

# The Next Era of Excellence

*A report with recommendations to the Board of Commissioners*

November 7, 2018

**Table of Contents**

Table of Contents..... 2

Executive Summary ..... 3

Overview ..... 4

Our Journey to Excellence..... 10

Key Considerations..... 15

Future Opportunities..... 29

Financial Considerations..... 30

Foundation Summary..... 36

Project Timeline ..... 37

Conclusions..... 38

Recommendations..... 39

Closing Remarks..... 40

Appendices..... 41

## EXECUTIVE SUMMARY

Growth combined with the desire to create a better patient experience through coordinated care is driving the need for additional space on the Pullman Regional Hospital campus. These dynamics and new ones we will face in the future require us to expand our thinking and apply the convenience we experience in other parts of our lives to our healthcare experience. This opportunity builds upon the hospital's goal of incorporating a population health model of care for a healthier quality of life in our community. We can achieve this not only for today but also for generations to come. That's why we are looking towards The Next Era of Excellence at Pullman Regional Hospital.

The Next Era of Excellence is comprised of four major components; implementing a community wide electronic personal health record, building the community health pavilion, upgrading and expanding medical technology, and upgrading and expanding hospital services. Additional information on these four components, supporting evidence, and proposed plans can be found in this report.

The total cost for this project is \$40 million. Pullman Regional Hospital is proposing to fund The Next Era of Excellence through a combination of community support by passing a bond levy, philanthropy, and hospital reserves. Further financial information can be found in the report.

The body of this report is composed of many sources of information that have been summarized. The full text of each resource has been included in the appendix. Our intent is to identify the most salient points for the main text. However, we wanted to provide the full scope of information that is available for making a final decision. Based off the data developed, studied, and analyzed we are recommending the following happen to achieve The Next Era of Excellence.

- Request the Pullman Regional Hospital Foundation to establish an initial working fundraising goal of \$6.5 million
- Place an unlimited tax general obligation (UTGO) bond proposal on the ballot for the April 23, 2019 special election in the amount of \$29 million
- Recommend a community wide electronic personal health record system
- Develop and design the service components of the 45,000 square feet Community Health Pavilion
- Upgrade and expand medical technology capabilities
- Relocate, redesign, and remodel specified space within Pullman Regional Hospital
- Expand and integrate health and medical services that broaden the continuum of care available in the community, both on and off the Pullman Care Community campus
- Develop plans for revising and introducing new processes that will support a one-stop care experience for patients and care providers
- Collaborate with Washington State University
- Establish a Family Medicine Residency program at Pullman Regional Hospital

The weeks following the receipt of this report will be filled with study and reflection. We encourage the Board of Commissioners to bring any questions to administration for further clarification.

## OVERVIEW

### THE NEXT ERA OF EXCELLENCE – OUR VISION FOR THE FUTURE

*“The Next Era of Excellence is our plan to create a one-stop care experience that is integrated and coordinated amongst providers and patients, with a community wide electronic personal health record as a key thread of connectivity between patients and their healthcare services.” -Scott Adams, CEO*

The Next Era of Excellence is the vision and plan by which Pullman Regional Hospital aspires to be the most successful small, community hospital in the Pacific Northwest. The central goal and foundational component of The Next Era of Excellence is to create a *self-sustaining, self-determining, inclusive model for healthcare* in our community. As one of the top hospitals in the state of Washington we are poised to serve as an inspiration for transformational leadership, leading edge facilities and technology and healthcare innovation.

Our bigger vision is to create a new model of healthcare that builds upon our quality acute care and medical services by incorporating the principles of “population health” and an integrated model of care. By doing this we will improve individual health status and raise the level of community wellness. We will assure that medical facilities, technology, and expertise remain at the forefront of care. And, we will lower the costs of care and create an experience where each person touched through their relationship with Pullman Regional Hospital will feel a positive impact in their life.

To achieve this vision for the future will require a unique partnership with our community to acquire the \$40 million needed through both a bond and fundraising. This funding would address the four identified major areas that must be pursued to assure our path to creating a self-sustaining, self-determining, inclusive model of care for our community.

### COMMUNITY WIDE ELECTRONIC PERSONAL HEALTH RECORD (EHR or EMR)

*“Coordinated care means a comprehensive and convenient experience for the patient. Our orthopaedic and sport medicine patients could have a pre-operative teaching and instructional experience in a single visit.” - Dr. Ed Tingstad, Inland Orthopaedics*

“We propose the community health record as a flexible model for how multisector community health stakeholders can use technology to aggregate and use information to better understand, address, and monitor their community’s health and its determinants. We define the community health record as both a framework to guide health care, public health, and community collaboration and information exchange and as a tool for integrating and transforming multisector data into information that can aid decision makers.”<sup>1</sup>

“Despite the growing use of electronic records (EHRs) and health information exchange (HIE) technologies, providers and payers still face challenges with regard to accessing all the information

---

<sup>1</sup> “A Community Health Record: Improving Health Through Collaboration, Information Sharing, and Technology,” Centers for Disease Control and Prevention, September 8, 2016

known about a given patient or member. Patient health information can be trapped in siloed healthcare information systems, paper-based documents and processes, or non-machine readable documents. An integrated view of patient information improves the experience of clinicians by enabling them to better serve their patients, which in turn leads to better outcomes. The ability to create comprehensive patient-centric records is crucial for improving not only quality of care but patient safety.”<sup>2</sup>

The preceding statements capture the challenge and the opportunity of developing a community wide electronic personal health record as a keystone component of The Next Era of Excellence. Such a system would include a single software platform that allows each person’s health records to be stored in one location that would be accessible to local, regional, and state wide providers and facilities as authorized by the patient for their healthcare. The prospect of an electronic personal health record system that would be available community wide offers the greatest flexibility and the broadest accessibility to personal health information for patients, providers, the hospital, and other allied health services is the catalyst for organizing and delivering a one-stop care experience for patients.

Data from the community survey conducted by Pullman Regional Hospital in July of 2018<sup>3</sup> affirm that over 80% of respondents support this technological capability occupying a central role in The Next Era of Excellence in healthcare in Pullman. Acquiring, implementing, and supporting a community wide electronic personal health record will require time, patience, collaboration, and funding. The energy and capacity to make this successful are present and enthusiastic to move forward. The missing component to achieve this part of The Next Era of Excellence is the funding. This portion of the plan will require \$10 million to accomplish.

## THE COMMUNITY HEALTH PAVILION

*“If a pavilion was built, we could envision moving our Pullman office there to provide OB/GYN services as part of a women’s center that was co-located by the hospital for improved access to women’s healthcare such as mammography, imaging, BirthPlace, and surgical care.” - Dr. Ric Minudri, Moscow-Pullman OB/GYN*

A pavilion is described as “one of a set of buildings that together forms a hospital or other large institution.” Often a pavilion is used as a place of shelter. Within each of these meanings lies the concept of The Community Health Pavilion. By creating a space that houses needed services to address meaningful healthcare needs for individuals and our community; we will improve access to key services, increase the integration of medical care, and allow for a more coordinated approach to one-stop care that will improve outcomes and lower costs. Our Community Health Pavilion will establish the foundation upon which we will develop a one-stop care model for delivering healthcare in our community.

Community growth and the vision to create a better patient experience through coordinated care are driving the need for additional space on the Pullman Regional Hospital campus. We believe we can create a new reality for patients and care givers where health care experiences are not

---

<sup>2</sup> “The Integrated Patient Record: Empowering Patient-Centric Care,” IDC Health Insights, October 2013

<sup>3</sup> Next Era of Excellence Community Survey, Enviroissues, July 2018

fragmented by distance or logistics. The Community Health Pavilion provides the physical environment that will make the one-stop care experience possible.

The Community Health Pavilion has two components: The Center for Learning and Innovation and The Center for Women's and Children's Health. Together these components form the basis for expanding our services into the area of population health and addressing issues related to prevention, wellness, and health management.

