



**America's Essential Hospitals
Board of Directors Meeting Minutes
October 1, 2013**

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| Board Members Present (15): <ul style="list-style-type: none"> • Thomas Traylor – (Chair) • William Walker – (Chair-Elect) • Johnese Spisso – (Secretary) • David Lopez – (Treasurer) • Stephen McKernan – (Past Chair) • Alan Aviles • Betsey Bayless • Michael Belzer • Reginald Coopwood • Steven Gabbe • Arthur Gianelli • Michael Karpf • Jorge Orozco • Sheldon Retchin • Irene Thompson – (Ex Officio) | Board Members Absent (3): <ul style="list-style-type: none"> • Timothy Goldfarb • George Hernandez • Santiago Muñoz | Staff Present (11): <ul style="list-style-type: none"> • Bruce Siegel • Alan Burk • Linda Cummings • David Engler • Rhonda Gold • Carl Graziano • Shawn Gremminger • Jane Hooker • Xiaoyi Huang • Kristine Metter • Katherine Susman |
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| Agenda Items | Minutes |
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| Call to Order and Disclose Conflicts of Interest (Traylor) | <ul style="list-style-type: none"> • Call to order at 8:09 am • Acknowledgements: <ul style="list-style-type: none"> ○ Welcome Steven Gabbe to the board ○ New bylaws have been passed ○ Betsey Bayless to step down from Maricopa Integrated Health System in spring 2014 ○ Recognized the historical implications of the day: the first day of the Affordable Care Act's Health Insurance Marketplaces and a government shutdown • Request for conflicts of interest; none disclosed |
| Consent Agenda (Traylor) | <ul style="list-style-type: none"> • Approve new members <ul style="list-style-type: none"> ○ This year brought a net gain of six members, with eight joining and two leaving. Noted that the two losses were not due to membership issues: Cooper Green is no longer offering inpatient services and Louisiana State University System devolved into private, nonprofit hospitals. • Approve June 2013 meeting minutes • Approve finance committee appointments |

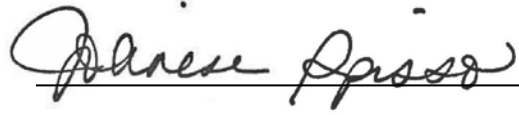
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| | <p><i>Traylor requested a motion to approve the consent agenda. Sheldon Retchin made a motion and Michael Karpf seconded. This was unanimously approved.</i></p> |
| <p>President and CEO's Report (Siegel)</p> | <ul style="list-style-type: none"> • In June, the association underwent a successful rebranding that has been very well received. The new brand continues to reinforce the message of association members as essential to people and communities, and some audiences appear to have already adopted the brand language as a new reference to the safety net. • New bylaws were recently approved by a vote of the membership. • Two new interest groups have been launched in the past few months: one on 340B and one for foundation directors. Both groups hold bimonthly conference calls. • 2014 will feature focused programming on the new 1115 Medicaid waivers, soon to be operative in seven states. These waivers tie incentive payments to quality measures. America's Essential Hospitals will not participate in state-level waiver negotiations, but will do the following: meet with the Centers for Medicare & Medicaid Services (CMS) on a meta level about the importance and implications of these waivers, provide members with "waivers 101" training, and help members understand the larger trends from state to state. This programming may include various reports and distance learning opportunities. • Currently engaged in contract negotiations with CMS (regarding the Essential Hospitals Engagement Network) and UHC, and both are going well. David Engler will meet with UHC's Tom Robertson and others later this fall to speak about future partnerships. • Siegel met with CMS Administrator Marilyn Tavenner at a roundtable for CEOs. Three main issues were discussed: disproportionate share hospital (DSH) funding (particularly Medicaid), evaluation & management (E&M) payments, and essential community provider status. • Siegel also met with new administrators at the Office of Management and Budget (OMB). This is an important relationship to develop and maintain due to OMB's role in reviewing all waivers. • Siegel noted that the Fall Legislative Event will continue as planned, but that the federal government shutdown likely will affect the event's schedule. |
| <p>Treasurer's Report (Lopez)</p> | <ul style="list-style-type: none"> • New finance committee comprises: Lopez (chair), Spisso, Gianelli, Coopwood, Orozco. Siegel and Rhonda Gold provide staff support. • Review of the most recent financial projection: <ul style="list-style-type: none"> ○ The projected revenue of \$8.14 million is \$30,000 better than last projected (in June) and on target with budget. ○ Projected expenses of almost \$7.13 million are 8 percent less than last projected (by \$577,000) and budgeted (by \$657,000), resulting in a \$990,000 operating surplus (after unrealized gains of \$148,000 and one-time rebranding cost of \$175,000). ○ The surplus is primarily a result of salary and fringe line savings, external support to the Essential Hospitals Institute, conference expense savings, and lower projected rebranding fees. ○ The total projected net assets are almost \$6.26 million, of which \$250,000 is restricted to cover the association's upcoming office relocation. The association has close to one year of operating expenses in reserves. <p><i>David Lopez made a motion to approve the Treasurer's Report and Stephen McKernan seconded. The motion was unanimously approved.</i></p> |

