13. PLUMAS HEALTHCARE DISTRICT

Plumas Healthcare District (PHD) provides a wide range of healthcare services through a hospital, an outpatient health clinic and a dental clinic. This is the first Municipal Service Review (MSR) for the District.

AGENCY OVERVIEW

Background

Plumas Hospital District was formed in 1955. In 1956, the District issued a bond and received funds from the Federal Government Hill-Burton Program for the construction of a new hospital. The acceptance of Hill-Burton money requires healthcare institutions to furnish needed services to persons unable to pay for the services. Although for the District this obligation ended in May 1979, the hospital still provides charity care.

The principal act that governs the District is the Local Healthcare District Law.[81] The principal act empowers healthcare districts to provide medical services, emergency medical, ambulance, and any other services relating to the protection of residents' health and lives.[82] Districts must apply and obtain LAFCo approval to exercise services authorized by the principal act but not already provided (i.e., latent powers) by the district at the end of 2000.

Boundaries

PHD is located in central Plumas County and includes the communities of Belden, Bucks Lake, Meadow Valley, Twain, Keddie, Quincy, East Quincy, Greenhorn, Spring Garden, and Cromberg. The hospital campus is located in the town of Quincy. The closest neighboring healthcare district is Indian Valley Healthcare District located north of PHD. The District's boundaries encompass approximately 4,240 square miles.

There has been one boundary change since the formation of PHD that involved an annexation. The annexation took place in 1976 and was named Annexation 1. The territory annexed is unknown.[83]

Sphere of Influence

The sphere of influence (SOI) for the District was originally established in 1976. The SOI is currently coterminous to PHD's boundaries.

[81] Health and Safety Code §**32000-32492**.

[82] Health and Safety Code §32121(j).

[83] Plumas LAFCo Resolution 76-12.

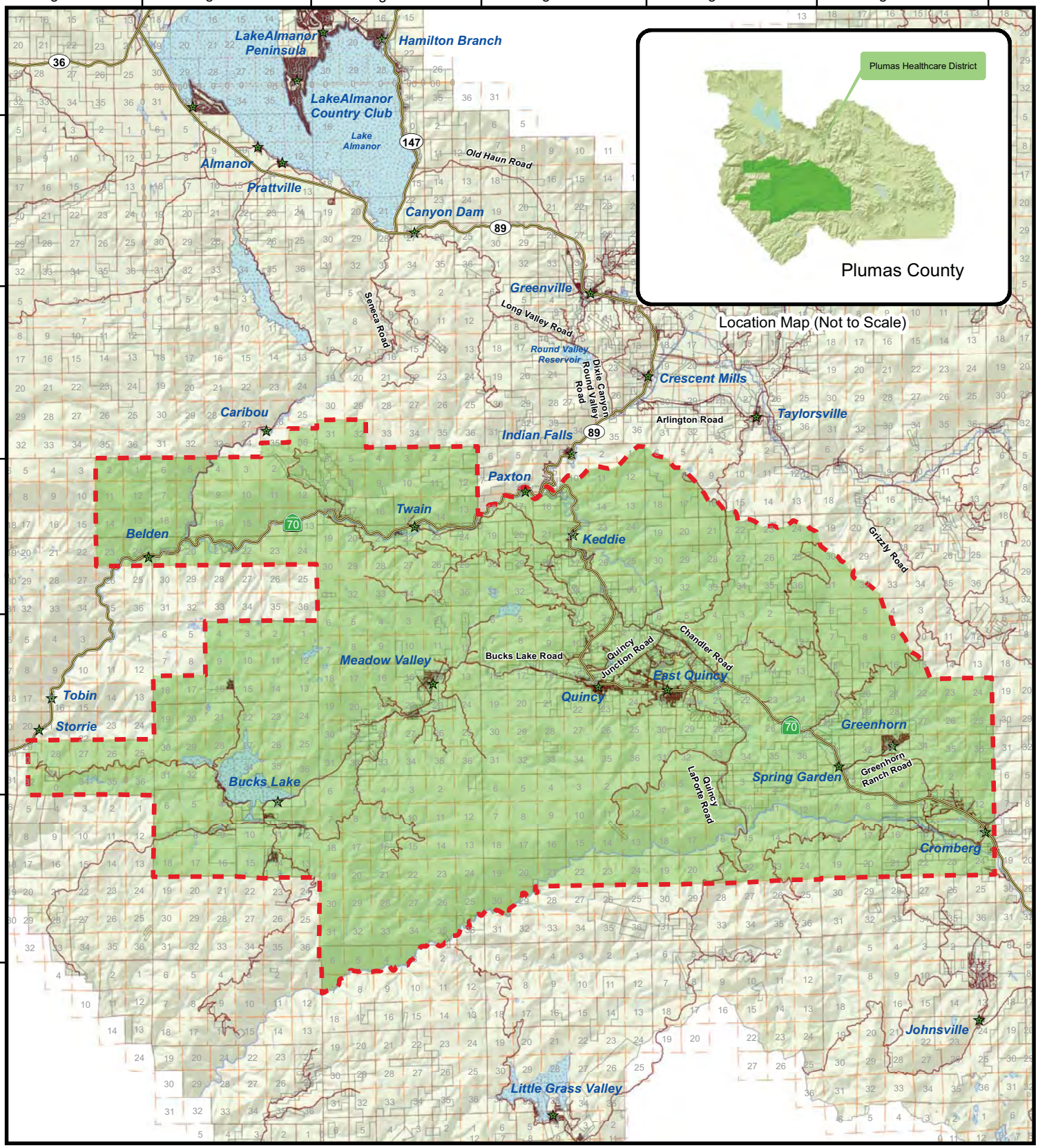
Extra-territorial Services

PHD does not specifically provide services at facilities outside its bounds, but will provide services to patients that reside outside of the District's boundaries and come to PHD-owned facilities. PHD serves both district residents and non-residents and charges them equal fees notwithstanding of residency status.