### The Center for Learning and Innovation

In the current business model for the American healthcare system, hospitals and physicians are paid by the government and insurance companies based on volumes and filling beds. The more sick patients treated, the more money hospitals and physicians make. There are few payment incentives to keep people healthy and out of the hospital. Financial incentives force physicians to see as many patients as possible to pay for overhead and meet patient demand. They cannot always spend the time they want with patients, nor can they address social and psychological needs of the patient. Physicians are forced to address the management of chronic illnesses in an episodic fashion instead of focusing on maintenance of health and prevention of illness.

Our Center for Learning and Innovation serves as the catalyst for exploring alternative models of care delivery that give more attention to prevention of illness and support each individual's desire to achieve and maintain optimal fitness and wellness in their life. These efforts will give attention to more cost effective approaches to maintaining health and thereby decrease the cost of healthcare in our community. The Center focuses on activities such as:

- Population health programs
  - Care coordination
  - Developing an integrated model of care delivery
  - Workplace health and wellness
  - School based health programs
  - Community wide electronic personal health record
  - Team model of care delivery
  - Developing new provider roles
- Computerized simulation training for physicians and other care givers
- Services to optimize individual fitness
- Telemedicine services
- Medical education
- Patient education

The Center for Learning and Innovation provides the environment that allows us to expand beyond the high quality acute care services that we currently provide. This Center supports our efforts to develop new models of care delivery that are more focused on population health outcomes. As The Center for Learning and Innovation develops new models of care, and expands activities in arenas related to population health, additional space will be required. With this expansion of space

and services, we will further strengthen our commitment to nurture and facilitate a healthier quality life for our community.

### The Center for Women's and Children's Health

The Center for Women's and Children's Health supports the implementation of new care delivery models within the segment of our population – women and children - that can most actively bring about long term improvement in overall population health. This creates a leverage point for our efforts in moving forward with The Next Era of Excellence initiatives. Historically, women make nearly 80% of all healthcare decisions in their families.<sup>4</sup> The needs of mothers, wives, and caregivers (often women) create a significant entre into the efforts to improve the health of our community. Almost 60% of women who carry out the healthcare decision maker role in their family have difficulty navigating the many facets of our current healthcare system. Clearly this component of our community population can play a key role in improving overall health of our community.

*"When children come in to our office, the vast majority are coming in with their mothers...The more you can consolidate these services, the more likely they (women) will follow through with preventive care services....so the child has the best chance of growing up to be a well person." - Mike Frostad, M.D., Palouse Pediatrics*

Attending to the unique needs of the health of children offers long term community benefits. Additionally, 20% of American households have at least one child with special health needs. By supporting access to needed services in a one-stop care experience, and creating meaningful opportunities to support families and schools in their health management activities, The Next Era of Excellence can make progress in assuring improved community health for future generations.

A focus on women and children forms the nexus of attention in the implementation part of work being carried out by The Center for Learning and Innovation. As new approaches to the delivery of medical care are developed and established, these populations provide impactful cohorts for assessing the benefit of these new models in actual practice. As evidence of the positive impact on overall health is experienced through the introduction of new care delivery models, support for expanding the availability of those new models can grow and further impact the overall population. Educational activities targeting these two populations in the community will also be included in the approach to the delivery of care, thereby enhancing the new models through expanded educational opportunities related to health and health improvement.

The Center for Women's and Children's Health will be established within the Community Health and Leadership Pavilion. The primary effort will be to assemble related services addressing particular needs of women and children in the community. The general nature of how these services are organized would be to provide a one-stop care experience for the patients and their families.

The Community Health Pavilion, which includes The Center for Learning and Innovation and The Center for Women's and Children's Health, component of The Next Era of Excellence will require \$20 million of funding to achieve its potential benefit for our community.

---

<sup>4</sup> "Fixing Health Care: What Women Want," American Academy of Family Physicians, March 2008

## UPGRADE AND EXPAND MEDICAL TECHNOLOGY

*"To get a person to a state of wellness...that should be our goal." -Steve Hall, M.D., President, Palouse Medical*

Quality, safe care relies on well-trained professionals who are able to use the latest in medical technology to guide the care and treatment of patients. Pullman Regional Hospital has historically pushed the boundaries of medical technology to assure the latest capabilities are available for diagnosing and treating patients. Generally, the investments hospitals make in technology have two goals: to improve clinical care and slash error rates; and to reduce patient stress, encouraging healing. These considerations were clearly on the minds of decision makers when Pullman Regional Hospital opened its doors in 2004 as the newest hospital in the state of Washington and the only hospital in eastern Washington and northern Idaho to offer fully digital imaging capabilities. We have maintained that commitment with expansion of digital radiographic service in the hospital and in physician offices, upgrading of nuclear medicine services, the addition of robotic surgery, expansion to 3D tomosynthesis mammography with stereotactic breast biopsy, the upgrade of our MRI service and many others.

Historically, Pullman Regional Hospital invests approximately \$1.25 million to \$1.5 million in new or updated technology each year. This is on top of requests for equipment replacement on an annual basis between \$3 million to \$4 million. Advances in medical technology will continue to provide opportunities for new skills and tools for physicians and improved care for patients. Additionally, aging technology will require replacement and/or repair.

This plan addresses this continuing need by including \$5 million of funding as a portion of the total financing package to realize The Next Era of Excellence in healthcare for Pullman.

## UPGRADE AND EXPAND HOSPITAL SERVICES

*"To meet the needs of our growing community, we must reshape how our technology, space, and providers interact to assure a comprehensive, coordinated, one-stop patient experience." – Scott Adams, CEO*

The dynamics of change described in this report create impacts on the suitability of the current hospital facility to effectively meet the needs of our community. Recent facility changes in surgery, the emergency department, same day services, and the pharmacy highlight the ever-present influence of change on how to best organize our space to meet patient and community needs.

Increased access to needed services such as cardiology, pulmonology, and sleep medicine impact the space requirements to accommodate diagnostic and treatment activities in these specialties. Examples of activities that will continue to expand include sleep studies, cardiac monitoring studies, echocardiograms, pulmonary function testing, cardio-pulmonary rehabilitation, cardiac stress testing, and others.

Additionally, these specialty areas of medicine help us more effectively address growing health issues within our community. Couple these considerations with the growing population in

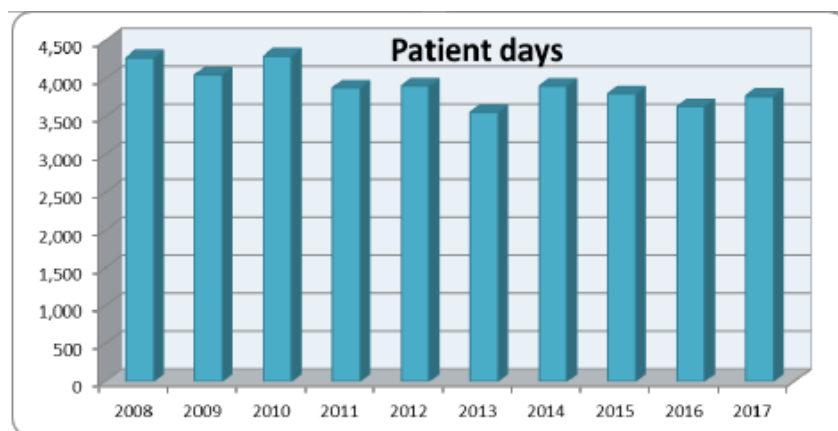
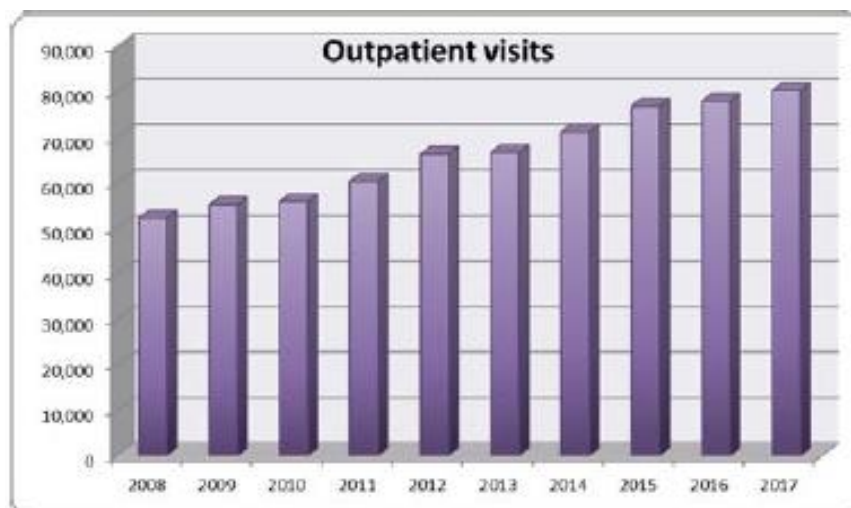


Pullman and the surrounding region, and we have a compelling need for redesigning and adding space to the hospital to accommodate the benefits made possible by these new specialty services.