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| | <ul style="list-style-type: none"> • The finance committee will meet in November to review the 2014 budget, which will then be presented to the board December 11. • Dr. Siegel addressed the office relocation, for which he has begun interviewing architects. The association plans to stay in the core downtown area of Washington. It is expected that the new location will have a higher rental rate and that this might be offset by a smaller square footage area. |
| Legislative and Policy Update (Gremminger and Huang) | <ul style="list-style-type: none"> • The 113th Congress has passed only 31 pieces of legislation, reflecting an acutely partisan climate. • President Obama requested a one-year delay in DSH cuts, which is a significant victory for the association and its members. • October 17 is the last day for Congress to raise the debt ceiling before defaulting on the nation's loans. • In July, the administration delayed employer mandates, which inflamed opposition to the ACA and sharpened opponents' focus on repealing, defunding, or delaying the law. • The recent gun control bill contained language that would have included a delay in Medicaid DSH cuts, but the bill did not make it through the Senate. • The association has worked to include health care access and coverage in the debate on immigration reform. Immigrants now must wait 15 years between the time they apply for citizenship and when they may receive federally funded health care. It is unlikely that Congress will complete finalize legislation on this topic. • There is strong interest in repealing the sustainable growth rate (SGR). The House Energy and Commerce Committee has approved legislation that would permanently repeal Medicare's flawed SGR and replace it with a new payment system. This bill does not include offsets to cover the cost of repealing the current SGR. • Medicaid DSH has been a focus for America's Essential Hospitals. The current initiative is to delay cuts by three years, while making sure the U.S. Department of Health and Human Services gathers information on key factors, i.e. the amount of Medicaid allotment, uncompensated care, Medicaid losses, and marketplace losses. DSH cannot pay for losses on private insurance or unpaid copayments. • A final framework for a Medicaid DSH proposal has been issued. For Medicare DSH, a ruling in August reduced aggregate payments by about \$550 million (smaller than \$1 billion in the proposed rule). • The regulatory world is active right now, in part due to the Health Insurance Marketplace implementation that began October 1. There is concern about the ability of hospitals and other providers to contract with marketplace plans. While the ACA requires plans to contract with essential community providers, it only requires plans in federally facilitated marketplaces to contract with 20 percent of providers in any given category. The association is working with multiple parties to analyze how this impacts essential hospitals and other providers. |
| Keys to E & M Success (Gremminger) | <ul style="list-style-type: none"> • In November 2011, MedPAC recommended that Congress reduce outpatient payments for evaluation and management services, which would disproportionately impact members, who would absorb 15 percent to 20 percent of these cuts. • By working with committees of jurisdiction, the association successfully argued that the policy change would undermine the ambulatory networks of essential hospitals. This resonated on a bipartisan basis and multiple policy solutions were created to mitigate the issue. |

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| | <ul style="list-style-type: none"> Although the change to E&M payments was not made, it could resurface in future budget discussions. |
| Policy Advisory Committee Report (Walker) | <ul style="list-style-type: none"> The committee has been focusing on the concept of a federal designation for statutory essential hospitals. On September 19, the committee voted to pass certain criteria for this designation, and approved the criteria 13-1. The board was briefed on the committee's activities and referred to the "Policy Advisory Committee Report" in the board book. The board then discussed the report, asked questions, and voiced concerns. It was noted that the criteria outline a social policy and also identifies targets for membership. Issues noted included an unintended and unavoidable bias against small hospitals and rural hospitals that serve large regions. With respect to the latter, it was noted that rural hospitals benefit from critical access designation, which set a precedent for the association's proposal. <p><i>William Walker requested a motion to approve the criteria, including proxies as amended by the policy advisory committee. David Lopez made a motion to approve and Michael Karpf seconded. The motion was approved unanimously.</i></p> |
| Membership Committee Report (Lopez) | <ul style="list-style-type: none"> There has been a net gain of six members in 2013. With the support of a consultant, the association is considering a dues restructuring. Many members belong to several organizations. So, America's Essential Hospitals must raise awareness of the value it provides members compared with other groups. A dues restructuring may bring changes in membership numbers, so it is important to consider how growth will impact the association's mission. One issue is that different organizations have different fiscal years; any changes should be sensitive to that, while not interrupting the association's revenue. There will be three membership committee calls through March 2014. During these calls, the consultant will present a variety of membership/financial models, as well as potential barriers and risks. In March 2014, the committee will make a recommendation to the board. There will then be nine months to communicate any changes to the membership for a 2015 implementation. Dr. Siegel will be speaking with many, if not all, members to ensure full understanding of and a smooth transition to the new dues. |
| Education Committee Report (Belzer) | <ul style="list-style-type: none"> The committee met in person September 9. The committee includes five new members: Craig Cathcart, Theodore Chan, Thomas Quatroche, Stephanie Thomas, and Joseph Woelkers. 2014 objective is to apply an essential hospitals perspective to as many educational activities as possible, and link educational programming to the strategic plan. Two focal points for the next year are population health and Section 1115 waivers. These topics will be reflected in webinars and annual conference programming. The Fellows Program target class size remains 40 to 45. The accepted topic will be adaptive leadership. Applications for 2014 fellowships will open in early December. While the association has planned an aggressive schedule of distance learning events in 2014, there is room for expansion. The goal for Vital2014 (the annual conference) is to increase participation, both by reaching deeper into attending organizations and engaging members who have not previously participated. Proposed tracks for this year include leadership, quality and safety, financing, and 1115 waivers. There will be pre-conference and post-conference |

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| | <p>workshops, with programming and speakers to be determined. Possible interest group sessions are being considered, including the potential launch of a medical leadership group.</p> <ul style="list-style-type: none"> • The board discussed the role of disparities and equity of care as an educational topic to explore. This would be substantiated by collecting race and ethnicity data from providers through the EHEN. |
| Sponsorship and Corporate Relations (Metter) | <ul style="list-style-type: none"> • This year, America's Essential Hospitals collected \$237,000 in sponsorship fees (mostly from the annual conference). • This is an important revenue stream, particularly for covering the expense of the conference (registration fees do not cover the total cost). • The board then reviewed a list of sponsors from the past two years. • Request made that board members engage with and thank current sponsors, and share leads for potential new sponsors. |
| Essential Hospitals Institute Update (Engler and Cummings) | <ul style="list-style-type: none"> • The Transformation Center currently has two aims: building integrated delivery systems and developing industry leaders in access and quality of care. • A decision is expected soon on a third year of federal funding for the EHEN. • The EHEN comprises 22 hospitals nationwide, and is the only safety-net focused HEN. It also uses a unique process for counting harm events. Over the past 18 months, the EHEN has seen a reduction of 1,674 harm events, which is a great quality and policy success. Another calculation concluded that EHEN has saved roughly \$16.69M, which is a 2:1 ratio on the return of a \$7.84M investment. • This network follows a two-prong approach to analysis: focused Plan, Do, Study, Act (PDSA) cycles with members and a leadership webinar series. Regarding the probability of getting funding for a third year, all technical requirements have been met, including deliverables, so chances are strong. With new funding, the EHEN would explore race, ethnicity, and language, and other disparities. • The institute is working on two other major projects: <ul style="list-style-type: none"> ○ A project funded by the Patient Centered Outcomes Research Institute (PCORI) that focuses on reducing disparities in care and includes a series of site visits. This project concludes in December 2013. ○ A project to build safety net capacity and collaboration, particularly under new demands of health care reform. The association is conducting this Kaiser Permanente-funded project in partnership with the National Association of Community Health Centers (NACHC) and The George Washington University School of Public Health and Health Services (SPHHS) The three-year project has \$1.8M in funding (shared with the two partners). This is the first formal partnership between America's Essential Hospitals and NACHC. • Proposed 2014 projects will focus on population health and section 1115 Medicaid waivers. Objectives include defining the relevancy of these issues to essential hospitals, disseminating leading practices from members, measuring outcomes, and supporting education, policy, and advocacy. The proposed partner for one initiative is AcademyHealth. |
| New Business | None. |
| Executive Session | The board went into executive session and the meeting was adjourned at 11:45 am. |

Submitted by:

A handwritten signature in cursive script, reading "Johnese Spisso", written over a horizontal line.

Johnese M. Spisso, RN, MPA
Secretary