Areas of Interest

An issue of interest for the District is service overlap created by medical professionals, such as independent dentists and physical therapists that also provide medical services within the District's boundaries.

Plumas Healthcare District



Legend

- Highways
- Major Roads
- Stream / River
- Waterbodies
- Parcels
- Sectional Grid (MDB&M)
- Communities
- Plumas Healthcare District
- Plumas Healthcare District Sphere of Influence

0 1.5 3 6 Miles

N W E S

Plumas Healthcare District
Resolution: 76-12
Adopted: March 17,1976

Plumas Healthcare District
Sphere of Influence
Resolution: 76-10
Adopted: January 28, 1976

Source: Plumas LAFCo Map Created 3/31/2014

Accountability and Governance

The principal act orders that the governing body of a healthcare district must have five members. Directors may be appointed or elected, pending circumstances.[84] PHD is governed by a five-member Board of Directors who are elected to staggered four-year terms. The Board members were elected at large, and there are currently no vacancies. The District's Board Members do not get compensated for their service, but are eligible for the hospital's healthcare insurance plan. If a position opens up mid-term, a new director is appointed by the district Board of Directors through an interview process. Current board member names, positions, and term expiration dates are shown in Figure 13-2.

The Board meets once a month, usually on the first Thursday at 4:30 in the afternoon at the district hospital. Board meeting agendas are posted at the hospital and at three public sites in Quincy. Minutes are available upon request, at Board meetings and via email. The District maintains a website where agendas and minutes are also made available.

Figure 13-2: PHD Governing Body

Plumas Healthcare District				
District Contact Information				
Contact:	Jeffrey Kepple, CEO			
Address:	1065 Bucks Lake Road, Quincy, CA 95971			
Telephone:	530-283-2121			
Email/website:	www.pdh.org, jkepplemd@pdh.org			
Board of Directors				
Member Name	**Position**	**Term Expiration**	**Manner of Selection**	**Length of Term**
Bill Wickman	President	2018	Elected	4 years
Kathy Price	Secretary	2018	Elected	4 years
Mark Satterfield, M.D.	Director	2016	Elected	4 years
John Kimmel	Director	2018	Elected	4 years
Valerie Flanigan	Director	2016	Elected	4 years
Meetings				
Date:	First Thursday of the month at 4:30pm.			
Location:	Plumas district hospital.			
Agenda Distribution:	Posted at the hospital and 3 sites in Quincy.			
Minutes Distribution	Available upon request and at Board meetings.			

In addition to the required agendas and minutes, PHD does public outreach through weekly advertisements in a newspaper and community events, such as dental screenings for kids, spring and fall health screenings and physician presentations. On its website, the District posts information regarding the hospital, contact information and foundation information. Voter participation is encouraged by the County.

[84] Health and Safety Code §32100.

Government Code §53235 requires that if a district provides compensation or reimbursement of expenses to its board members, the board members must receive two hours of training in ethics at least once every two years and the district must establish a written policy on reimbursements. It was reported that the District's board members last received ethics training in January of 2014.

If a customer is dissatisfied with the District's services, complaints may be submitted to different district representatives depending on the nature of the complaint. Medical complaints are submitted to a risk management clinician. Customers may speak directly to the hospital CEO and each of the individual board members. Complaints may also be voiced at Board meetings. The performance improvement and risk management clinician is responsible for handling complaints, which are all recorded electronically and as hard copies. It was reported that PHD received four to five complaints in 2013 that were mostly related to wait times and diagnoses.

Government Code §87203 requires persons who hold office to disclose their investments, interests in real property and incomes by filing appropriate forms each year. Unlike other counties in the State, the Plumas County Clerk-Recorder does not act as the filing officer for the special districts. Each district holds responsibility for collecting the Form 700s and maintaining copies in their records. All district board members have reportedly filed the required Form 700s for 2013.

PHD demonstrated accountability and transparency in its disclosure of information and cooperation with Plumas LAFCo. The District participated in an interview and cooperated with the document requests.

Planning and Management Practices

The District employs about 155 full-time equivalents (FTEs). There are 211 employees, including 134 full-time, 29 part-time, 24 limited part-time, 22 per diem, and two temporary. The employee pool is broken down into 74 separate positions. The District employs 121 medical personnel and 91 administrative staff. Eighteen physicians staffing the emergency room are contracted through Valley Emergency Physicians (VEP). In addition there are 89 volunteers who provide services through staffing and operating the thrift store, assisting with semi-annual community health screenings, maintaining the Life Line program, awarding an annual scholarship, organizing the semi-annual community blood drive, and putting together an annual teddy bear drive for young hospital patients.

The District is administered through 26 departments, including nursing, ER/ambulance, surgery, obstetrics, perioperative services, anesthesia, cardiopulmonary, employee health and case management, infection control, pharmacy, quality risk and management compliance, human resources, PR/foundation, medical staff, information systems, laboratory, radiology, rural health clinics, nutritional services, support services, financial services, patient financial services, dental clinic, general financial services, health information management, and materials management. The head of each department is accountable to the chief executive officer (CEO), chief nursing officer (CNO) or chief financial officer (CFO).

PHD receives contract services from other organizations. In addition to VEP physicians, a pharmacy group from Reno (Duro RX Relief) provides 24/7 on-call first dose review. The District also makes use of an auditing firm and legal services.

The District conducts annual employee evaluations as part of the Joint Commission requirement.[85] Each director and department manager is responsible for evaluating their respective subordinates. The CEO is evaluated by the Board of Directors. VEP staff are evaluated by both VEP and the District.

PHD also regularly evaluates its own performance through abbreviated annual reports to the community, monthly reviews for the Board and the community and budget process. The District also evaluates the success of meeting goals outlined in the strategic plan by applying certain measurements to various goals, strategies and tactics. The District's performance is additionally evaluated by the Office of Statewide Health Planning and Development (OSHPD) through benchmarking with other providers.

The District's clinic is a rural health clinic (RHC), which is a clinic certified by the Center for Medicare and Medicaid Services to receive special Medicare and Medicaid reimbursement. In California, clinics get certified through the California Department of Public Health acting as the State agency responsible for RHC certification.

According to the Code of Federal Regulations, an evaluation of a rural health clinic's total operation, including the overall organization, administration, policies and procedures covering personnel, fiscal and patient care areas, must be done at least annually. The evaluation may be done by the clinic, the group of professional personnel or through arrangement with other appropriate professionals.[86] If a formal Quality Assurance and Performance Improvement (QAPI) program is in place, this will meet the requirement for annual program evaluation.

The performance of PHD's clinic and the hospital are also evaluated by the Center for Medicare and Medicaid Services by means of the State agency (in this case Chico District Office of the California Department of Public Health) through legal compliance as assessed by reported incidents resulting in documented deficiencies.

PHD employee workload is tracked through an electronic time card system for bi-weekly payroll. The District also tracks patient census monthly. PHD reviews financial statements for payroll variances.

The District's financial planning efforts include an annually adopted budget and annually audited financial statements. The District does not have a formal capital improvement plan and plans for its capital improvement needs in its annual budgets. PHD plans for its future service needs and sets performance goals through a three-year strategic plan that was developed in 2012 and facilities master plan, which is currently on hold. The District reported that it would be addressing adopting a capital improvement plan in its strategic plan.

[85] PHD is accredited by the Joint Commission.

[86] 42 CFR 491.11.

Government Code §53901 states that within 60 days after the beginning of the fiscal year each local agency must submit its budget to the County Auditor. These budgets are to be filed and made available on request by the public at the County Auditor's office. All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year, unless the Board of Supervisors has approved a biennial or five-year schedule.[87] The most recent audit for PHD was completed for FY 13. The District should ensure it is meeting the adopted audit requirements as determined by the Board of Supervisors and submitting budgets annually to the County, as legally required.

The District reported that it would comply with the requirements of submitting its budget to the County Auditor within 60 days after the beginning of the fiscal year and annual audits to the County within 12 months of the completion of the fiscal year.

Special districts must submit a report to the State Controller of all financial transactions of the district during the preceding fiscal year within 90 days after the close of each fiscal year, in the form required by the State Controller, pursuant to Government Code §53891. If filed in electronic format, the report must be submitted within 110 days after the end of the fiscal year. The District has complied with this requirement.

The District reported that it had implemented multiple measures to improve operational efficiency in the last three years. Some of them included setting up a new electronic medical record system, improving the staffing ratio of nursing personnel, and reorganizing ambulance services.

In 1998, Plumas District Hospital was named one of the nation's 100 Top Hospitals for 1997 by HCIA, Inc. and William M. Mercer Incorporated.[88] The hospital was also named by iVantage as one of the top 100 critical access hospitals in the country in 2014, being the only hospital in California on that list.

Existing Demand and Growth Projections

Designated land uses within the District consist primarily of general forest, general agriculture, timberland production, and residential and commercial uses in Quincy and East Quincy areas.[89] The total boundary area of PHD is approximately 4,240 square miles.

Population

There are approximately 6,743 residents within the District, based on 2010 Census GIS estimates. The District's population density is about 1.6 residents per square mile.

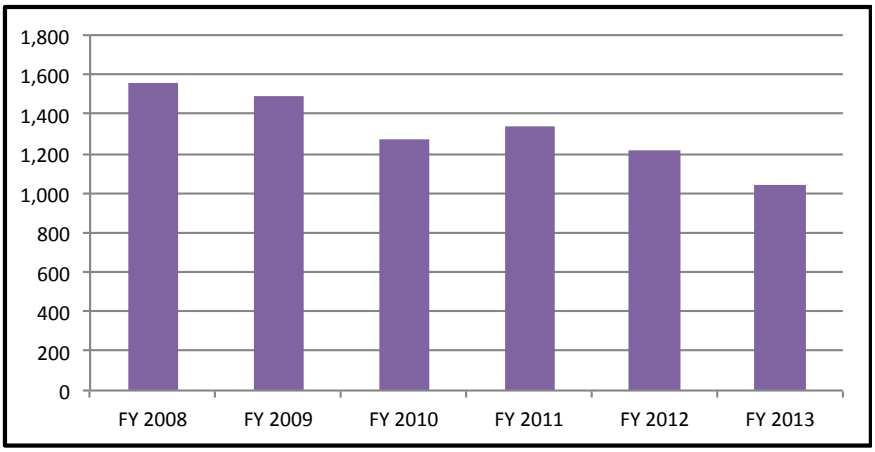
[87] Government Code §26909.

[88] The annual study, 100 Top Hospitals—Benchmarks for Success, identifies U.S. hospitals delivering the most cost-efficient and highest quality medical care. Six of the region's top-performing hospitals are in California.

[89] Plumas County Parcel Application.

Existing Demand

Figure 13-3: Total Patient Days, in Thousands (FY 08 – FY 13)



The District hospital had a total of 1,045 patient days in FY 12-13,[90] which equates to 399 patients. The population served by PHD hospital in FY 12-13 was approximately 25 percent lower than the population served in FY 07-08. The average length of stay was also slightly shorter in FY 12-13 than in FY 07-08. As shown in Figure 12-3, the number of patient days had been consistently dropping from FY 08 to FY 13.

Projected Growth and Development

Although no formal population projections have been made by the District, it is forecasted that there will be moderate growth in the next few years. PHD forecasts its future service needs by assessing the history of demand and analyzing provider-based and public surveys. Apart from the population growth, the District's demand for services is influenced by a number of factors, including number of primary care providers and specialists, condition of facilities and community outreach. The District anticipates that its service demand will increase due to availability of additional medical professionals, improved facilities and increased resident outreach. PHD is not aware of any planned or proposed development within its boundaries. It was reported that the District had sufficient capacity to accommodate the current level of demand and anticipated future demand.

The State Department of Finance (DOF) projects that the population of Plumas County will grow by four percent in the next 10 years. Thus, the average annual population growth in the County is anticipated to be approximately 0.4 percent. Based on these projections, the District's population would increase from 6,743 in 2010 to approximately 7,013 in 2020. It is anticipated that demand for service within the District will increase minimally based on the DOF population growth projections through 2020.

Growth Strategies

The District is not a land use authority, and does not hold primary responsibility for implementing growth strategies. The land use authority for unincorporated areas is the County. The District does not take part in reviewing plans for proposed developments.

[90] OSHPD, Hospital Summary Individual Disclosure Report, 07/01/2012-06/30/3013.

The District reported that it was interested in the possibility of consolidating with Indian Valley Healthcare District, which would increase PHD's constituent population and territory.

Financing

The District reported that its current financing levels were adequate to deliver services, however, multiple financing challenges were identified. The District is challenged by fluctuating patient volumes, decreased payment from insurance carriers and additional mandates requiring increased overhead. Additionally, financing is constrained by difficulty in collecting co-pay and self-pay from a small community, migration of services to a facility that provides more "one-stop shopping", uncompetitive wages resulting in high staff turnover, older population of the area that supplies a high number of Medicare patients causing lower reimbursements, and difficulty meeting financial demands for recruiting providers.

Additionally, the recent economic recession caused a decrease in utilization (as is also clear from Figure 13-3), the capping of a tax measure, which prevented the construction of a new hospital, decreased property values resulting in decreased revenues, higher deductible plans resulting in increased self-pay that is not collected, reduced frequency of visits, postponement or cancellation of elective visits, and staff seeking higher paying employment.

As a result of the described financial hardships the District was forced to implement cost containment strategies. PHD decreased staffing ratios, cross training and overtime surveillance, froze pay scales and reduced facility upgrades to a minimum. The District's overall costs were reported to be fairly static. The District also enrolled with a new group purchasing organization (GPO) to reduce supply costs.

PHD is considering new revenue streams, such as additional revenues brought by an increased primary care provider base, increased orthopedic specialist base, swing bed licensure, and increase in the number of specialty services.

The PHD FY 12-13 audit did not identify any deficiencies to internal control. The District has an internal fiscal control process in place to protect against improper use of funds. A new accounts payable vendor requires the approval of the Controller before information is entered into the system. Non-stock inventory items require a purchase order that is approved by the department manager and the chief financial officer (CFO) prior to ordering. Purchase orders are reconciled with vendor invoices before payment. Cash disbursements are authorized by the Controller or the CFO prior to processing. The District's accounts payable check stock is not pre-printed. All information, including the micro line that includes the bank account information is printed on the blank stock during the cash disbursement process. After cash disbursements are processed, a check register is provided to the Controller, who reviews it for unfamiliar vendors and missing or voided checks. The Board of Directors Finance Committee reviews and approves the accounts payable check register monthly.

In FY 13-14, the District received a total of $19,984,298 in net operating revenue, including $4,412,112 from inpatient revenue (13 percent of total patient revenue), $5,111,015 from clinic revenue (15 percent), $24,757,053 from outpatient revenue (72

percent), and $2,423,191 from other operating revenue, less contractual allowances and provision for bad debt that amounted to $16,719,073. During the same fiscal year, PHD received $348,411 in non-operating revenue.

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as net revenue.

Revenue from the Medicare and Medi-Cal programs accounted for approximately 42 percent and 20 percent, respectively, of total patient revenue in FY 14.

Additionally, PHD receives revenue from County Service Area (CSA) 11 for provision of ambulance services. A majority of this funding comes from property taxes. Expenses for the ambulance department have been averaging about $270,000 a year over the last three fiscal years. In FY 14, PHD received $106,602 from CSA 11 to subsidize the operation of the District's ambulance service.

The District is also supported by the Plumas Healthcare Foundation. In the past the Foundation had used the donated funds to purchase a new photo therapy unit used to treat newborn jaundice for the hospital's obstetric department and a number of personal digital assistants (PDAs) for the nursing staff.

At the end of FY 2014, the District incurred $20,436,481 in operating expenses. The largest amounts were spent on wages (44 percent), benefits (12 percent), professional fees (17 percent), supplies (seven percent), purchased services (five percent), and depreciation expense (five percent). The rest of the expenditures included contract labor, repairs and maintenance, lease and rentals, insurance, interest, and other. The net operating loss at the end of FY 14 amounted to $452,183.

PHD plans its capital improvement needs in its annual budgets. In FY 14-15, the District has planned to conduct cosmetic renovations of 10 patient rooms funded by Plumas Healthcare Foundation and private parties.

For the past several years, the District has followed a policy of expending an amount equal to its annual depreciation on plant and equipment acquisitions. It is the intention of management to continue this policy in accordance with the availability of cash.

At the end of FY 13, the District's debt consisted of capital lease obligations totaling $944,976, notes payable with an outstanding balance of $1,821,124, and general obligation bonds, Series A, in the amount of $690,000 for an aggregate outstanding long-term debt of $3,456,100. Of this amount, $1,119,975 was paid off in installments over the following 12-month period. The leases were retired in FY 14. The notes payable mature in 2017, and the general obligation bonds are due in 2017. At the end of FY 14, the District's long-term debt balance was $1,843,509.

PHD maintains financial reserves, which at the end of FY 13-14 was $927,367.19, with RBC Wealth investment. Some of the reserve funds will be used for ICD-10[91] implementation that is scheduled for October/November 2015. The District expects its cash flow to be temporarily impacted during the conversion. PHD is also expecting to require the services of outsourced coders.

The District participates in a joint venture under a joint powers agreement (JPA) with the BETA Healthcare Group Risk Management Authority. The Authority was formed for the purpose of operating a comprehensive liability self-insurance program for certain healthcare districts of the Association of California Healthcare Districts, Inc. (ACHD). The Authority operates as a separate JPA established as a public agency separate and distinct from the ACHD. Each member hospital pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the Authority. The District maintains coverage on a claims-made basis.

The District's net position —the difference between assets and liabilities—is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating. The District's net position increased from June 30, 2013 to June 30, 2014 by $515,203 or seven percent. Although the District's total assets decreased from FY 2013 to FY 2014, the liabilities decreased by a larger amount and thereby improving PHD's net position.

Information that is not reflected in the financial statements is also important to consider when assessing the strength of the District and its performance in providing services to the community. This information is in the form of statistical indicators common to healthcare facilities. A brief summary of these indicators and comparison for the last three fiscal years are set forth in Figure 13-4.

[91] ICD-10 is the 10th revision of the International Statistical Classification of Diseases and Related Health Problems (ICD), a medical classification list by the World Health Organization (WHO). It contains codes for diseases, signs and symptoms, abnormal finding, complaints, social circumstances, and external causes of injury or diseases. The transition to ICD-10 is required for everyone covered by The Health Insurance Portability Accountability Act (HIPAA) by October 1, 2015.

Figure 13-4: Comparison of statistical indicators

Statistical Indicators	FY 2014	FY 2013	FY 2012
Patient Days	1,023	1,152	1,276
Admissions	381	398	426
Average length of stay	2.69	2.89	3.00
Average daily census	3.05	2.86	3.81
Newborn deliveries	72	68	72
Emergency department visits	3,874	4,184	4,224
Rural health clinic visits	30,328	27,847	28,109
Dental visits	2,493	3,179	4,487

Additionally, financial health of the District may be measured through ratios that illustrate the hospital's ability to meet its short-term obligations. Two of such ratios are days of cash on hand and net days in patient accounts receivable. In FY 14, PHD had 52 days of cash on hand, compared to the California median of 17 and a national median of 54; and 85 net days in patient accounts receivable compared to the California median of 61.5 and national median of 54.

HEALTHCARE SERVICES

Service Overview

PHD provides services through a critical access hospital, an outpatient rural health clinic and a dental clinic. The hospital provides cardiopulmonary services, laboratory services, radiology, telemedicine, obstetrics, and surgery. The facility also includes an emergency room, which has been recently certified as "kid-qualified" by the Valley Emergency Physicians (VEP), which is a medical group that provides physician staffing in the PHD emergency room and in over 35 other hospitals in California and around the country. Additionally, the District provides ambulance services.

The District's rural health clinic operates out of two locations, North Fork Family Medicine and Quincy Family Medicine, both situated within the District's medical campus. A few years ago PHD bought a privately owned Quincy Family Medicine practice and incorporated it into a single Plumas Rural Community Clinic along with the existing North Fork Family Medicine.

The District is closely affiliated with the University of California, Davis and Feather River College, which allows PHD to access their resources and expertise.

PHD participated in a countywide health assessment study conducted by Plumas County. The District is a member of California Hospital Association and its rural sub-group.

Staffing

As previously mentioned in the *Management and Staffing* section of this report, PHD has 211 employees, out of whom 121 are medical personnel and 91 are administrative. There are approximately 155 FTEs. The hospital has six primary care physicians, two general surgeons, three mid-level providers, and seven part-time visiting specialists. Eighteen physicians from VEP have privileges in the District's emergency room and staff the emergency department on a rotating schedule. The District's medical staff represents specialties in cardiopulmonary, internal medicine, radiology, obstetrics, and infection control.

The emergency room has at least one physician on call 24 hours daily. Emergency response is provided by PHD ambulance service, which is staffed by paramedics and/or emergency medical technicians.

All doctors, nurses and other medical practitioners are expected to have appropriate certifications and licenses as mandated by law in order to practice in PHD hospital or clinics.

The District is assisted by 89 volunteers who mostly contribute their time at the thrift store and with PHD events.

Facilities and Capacity

The District's entire medical campus located in Quincy consists of five buildings, including hospital building, North Fork medical building, administration, Quincy medical building, and human resources/dental clinic building.

The hospital building, located at 1065 Bucks Lake Road, was constructed in 1959 and has a 25-bed capacity. The current condition of the hospital facility is poor.

North Fork Family Medicine building located at 1060 Valley View Lane, opened in 1988 and is currently in good condition. Quincy Family Medicine building, which is located at 1045 Bucks Lake Road was built in 1980 and is in fair condition. The dental clinic, shared with the human resource department, was constructed in 1975 and is reported to be in poor condition. The administration building constructed in 2002 was reported by the District to be in fair condition. In addition, the District owns two small facilities (also located within the medical campus), one of which houses IT and finance departments, and the other contains health records. Both buildings are currently in poor condition.

Infrastructure Needs

PHD reported that its hospital building required renovation; specifically a new Emergency Department (ED) and operating room (OR) are needed. Additionally, the hospital needs new C-Arm Endoscopy and Telemetry. The human resources/dental clinic facility is in need of a new roof, as well as panoramic digital equipment.

Although the District had not identified any infrastructure needs for Quincy Family Medicine building and administration facility, both buildings were reported to be in fair condition and are in need of upgrades to improve their condition. Similarly, the IT/finance and health records buildings are in poor condition and require renovations.

Additional long-term infrastructure needs for the District include new lab and radiology facilities and cosmetic and minor structural upgrades of all buildings.

Challenges

PHD faces several challenges to the adequate provision of services. The primary difficulty identified is financial constraints that results from a difficult fiscal environment and economic recession as was described in detail in the *Financing* section. Additionally, the District has difficulty retaining and recruiting staff and medical providers and working within the condition of aging facilities and antiquated equipment.

Service Adequacy

There are several benchmarks that may define the level of healthcare service provided by an agency, such as complaints, patient outcomes, occupancy rates, staffing levels, costs, emergency room closures and workload, operating room use, and the extent to which residents go to other hospitals for service. Complaints, costs and staffing levels were discussed in the previous sections of this chapter. Indicators of service adequacy discussed here include 1) prevention quality indicators, 2) community-acquired pneumonia mortality rates, 3) inpatient mortality indicators, 4) hospital occupancy rate, 5) EMS ambulance diversion rates, 6) operating room use, 7) the extent to which residents go to other hospitals for service, 8) accreditation information, 9) incidents resulting in deficiencies, and 10) compliance with legal requirements. These indicators for measuring service adequacy are established by the Center for Medicare and Medicaid Studies (CMS) and Office of Statewide Health Planning and Development (OSHPD).

Although this data is not available specifically for PHD it is important to discuss Prevention Quality Indicators (PQIs).[92] The latest PQI data is available per county for 2011. For six out of 10 indicators,[93] Plumas County hospitals had lower hospitalization rates than statewide, suggesting that residents there have better than statewide average access to outpatient care for these diseases. When a person receives early and proper treatment for specific medical conditions, disease complications may be reduced or eliminated, disease progression may be slowed, and hospitalization may be prevented. For four of the diseases, the hospitalization rates were higher than the statewide average.

Community-acquired pneumonia is one of the leading causes of death both nationwide and in California. For this reason, OSHPD chose it to be one of the conditions studied in the California Hospital Outcomes Program (CHOP), an initiative mandated by the State of California. The latest reports available are for 2003-2005. During that period, PHD had lower community-acquired pneumonia 30-day mortality rates than the State average.

Inpatient Mortality Indicators (IMIs) for PHD are available for heart failure, GI hemorrhage and pneumonia for 2011.[94] Evidence suggests that high mortality may be associated with deficiencies in the quality of hospital care provided. The IMIs are part of a suite of measures called Inpatient Quality Indicators (IQIs), developed by the Federal Agency for Healthcare Research and Quality (AHRQ) that provide a perspective on hospital quality of care. IMIs are calculated using patient data reported to OSHPD by all California-licensed hospitals. All IMIs include risk-adjustment, a process that takes into account patients' pre-existing health problems to "level the playing field" and allow fair comparisons among hospitals. The District's mortality rate in 2011 for heart failure was 11.5 percent compared to three percent statewide, for GI hemorrhage it was zero percent compared to 2.2 percent statewide, and 7.4 percent for pneumonia compared to 4.1 percent statewide. PHD is considered not significantly different from the statewide average for all mentioned Inpatient Mortality Indicators.

The District's hospital had an occupancy rate of 11.9 percent in FY 12-13, compared to a statewide average of 59.5 percent.[95] This occupancy rate suggests that service adequacy is satisfactory, and there are enough hospital beds in the area to serve patients as needed.

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[92] The Agency for Healthcare Research and Quality (AHRQ) has developed four types of Quality Indicators (QIs), measures of healthcare quality, that make use of hospital inpatient discharge data. Prevention Quality Indicators (PQIs) identify hospital admissions that evidence suggests may have been avoided through access to high-quality outpatient care. The PQIs are also called "ambulatory care-sensitive conditions" or "preventable hospitalizations." These measures assess the quality of the healthcare system as a whole, especially ambulatory care, in preventing hospitalizations due to potentially-avoidable medical complications.

[93] Diabetes short-term complications, perforated appendix, diabetes long-term complications, COPD or asthma in older adults, hypertension, heart failure, dehydration, bacterial pneumonia, urinary tract infection, angina without procedure, uncontrolled diabetes, asthma in younger adults, and lower extremity amputation among patients with diabetes.

[94] OSHPD did not report mortality rates for other conditions (for ecophageal resection, pancreatic resection, abdominal aortic aneurism repair, craniotomy, percutaneous transluminal coronary angioplasty, and carotid endaterectomy) for the District because fewer than three procedures were performed or conditions were treated.

[95] OSHPD, *Annual Financial Disclosure Report*, June 30, 2013. Latest figure found for State of California was 2010, http://www.oshpd.ca.gov/hid/Products/Hospitals/AnnFinanData/HospFinanTrends/

Emergency room closure data was not available for recent years. The last year when this information was reported was 2007. For 2013, in lieu of emergency closure rates, EMS ambulance diversion rates were used as an indicator for emergency room use. In 2013, ambulances were not diverted to other hospitals from PHD.

The operating room at the PHD hospital was used for surgeries (both inpatient and outpatient) approximately four percent of the available time in 2013.[96] The operating room was used for outpatient surgery 1.26 times more than for inpatient surgery. The operating room appears to have sufficient capacity to accommodate existing demand and possible future growth.

The adequacy of hospital facilities and services in meeting the needs of Plumas County residents can be gauged by the extent to which residents travel outside their County to receive hospital services. The rates were calculated based on patient discharge data from OSHPD. About 36 percent of patients discharged from hospitals who live in Plumas County patronize the PHD hospital.

There are several major healthcare-related accreditation organizations in the United States: Healthcare Facilities Accreditation Program (HFAP), Joint Commission (JC), Community Health Accreditation Program (CHAP), Accreditation Commission for Health Care (ACHC), The Compliance Team – Exemplary provider programs, Healthcare Quality Association on Accreditation (HQAA), and DNV Healthcare, Inc. (DNVHC). For the State of California the primary accreditation organization is the Joint Commission. The Joint Commission is a not-for-profit organization that accredits and certifies more than 19,000 health organizations and programs in the country. Accreditation can be earned by an entire healthcare organization, for example, hospitals, nursing homes, office-based surgery practices, home care providers, and laboratories. In California, the Joint Commission is part of the joint survey process with State authorities. Hospitals are not required to be accredited in order to operate. Accreditation generally recognizes outstanding performance by a healthcare provider. PHD is the only hospital in the region, which is accredited by the Joint Commission.

The operations of the PHD clinic and the hospital maybe evaluated through the number of incidents resulting in a documented deficiency. The California Department of Public Health Chico District Office indicated that there were eight incidents reported regarding the hospital in the last two years and one incident concerning Plumas Rural Community Clinic. The incident at the Clinic was rectified and did not result in a documented federal deficiency.

Plumas Rural Community Clinic may also be evaluated through the compliance with legal requirements for rural health clinics. Rural health clinics are required to use a team approach of physicians and midlevel practitioners such as nurse practitioners, physician assistants, and certified nurse midwives to provide services. The clinic must be staffed at least 50 percent of the time with a midlevel practitioner. RHCs are required to provide

[96] Operating room use rates are calculated as the number of surgery-minutes divided by the annual capacity of the operating rooms (number of minutes in a year is based on 24-hour use).

outpatient primary care services and basic laboratory services. Plumas Rural Community Clinic reportedly complies with all the requirements.

Service Updates

As of March 27, 2015 and since the data collection process for the MSR, the District has implemented the following updates:

- Two family practitioners who also perform obstetrics have been recruited and will start their employment in July of 2015;
- One general surgeon has been recruited to join the District's existing surgeon. He will start in July 2015 with one day per week committed to performing outpatient services at Eastern Plumas Healthcare District;
- PHD will soon start using a family physician who has trained in OB fellowship in an outreach prenatal clinic at Seneca Hospital in Chester;
- OSHPD approved renovations to two inpatient rooms in the District's Adopt-a-Room program. Two and possibly three more rooms have been committed by the community to be adopted;
- Hospital lobby has been adopted for renovation by Plumas Bank;
- Digital mammography has been acquired, accredited and utilized for approximately the last three months;
- An entire restructure/reorganization of PHD clinics is being undertaken (including renovations) to accommodate additional specialty services as well as the three new physicians joining the team in July 2015;
- The District hired a new dentist who is now taking new Medi-Cal patients;
- PHD is now participating in the Medi-Cal MAA program. This requires time study tracking by multiple personnel involved in improving patient access to care. Medi-Cal revenues are generated through these time studies;
- PHD is pursuing a Rural Center of Excellence designation through UC Davis;
- The District is starting a pilot study of "Care Coordination" with Renown Health in Reno, NV;
- PHD is increasing collaboration with Feather River College to improve college student access to care;
- The District is also increasing collaboration with Plumas County Public Health Agency;
- PHD has come very close to starting its new Swing Bed program for subacute patients.

PLUMAS HEALTHCARE DISTRICT DETERMINATIONS

Growth and Population Projections

- There are approximately 6,743 residents within Plumas Healthcare District (PHD).
- The District experienced a decrease in service demand in the last few years due to residents migrating out of the area because of the recent recession.
- The District anticipates that its service demand will experience a moderate increase due to availability of additional medical professionals, improved facilities and increased resident outreach.

The Location and Characteristics of Disadvantaged Unincorporated Communities Within or Contiguous to the Agency's SOI

- The population threshold by which Plumas LAFCo will define a community is yet to be determined. Specific disadvantaged unincorporated communities and characteristics of the communities will be identified when appropriate as other areas are to be annexed to the District.

Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

- The District's existing facilities have the capacity to adequately serve current demand and potential future growth based demand. However, capacity is constrained by the fair condition of most of the facilities.
- PHD hospital building requires renovation. Additionally, the hospital needs new C-Arm Endoscopy and Telemetry. The human resources/dental clinic facility is in need of a new roof, as well as panoramic digital equipment. Quincy Family Medicine building and the administration building require upgrade to improve their condition. Similarly, the IT/finance and health records buildings need renovations. The District has started implementing some of the upgrades.
- The District plans its capital improvements in its budgets. There is no formal capital improvement plan (CIP).
- The District reported that it would be addressing adopting a capital improvement plan in its strategic plan.
- PHD provides adequate services based on multiple service adequacy indicators, including 1) prevention quality indicators, 2) community-acquired pneumonia mortality rates, 3) inpatient mortality indicators, 4) hospital occupancy rate, 5) EMS ambulance diversion rates, 6) operating room use, 7) the extent to which residents go to other hospitals for service, 9) incidents resulting in deficiencies, and 10) compliance with legal requirements.

- The District's hospital is an award winning hospital and is accredited by the Joint Commission.

Financial Ability of Agencies to Provide Services

- The District reported that its financing levels were adequate to sustain current operations. However, the District identified multiple financing challenges caused in part by the recent economic recession. As a result, PHD implemented a number of cost containment strategies and is considering new revenue streams.
- A vast majority of the District's income comes from charges for services. The largest expenditures are salaries and benefits.
- PHD keeps its financial reserve, which at the end of FY 13-14 was $927,367.19, in an investment firm.
- At the end of FY 14, the District's long-term debt balance was $1,843,509 and consisted of notes payable and general obligation bonds.
- Based on financial position, statistical indicators and financial ratios, PHD appears to be in adequate financial health with a few challenges that the District makes efforts to overcome.
- The PHD FY 12-13 audit did not identify any deficiencies to internal control. The District has an internal fiscal controls process in place to protect against improper use of funds.

Status of, and Opportunities for, Shared Facilities

- The District shares its facilities with contracted physicians from Valley Emergency Physicians (VEP).
- The District participates in a joint venture under a joint powers agreement (JPA) with the BETA Healthcare Group Risk Management Authority.
- The District is closely affiliated with the University of California, Davis and Feather River College, which allows PHD to access their resources and expertise.
- PHD participated in a countywide health assessment study conducted by Plumas County. The District is a member of California Hospital Association and its rural sub-group.

Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

- PHD demonstrated accountability in its disclosure of information and cooperation with Plumas LAFCo. The District responded to the questionnaires and cooperated with the document requests.
- PHD practices outreach efforts through participating in community events and keeping its customers informed through its website and print media.

- The District reported that it was interested in the possibility of consolidating with Indian Valley Healthcare District.