The Next Era of Excellence provides for this necessary reshaping of the current hospital facility with \$5 million for remodeling and expanding portions of the current hospital.

## OUR JOURNEY TO EXCELLENCE

For more than two decades, changes in technology, advances in medical care, revisions to insurance company priorities, preferences from patients, and the efforts of state and federal government to reduce expenditures on healthcare, have all contributed to a shift from hospital inpatient care to outpatient care. At a general hospital level, this focus can best be illustrated by the two graphs below.



In 2010, with the advent of the Affordable Care Act, increased attention and priority was directed toward activities and initiatives that heightened the awareness of and the need to address issues related to population health. In particular, this expanded view of the role of healthcare and hospitals in the health of a community ushered in our current era of rethinking how health, wellness, and social services can all be more effectively organized and coordinated.

This growing imperative of integrating services was first articulated by Pullman Regional Hospital in 1996 (formerly Pullman Memorial Hospital) with a visionary proposal for the future.

*Ideally we would build a new facility that improves community access and still meets University needs. We would make plans for physician offices surrounding the hospital and also make room for other health providers and agencies to have their space in such a facility so as to create a “medical campus” type of environment.<sup>5</sup>*

This same sentiment was captured in a report to the Board of Commissioners of Pullman Memorial Hospital in 1998. This report formed the basis for the recommendation to build a new hospital in Pullman to move closer to the vision earlier presented.

*The general concept deals with developing a single location where the majority of individuals, agencies, and organizations providing health care services can be assembled. Such an aggregation of similar services will create opportunities for cost sharing, patient convenience, equipment sharing, and aligning various incentives more appropriately. These benefits will assure a healthy medical care system for our community in the face of change and uncertainty. As a “united” community asset, the health care system in Pullman would be able to work effectively with employers and insurance companies to best meet the needs of patients. Such a presence will strengthen many facets of our community and, therefore, support the fundamental mission of Pullman Memorial Hospital.<sup>6</sup>*

In December of 2004, Pullman Regional Hospital opened its doors to usher in a new era of excellence in healthcare for our region. Since that time we have enthusiastically and unwaveringly pursued this path of excellence in serving our community. Examples of improvements, advancements, and recognitions during this time include:

- Introduction of hospitalist service and expansion to 24 hour in-house provider coverage
- Consistently ranked as one of the top hospitals in the state and nation for patient experience
- Six Sigma process improvement training
- Established the Center for Learning and Innovation
- Hydroworx therapy pool
- Expanded surgical capabilities with the addition of a fourth operating room
- Pediatric feeding team
- Added Board Certified cardiology services to the community
- Expansion of therapy services – physical therapy, occupational therapy, speech therapy, massage therapy, acupuncture
- Remodeled space in the emergency department to strengthen patient safety activities
- Addition of robotic surgery capabilities
- Dramatically upgraded the activities and support for the Pullman Regional Hospital Foundation
- Upgrade to 3D tomosynthesis mammography with stereotactic breast biopsy capabilities
- Established a partnership with Inland Orthopaedics and Sports Medicine to form the Orthopaedic Center of Excellence

---

<sup>5</sup> Pullman Memorial Hospital – A Vision for the Future

<sup>6</sup> Turning Vision into Reality: A Report with Recommendation to the Board of Commissioners, February 4, 1998

- Recognition as a Women's Choice hospital for BirthPlace and overall women's care
- Dramatic reduction in employee turnover rates to below 10%
- Partnership with WSU to provide social work extenders for long term care facilities, group homes, and patients with home care
- Work with the University of Washington to create a model to integrate primary care and behavioral health services
- Expanded care coordination services
- Added space for expansion of same day services
- Established a Pediatric Center of Excellence
- Accredited as a Breast Imaging Center of Excellence
- Established a full-time pulmonary and sleep medicine practice
- Developing partnerships to establish a family medicine residency in Pullman
- American College of Radiologists accreditation in all imaging modalities
- Introduced a genetic counseling service
- Maintain top 10th percentile national ranking by hospital staff and physicians related to our culture of patient safety
- Significant reduction in use of temporary clinical staff by adjusting permanent staffing levels to best meet the needs of staff, patients, and physicians
- Expanded services throughout the continuum of care including primary care, specialty care, palliative care, transitional care, and long term care
- Organized telehealth services providing consults in neurology, psychiatry, and palliative care
- Increased number of bachelor's degree registered nurses from 48% to 62% - state average is 50%
- Expanded student clinical experiences in professions to include nursing, imaging, medical technology, physical therapy, social work, healthcare administration

Since moving to our new facility, Pullman Regional Hospital has been expanding services and investing in the ability for the community to have current technology, space, a quality patient experience, and access to providers for their care. Recently, our investments in providing new technology such as 3D digital tomosynthesis technology, Emergency Department remodel to provide greater patient safety, Summit Therapy remodel, expanded operating room capacity and upgraded technology, a regulatory upgrade for our pharmacy, and a new Same Day Services expansion project has resulted in a \$7.3 million investment over the past five years in order to sustain our current commitment to excellence.

Additionally, Pullman Regional Hospital invests each year to assure community access to quality physicians ranging from primary care physicians to specialists such as cardiologists and pulmonologists. This annual investment is approximately \$5.2 million.

Accompanying this investment is a similar commitment to assure a quality, compassionate patient experience. Our investment in our staff and their skills, training, and availability equals approximately \$2.5 million per year.

Considering all of this information in combined fashion through 2018 highlights past and continuing investments of \$15 million to assure our ongoing commitment to excellence.

Facilities and Technology (2014-2018)	\$ 7,300,000
Patient Access to physician services (2018 only)	\$ 5,200,000
Quality and Patient experience (2018 only)	\$ 2,500,000
<b>Combined Investment YTD</b>	<b>\$ 15,000,000</b>

In 2012, we began to consider the nature of what the continued pursuit of excellence could include. Through those conversations we recognized four key areas of activity that would be essential in continuing our journey of excellence:

- A fully integrated, community wide electronic, personal health record
- Substantial space to further develop the Pullman Care Community as originally envisioned
- Additional redesign and remodel of hospital spaces as a result of changing service demands
- Additional funding to assure that we remain current with the advances of medical technology

Our thoughts during that time were recorded in language that we titled COMMUNITY HEALTH 2020. In those earlier times we stated:

*Pullman Regional Hospital aspires to be the most successful small, community hospital in the Pacific Northwest by creating a self-sustaining, self-determining, inclusive model for healthcare in our community. Our goal is to serve as an inspiration for transformational leadership, leading edge facilities and technology and healthcare innovation. We want to create a new model of healthcare that builds upon our quality acute care and medical services by incorporating the principles of “population health” and the model of a medical neighborhood. Population health focuses on prevention, health management and care coordination. By doing this we will improve individual health status and raise the level of community wellness, assure that medical facilities, technology, and expertise remain at the forefront of care, and that each person touched through their relationship with Pullman Regional Hospital will feel a positive impact in their life.<sup>7</sup>*

Today we describe our plans for the future as The Next Era of Excellence. The fundamental components remain the same. We have revised the title of this initiative to reflect our continued pursuit of excellence in our service to our patients and to the community. Our summary for The Next Era of Excellence states:

*This Next Era of Excellence makes it possible to expand what we have been developing for many years and now is the time to pull all these features together under one roof for an exceptional patient care experience. A new*

---

<sup>7</sup> COMMUNITY HEALTH 2020, November 29, 2012 - Our vision for healthcare in our region for the year 2020

*health pavilion adjacent to our community's 5-star hospital is that next step. This 45,000 square foot building would house Care Coordination teams, physician offices to facilitate team medicine, a Center for Women's & Children's Health, associated diagnostic and therapeutic services, a Pediatric Center of Excellence, and space for a medical residency program that builds a pipeline for family medicine physicians to practice here in Pullman. These activities would all be integrated through a community wide, personal health record.*

Our past accomplishments position us squarely in line with pursuing The Next Era of Excellence in healthcare for this region. To further consider this path for the future, we have provided more focused information related to key considerations for this decision.

## KEY CONSIDERATIONS

### Community Growth

A significant factor in developing a plan that can be implemented now is the past and future growth of Pullman and the surrounding communities. Research provided by Emsi, a data collection and analysis firm, data from the City of Pullman, and community opinion from a recent survey all validate the expectation for continued growth in our region.

#### Emsi<sup>8</sup>

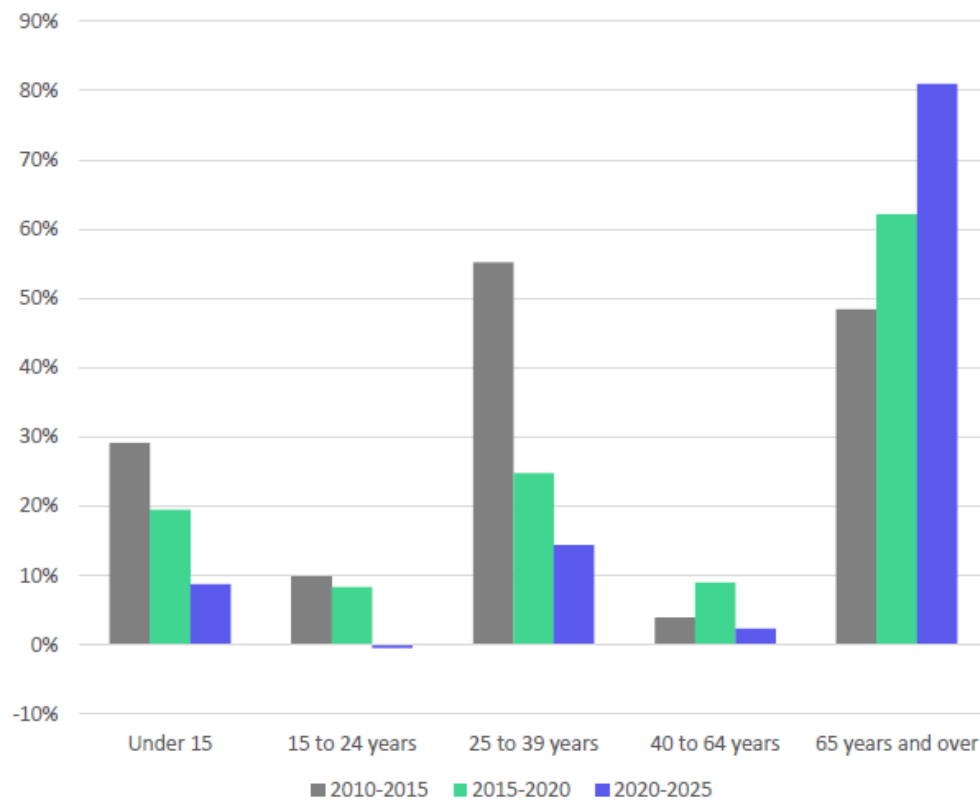
A region's need for more healthcare services stems from a combination of new demand due to population growth, improved access and desirability of service or product offerings, and new demand stimulated by attracting new residents to an area. Whitman County, and the nearby counties of Latah County and Nez Perce County in Idaho, and Asotin County in Washington, all are experiencing a rapidly aging population. The population cohort aged 65 and older is increasing significantly, while the age cohorts between 45 and 64 are not growing as rapidly as in the past. The current trends toward an aging population will require more medical and in-home care in the coming years. Whitman County is projected to see a decline in the pace of growth in every age group, except for those aged 65 and older. That age group specifically is projected to grow significantly in Whitman County and the surrounding area. Population estimates are based on place of residence and do not reflect student population.

Overall, Whitman County has seen exceptional population growth. From 2010 to 2015, population grew 7.5% within Whitman County—or at an annual rate of 1.5%—compared to nearly 4% in Latah County and roughly 2% in both Nez Perce and Asotin counties. However, Whitman County is projected to see a decline in the pace of growth in every age group, except for the those aged 65 and older. That age group specifically is projected to grow significantly in Whitman County and the surrounding area—an important indicator for the medical community. *It is important to note that these numbers do not reflect student population.* Population is based on place of residence. Most college students claim their residency as their home town and not where they attend school.

---

<sup>8</sup> Estimate of the Potential for New Investment and Development of Expanded Healthcare Services in Pullman, Emsi, August 2018

Figure 2. Whitman County Population Growth Trends by Age Cohort



Source: Emsi Developer, 2018.2 Data set

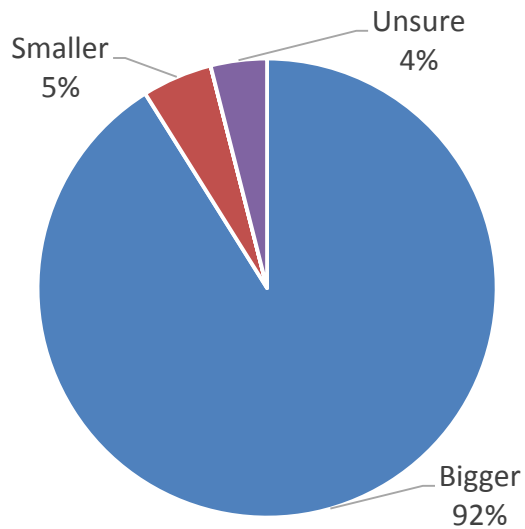
### Community Survey<sup>9</sup>

Pullman is growing (92% agree) and The Next Era of Excellence project is believed to provide a plan to continue delivering excellent healthcare as the community grows (64% agree).

<sup>9</sup> Executive Summary Community Survey, Enviroissues, July 2018



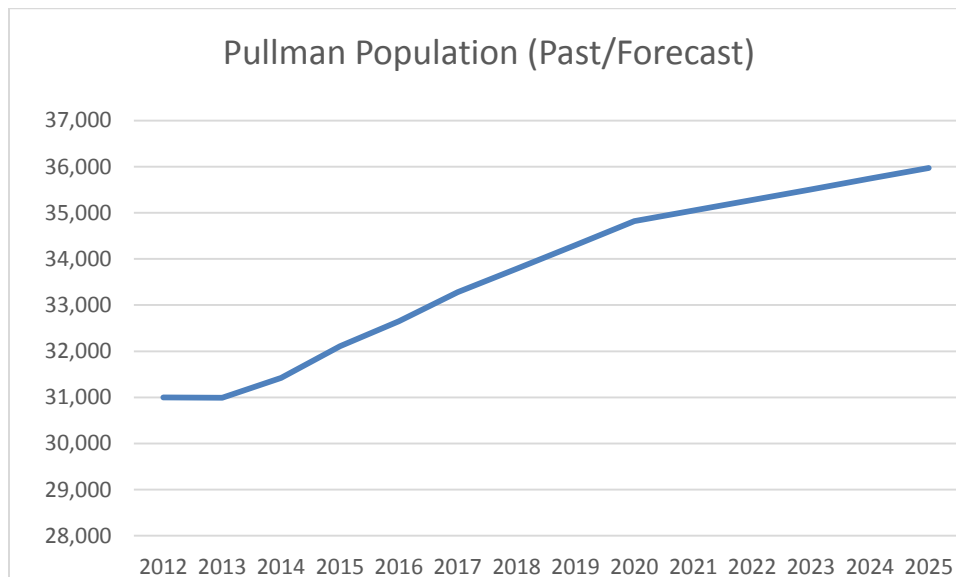
## Perception of Growth



Q2. In five years, will Pullman's population be bigger, smaller or the same? (n=439)

- Over 90% of residents believe Pullman will be bigger in 5 years
- The hospital is on firm footing to assert that The Next Era of Excellence is a step toward caring for the community through this growth period
- Even among those who do not support The Next Era of Excellence proposal, 80% agree Pullman is growing

### City of Pullman Data

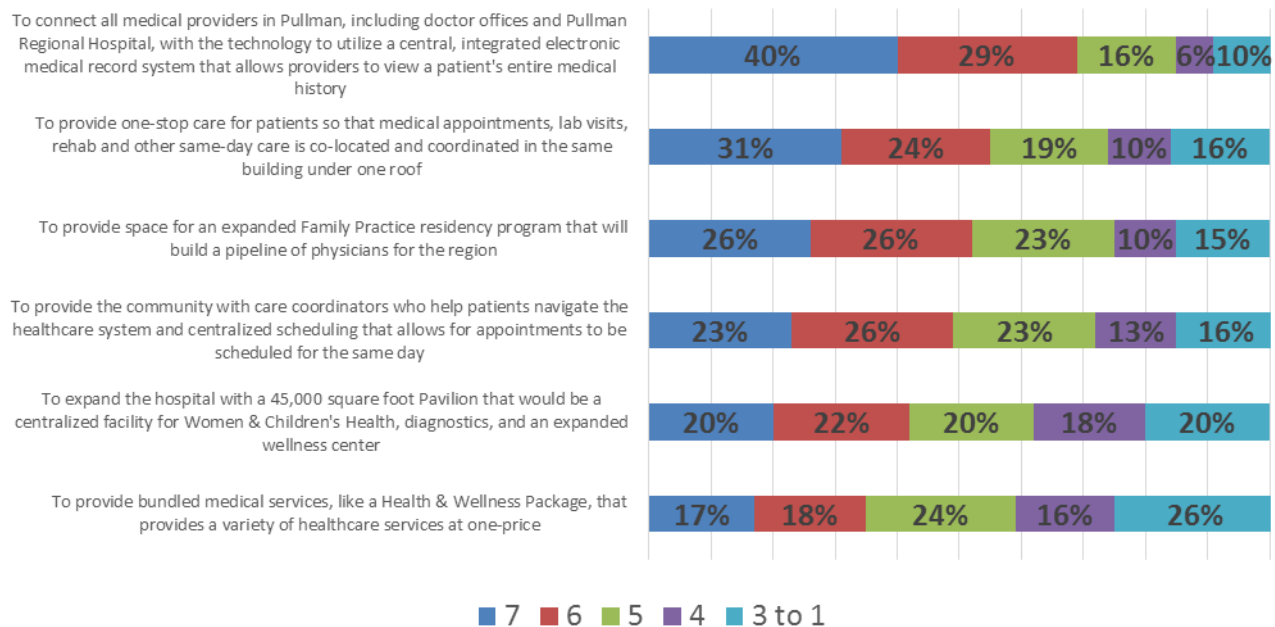


## Community Wide Electronic Personal Health Record

Throughout the spring and summer of 2018 Scott Adams, CEO, conducted more than forty individual meetings with community residents. The purpose of the meetings was to share The Next Era of Excellence plans and receive feedback related to the various aspects of the plans. Residents were very favorable to the idea of an integrated, community wide electronic personal health record. Interest from residents included the ability for the electronic information to be accessed in other parts of the state of Washington as well as nationally.

### Community Survey<sup>10</sup>

By far, the most compelling priority project of The Next Era of Excellence is connecting all providers in Pullman to a central, electronic medical record for patients. Almost 70% identified this feature of the proposal as a high priority, followed by co-locating services under one roof in a one-stop care model.



### Emsi<sup>11</sup>

“What we see more of the innovative healthcare companies doing is simplifying the experience. This means making it easy for the consumers to understand how to save better and how to spend more efficiently.” “The number one thing [providers] are doing is trying to simplify the experience and give the right, integrated tools that guide the consumer on recommendations to save more money and spend more effectively.”

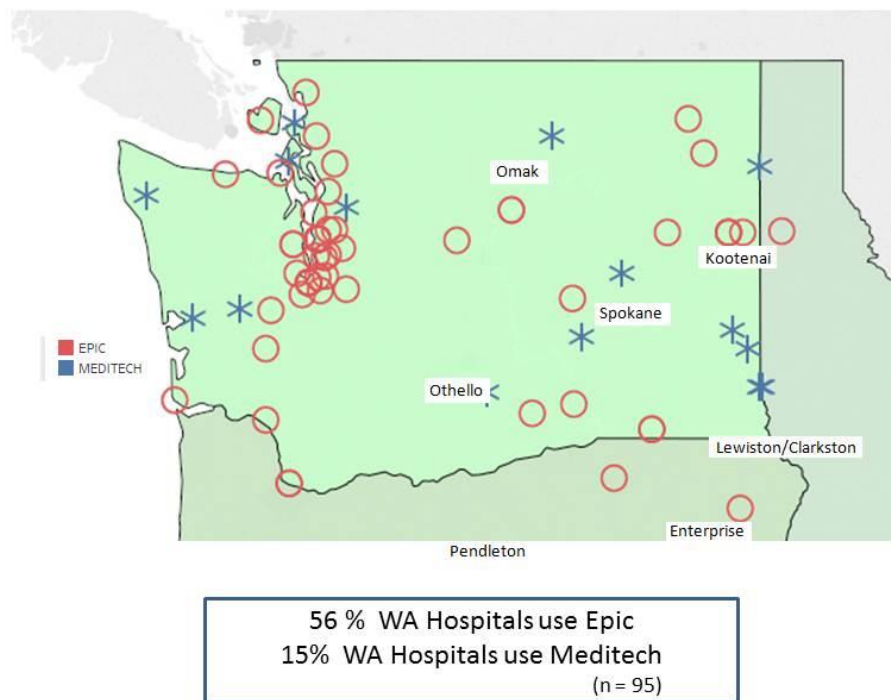
<sup>10</sup> Next Era of Excellence Community Survey, Enviroissues, July 2018

<sup>11</sup> Estimate of the Potential for New Investment and Development of Expanded Healthcare Services in Pullman, Emsi, August 2018

## Current Status

In our community healthcare system there are multiple approaches for gathering, reporting, and storing medical information that are in use. The hospital has one electronic system, physician practices utilize a variety of electronic systems – some physician practices are still primarily using paper for their record keeping. Other groups or agencies involved in creating, reporting, and storing health information employ a vast array of systems, some electronic and some manual, to manage the information that is generated.

Outside of our community there is a growing consolidation of electronic systems being used to gather, report, and store electronic information. The ability to seamlessly interface with these regional and statewide providers is a key component of developing a community wide electronic personal health record. The map below shows the level of consolidation taking place in the state of Washington. Pullman Regional Hospital has considered various electronic health records companies. At this time, Epic and Meditech are the two companies that have been identified as the top contenders for our community wide, personal health record portion of The Next Era of Excellence.



By pursuing a path that will expand patient and provider access to health information, which is centrally stored and accessed in a decentralized manner, will decrease fragmentation of care, reduce the possibility of errors, limit the amount of duplication of service, and improve the quality of care as well as the overall patient experience.

## Community Health Pavilion

Since 2007 Pullman Regional Hospital has explored the issue of additional space for providing health care services to the community. In a feasibility study on future space needs conducted in 2007, Design West architects made the following observation:

*It is obvious with the hospital's sustained growth and full medical office facilities that future development will be necessary to facilitate the community's growing need for healthcare. The questions regarding future development that the hospital staff are dealing with are not "if" and "why", but rather "when" and "where". This study intends to provide rational expansion alternatives for the forthcoming hospital growth.<sup>12</sup>*

During individual conversations over the spring and summer of 2018, Scott Adams, CEO, had many residents express support for the concept of one-stop care and the recognition of added space to help meet that need. Included in the community comments were desires for additional specialty care in the community and the strong support for establishing a family medicine residency training program.

Pullman Regional Hospital currently leases about 19,000 square feet of space from third parties, of which 14,000 are for clinical services to accommodate medical practices in the community. The rental payments for this clinical space have an annual cost of \$250,000. The Community Health Pavilion would eliminate the need for these leased spaces, and the accompanying lease payments, and bring these medical practices onto the Pullman Care Community campus.

## Community Survey<sup>13</sup>

A majority of residents believe The Next Era of Excellence projects are addressing unmet needs. Upon hearing more details, at least three core elements of The Next Era of Excellence are high priorities for most residents:

- Electronic personal health records
- One-stop care
- Space for an expanded family practice residency program

## Emsi<sup>14</sup>

We estimate that annual population growth in Whitman County will be 2.5% through 2023 based on past population trends coupled with the accelerated growth indicators listed above. In the next five years, the need in Pullman for hospital services could increase by \$20 million, and approximately \$12 million could be met by Pullman Regional Hospital. This represents annual average growth in revenues of about 5.6%. This estimated growth in revenues stems both from population growth and increased spending on healthcare.

---

<sup>12</sup> MOB III feasibility Study, Design West, June 1, 2007

<sup>13</sup> Executive Summary Community Survey, Enviroissues, July 2018

<sup>14</sup> Estimate of the Potential for New Investment and Development of Expanded Healthcare Services in Pullman, Emsi, August 2018

## Team Based Care

“To achieve the ambitious aims of the patient centered medical home, practices may need a new architectural design. Our experience has shown us that care teams can be more successful if their work space is designed to support direct communication and collaboration, eliminate sources of waste and inefficiency, and ease the patient’s journey through the clinic. Significant changes in work flow and work space often meet with significant resistance. Early team communication about the goals of these changes, site visits to clinics with innovative designs, and involvement of the team in decision-making will help facilitate a successful outcome. Flexibility in design and implementation is also key, as each new project has individual needs and goals, and innovation in care delivery is an evolving process.”<sup>15</sup>

## Upgrade and Expand Medical Technology

The advancement of medical technology will consistently outstrip the self-generated resources of Pullman Regional Hospital. Reflection upon past technology investments affirms that our capacity to address needed technology upgrades and advances must be supplemented with additional funding. Below are examples of known technology and equipment needs that must be met in the coming years. The Next Era of Excellence provides additional funding to meet these, and other needs, to assure the most up-to-date care can be provided in our community.

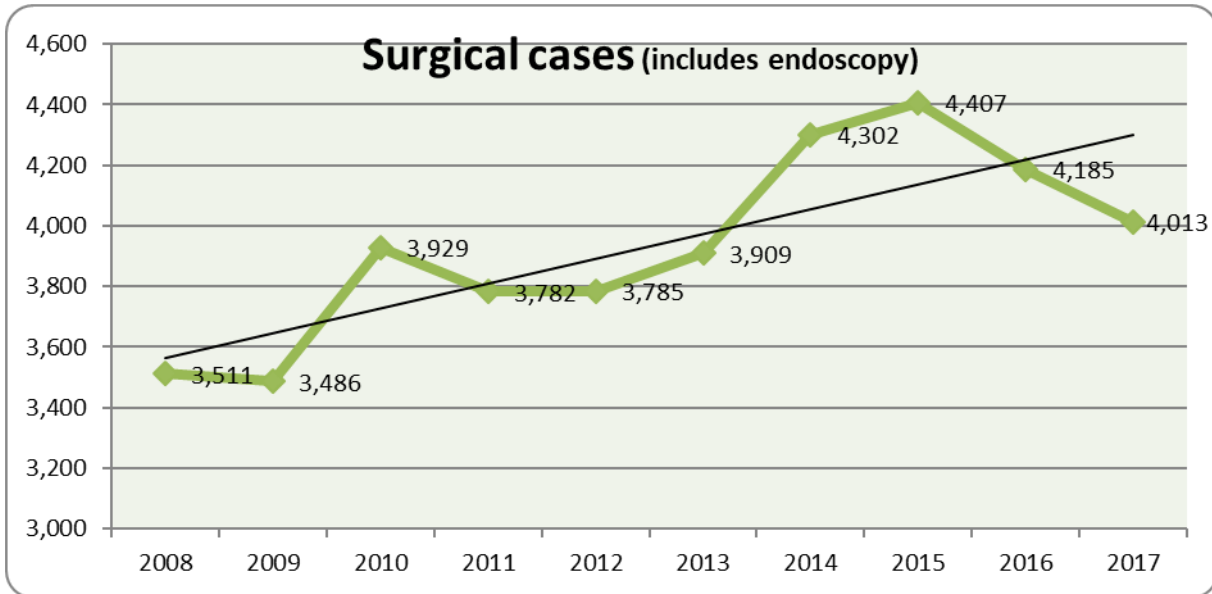
A new C-Arm	Surgery beds
Convert to all direct read imaging	Virtual network expansion
Simulation Training Lab upgrade	A second C-Arm
CT scanner upgrade	Anesthesia machines upgrade
All new patient beds	New BirthPlace beds
Surgical robot upgrade	Specialty surgery equipment
MRI upgrade	Ultrasound machine
Digital radiology x-ray	Cardiac monitoring system upgrade

---

<sup>15</sup> “Redesigning Your Work Space to Support Team-Based Care”, American Academy of Family Physicians, March/April 2013

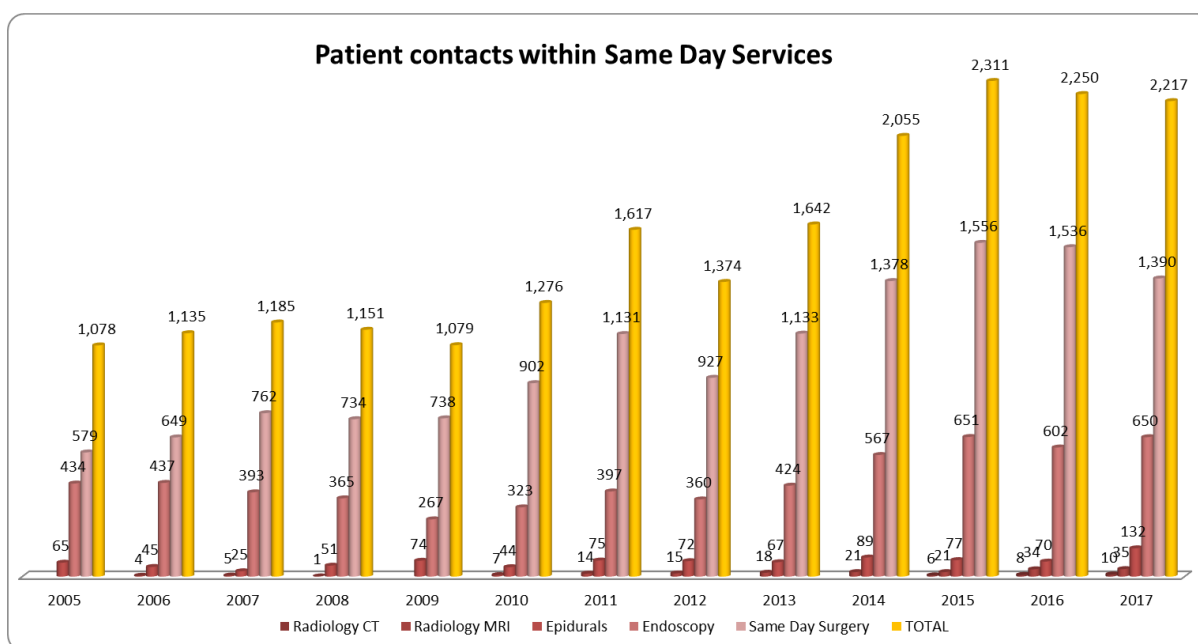
### Upgrade and Expand Hospital Services

Considering the needs of the future can be aided by reflecting on commitments in the recent past. In 2015 analysis confirmed the growth we had experienced in surgical volume at Pullman Regional Hospital.



With over 55% of all hospital revenue generated through surgery, it was imperative that Pullman Regional provide a superior environment for surgeons and patients, including having sufficient operating rooms with the most up-to-date technology and equipment. In order to meet the demand and provide exceptional service, we added a fourth surgery suite and upgraded key technology components to our existing three operating rooms, including the media control system, surgical booms and arms, surgical lights, and video displays.

With growth in surgical volume came a corresponding growth in same day services activities. Increasing our capacity for providing surgery created even greater demand for same day services expansion. As a result, we are increasing the number of same-day patient rooms (from our current 12 to a total of 22) to accommodate those who need infusions, transfusions, endoscopy, chronic pain management, and radiology procedures requiring anesthesia. We are creating additional space to enhance efficiency and movement for one of the busiest areas of patient care and allow for flexibility to serve each patient at an individualized level. We expect this expansion project to be complete in February of 2019.



The Next Era of Excellence takes into account the vital role of the professional staff at Pullman Regional Hospital. Adequate, well-designed space is essential to support hospital staff that is the essence of the patient experience. Continued growth in services has brought increases in the number of staff providing care and is an additional consideration for addressing the upgrading and expanding of hospital space. The past five years has seen a 14% growth in staff at the hospital which brings important factors into the decision related to upgrading and expanding hospital space. Assuring sufficient, well-organized space for care and service will be essential to supporting our continued performance as a leader in patient experience.

### Physician Residency

A key part of the Next Era of Excellence is ensuring Family Medicine physicians will be here for patients in the future. Pullman Regional Hospital is committed to developing a Rural Training Track Residency Program focused on building a pipeline of Family Medicine physicians to serve the area. By working with potential partners like Washington State University, Spokane Teaching Health Center, and Providence Health & Services in Spokane, we can ensure that generations of Palouse area residents will have access to primary care physicians.

Results from the community survey conducted in July 2018 show that 75% of respondents identified the family medicine physician residency as an important component of The Next Era of Excellence.<sup>16</sup>

In the United States, the geographic distribution of physicians practicing a variety of specialties is out of balance, with rural communities garnering only about 10% of all practicing physicians.

<sup>16</sup> Next Era of Excellence Community Survey, Enviroissues, July 2018

*Many rural Americans have limited access to health care. This problem stems from 2 characteristics of the health care system: the many Americans without health care insurance and the tendency of health care professionals to locate and practice in relatively affluent urban and suburban areas.*

*The relative shortage of physicians in rural areas of the United States is 1 of the few constants in any description of the US medical care system. About 20% of the US population—more than 50 million people—live in rural areas, but only 9% of the nation’s physicians practice in rural communities.<sup>17</sup>*

Of the many variables that can impact a physician’s decision of where to practice, exposure to rural communities and their social and cultural make-up have significant bearing on these important decisions.

*In this literature review, we identified strategies that effectively influence practice location choice towards rural areas. While “nature” or rural background is a common factor in many physicians who choose rural practices, “nurture” or programs that encourage and maintain rural affinity and intent to choose family medicine or primary care are also a necessary component in a budding rural physician’s education and residency.<sup>18</sup>*

Crucial in the physician’s decision-making process about where to practice is the location of their training. Having their residency experience in a rural community dramatically increases the likelihood that they will choose a rural community for their practice.

*Although other studies have suggested that physicians with a rural upbringing are more likely to practice rural medicine and policy makers might still wish to target students raised in rural areas as candidates for rural medicine, this study shows that physicians raised in urban areas remain the main source of human resources for rural communities. They account for two thirds of new physicians in rural areas. Education in rural medicine during medical training has a stronger influence on physicians raised in urban areas than on physicians raised in rural areas. Undergraduate and postgraduate training periods, therefore, offer an important opportunity for recruiting physicians raised in urban areas to rural practice.<sup>19</sup>*

Finally, evidence is clear that an active, high functioning medical residency program can be a very positive influence on the overall quality of medical care in a community.

*The community benefits of GME (Graduate Medical Education) programs extend far beyond the walls of the teaching hospital. Through service to individuals and the community at large, these programs contribute positively in ways far beyond what may be found on the typical hospital revenue and expense report. A full appreciation of the breadth and depth of benefits these programs render to their institutions and communities*

---

<sup>17</sup> Culture and Medicine, Western Journal of Medicine, November 2000

<sup>18</sup> Factors that influence physicians to practice in rural locations: a review, The Journal of Rural Medicine, 2009

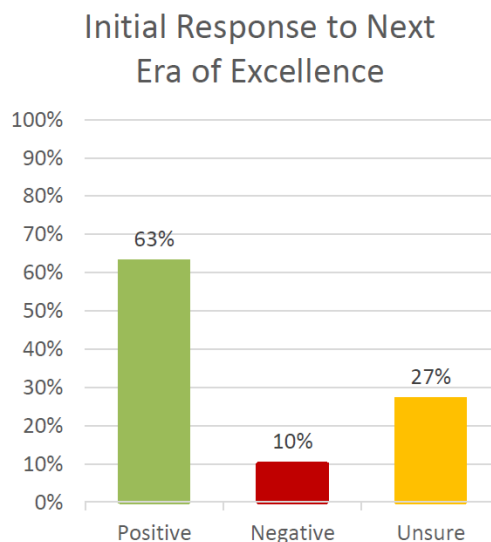
<sup>19</sup> Factors influencing family physicians to enter rural practice, September 2005 d Canadian Family Physician



*provides an important perspective for planning, resource allocation, innovation, and quality impacts within the institutions that sponsor them.*<sup>20</sup>

### Public Input

Through a Community Survey<sup>21</sup> conducted in July 2018, respondents (63%) expressed impressive support for the concepts and possibilities identified in The Next Era of Excellence vision for the future.



This support was focused primarily on the following viewpoints:

- Desire for high quality healthcare (42%)
- Belief that proposal would improve community/quality of life (40%)
- To a lesser extent, positive answers cite one-stop care model (27%) or convenience (22%)

Survey respondents (27%) also identified several areas of uncertainty about The Next Era of Excellence plans.

- Lack of familiarity with The Next Era of Excellence (45%)
- Cost (37%)

The survey respondents (10%) who expressed a negative opinion about The Next Era of Excellence plans cited the following issues:

- Tax fatigue (73%)
- Challenging the need (32%)

---

<sup>20</sup> The Direct, Indirect, and Intangible Benefits of Graduate Medical Education Programs to Their Sponsoring Institutions and Communities, *Journal of Graduate Medical Education*, June 2010

<sup>21</sup> Executive Summary Community Survey, Enviroissues, July 2018

- Need more information (5%)

On Wednesday, October 3, 2018 Pullman Regional Hospital's Board of Commissioners conducted a public comment period at their regular monthly meeting. There was one member of the public in attendance, one representative from the local media, and four invited guests.

The community member in person did not speak during the comment period. Board of Commissioners Vice President Jeff Elbracht read an email that was received with intentions to read during this time as this person was unable to attend in person to give their comment. The sentiments of this comment were about extending the hospital taxing district to include all those who utilize the hospital's services.

### Cost and Quality

Developing and implementing a new model for delivering high quality, low cost healthcare is an imperative for future sustainability and success in meeting the needs of our community. Creating a one-stop care experience draws on the key dynamics of team-based care delivery and a focus on population health to achieve the required improvements in quality and cost. Officials at the Mayo Clinic summarize the value of their integrated, team-based model of care.

*"...the ultimate benefit of an integrated system ...is its ability to deliver high-value health care....'In that environment, we have to provide a reason for people to come to us, something they think they are getting: outcomes, service, safety, quality, lower cost, and coordinated care. No matter how you look at this, it's about how you manage patients one-on-one. By accumulating better care for individuals, you improve population health.'"*<sup>22</sup>

Recent efforts at Pullman Regional Hospital through our Orthopaedic Center of Excellence demonstrate the benefits that can be achieved through an integrated, team-based approach to care. The data below highlight a 22.5% decrease in patient length of stay following total joint surgery with a corresponding 6.7% decrease in the cost of care. The concept of one-stop care brings multiple improvement opportunities for individuals and for the community overall.

---

<sup>22</sup> Case Study, Organized Health Care Delivery System, August 2009

# Summary Review "TJR" Ortho Cases

Jan-Dec

## Length of Stay Review

	LOS of Ptn				
	2017	2016	Change %	2015	Change %
TOTAL HIP REPLACEMENT	2.61	2.44	7%	3.38	-28%
TOTAL KNEE REPLACEMENT	1.94	2.17	-10%	2.52	-14%
TOTAL SHOULDER REPLACEMENT	1.67	1.91	-13%	2.04	-6%
TOTAL	2.03	2.19	-7%	2.62	-16%

# Summary Review "TJR" Ortho Cases

Jan-Dec

## Patient Days

	Patient Days Related to TJR*				
	2017	2016	Change %	2015	Change %
TOTAL HIP REPLACEMENT	128	95	35%	135	-5%
TOTAL KNEE REPLACEMENT	303	390	-22%	426	-29%
TOTAL SHOULDER REPLACEMENT	70	42	67%	49	43%
TOTAL	501	527	-5%	610	-18%

## Total Joint Review FY-2017

(Jan-Dec)

	# of Ptn				Reimb per Case			
	2017	2016	2015	Change %	2017	2016	2015	Change %
HIP REPLACEMENT	49	39	40	-3%	\$ 19,636	\$ 15,440	\$ 19,509	-21%
KNEE REPLACEMENT	156	180	169	7%	\$ 15,222	\$ 15,634	\$ 16,175	-3%
SHOULDER REPLACEMENT	42	22	24	-8%	\$ 13,564	\$ 19,712	\$ 16,236	21%
TOTAL	247	241	233	3%	\$ 48,422	\$ 50,786	\$ 51,920	-2%

In the pursuit of improving the health of a population, it is well documented that social factors such as housing, income, education, and lifestyle contribute to 60% of an individual's health. Recognizing the importance of involving other disciplines in the care delivery team, Pullman Regional Hospital has pursued a variety of initiatives to begin developing new models of integrated, team-based care delivery. Examples include:

- Behavioral health/primary care integration
- Social work extenders in low income housing
- Expanded capacity in palliative care, transitional care, short-term rehabilitation care, advance care planning
- A partnership with Circles of Caring for social services needs of their clients
- Integrated women's pelvic health services
- Multi-disciplinary team providing a 12-week weight management program
- Wellness for Life employee wellness program

Drawing on the increasing attention to developing and implementing the patient-centered medical home model as a key component of integrated, team-based care delivery, we reference the following conclusion from The Patient-Centered Medical Home's Impact on Cost and Quality Annual Review of Evidence 2014-2015 Published February 2016.<sup>23</sup>

<sup>23</sup> The Patient-Centered Medical Home's Impact on Cost and Quality Annual Review of Evidence 2014-2015 Published February 2016

*A major barrier in reforming our fragmented care delivery system is in how we pay for care: the predominant fee-for-service payment system is piecemeal, inflationary, administratively burdensome and technically complex....With some notable exceptions, payment reform has been embraced on a relatively small scale....The Primary Care Medical Home (PCMH )model is ready for payment reform....However, for the medical home to be sustainable and brought to scale, comprehensive payment reform is an increasing necessity. Payment reform will help catalyze delivery system changes, especially through models that incentivize care coordination services, patient communication, telephone and email encounters, population health management, and quality improvement.*

Through the efforts described above and our current involvement with practice transformation efforts through our participation with a Rural Accountable Care Organization and the Greater Columbia Accountable Community of Health, we continue to make strides in developing our capacity to deliver an integrated, team-based, one-stop care experience for our community.

## FUTURE OPPORTUNITIES

Creating the possibility of a one-stop care experience for patients will not only address challenges of planning, logistics, fragmentation of care and medical information, it will also bring advances and improvements in other aspects of our community healthcare services. A few examples highlight the potential improvements that The Next Era of Excellence can bring.

- Improved access to primary care physicians through the physician residency program
- Expanded access to current technology to augment the physician resident training experience
- Expanded and upgraded simulation training equipment and facilities for current hospital staff, medical students, pharmacy students, nursing students, as well as patient education
- On-site access to children and adult day care services
- Expansion of cardio-pulmonary services
- Increased capacity of sleep medicine services
- Enhanced capacity for telemedicine in addressing the needs of unscheduled care in the community
- Expanded coordination of county-wide health and social services
- Increased efficiency for patients receiving care and services
- A comprehensive, single source of patient health information
- Expanded and improved health management and disease prevention services
- Enhanced availability of team-based medical care
- Opportunities for health and social services student experiences
- Creation of new roles for quality team-based care
- Increased ability to recruit and retain primary care and specialty physicians
- Increased quality through team-based care delivery
- Decreased cost through team-based care delivery

## FINANCIAL CONSIDERATIONS

Pullman Regional Hospital is embarking on the establishment of four major components to The Next Era of Excellence: community wide electronic health records, Community Health Pavilion, upgrade and expand the hospital, and upgrade and expand medical technology. The combination of these efforts is estimated to cost \$40 million. The following is a summary of the financial implications and best means to reach the vision outlined through The Next Era of Excellence efforts. Detailed evaluation information can be found in Appendix 2.

### Community Wide Electronic Personal Health Record

Pullman Regional Hospital evaluated three of the most successful electronic health record (EMR) providers: Cerner, Epic (via Providence), and Meditech. The cost over a seven-year period between the three products was between \$9.5 million to \$11.5 million. The functionality and ability to provide a single community platform was a strong consideration. The comparison of costs included third party system interfaces or platforms not offered within the applications.

The impact on the funding analysis looked at the current EMR annual spend for Meditech, third party applications, and various one-off systems compared to the new system costs. The initial funding (up-front or year 1) costs are a significant portion of the resource consideration. The District is spending nearly \$800,000 annually to support the current EMR. As a result, the year over year cost increase for a newer system is approximately \$160,000. The net impact year one is an additional expense (impact on the overall margin) of approximately \$700,000.

### Community Health Pavilion

The Pavilion is currently expected to be a 45,000 square foot multi-purpose facility that is physically connected to the current hospital to create a seamless access to a variety of healthcare needs. For example, the services housed in the pavilion could include:

- Physician practices for specialists, sub-specialists and family medicine practitioners
- Centers for women and pediatric care that is centralized under one roof and on one campus
- Expanded diagnostic and therapeutic services
- Clinics dedicated to the management of chronic illnesses
- A new medical residency program to build a pipeline of family medicine physicians for the region and the next generation
- Updated and additional medical equipment located close to or within physician offices
- Room for care coordinators and navigators who can guide and make appointments for patients
- