	-6.4%
EBIDA	-2.8%	-0.2%	-5.7%
Contractual Allowance % To Gross Charges	57.8%	58.0%	60.5%
Inpatient Gross Revenue Percentage (Hospital)	22.3%	23.3%	22.7%
Outpatient Gross Revenue Percentage (Hospital)	77.7%	76.7%	77.3%
Liquidity:			
Days of Cash on Hand, Short Term	13.3		11.9
Days Cash, All Sources	38.8		40.2
Net Days in Accounts Receivable	42.3		37.0
Hospital Gross Days in AR	64.8		60.6
Cash Flow Margin	1.1%		-4.2%
Days in Accounts Payable	81		76
Current Ratio	1.1		0.9
Capital Structure:			
Average Age of Plant (Annualized)	23.3		22.3
Capital Costs as a % of Total Exp.	3.5%		3.8%
Capital Spend as a % of Annual Depreciation	11.6%		58.0%
Long Term Debt to Net Position	63.5%		69.7%
Debt Service Coverage Ratio	(1.3)		0.3
Productivity and Efficiency:			
Net Patient Service Revenue per FTE	$172,736	$173,393	$167,990
Salary & Benefits Expense per Paid FTE	($87,998)	$104,740	($88,474)
Salary & Benefits as a % of Total Expenses	47.0%	48.1%	46.5%
Salary and Benefits as a % of Net Pat Rev.	50.9%	51.6%	52.7%
Employee Benefits as a % of Salaries	48.9%	49.2%	51.2%
Other Ratios:			
FTE - PRODUCTIVE	228.9		231.0
FTE - NON-PRODUCTIVE	37.8		36.0
FTE - REGISTRY/CONTRACT	31.2		31.8
FTE - TOTAL PAID	297.9	300.0	298.8
Cost To Charge Ratio	48.7%	50.0%	48.7%
Medicare Revenue as a % of Total Revenue	57.6%	56.0%	55.9%
Medi-cal Revenue as a % of Total Revenue	21.2%	22.0%	21.8%
BC/BS Ins Revenue as a % of Total Revenue	14.2%	15.0%	15.0%
Other Ins Revenue as a % of Total Revenue	4.9%	5.0%	5.0%
Self-Pay Revenue as a % of Total Revenue	2.1%	2.0%	2.3%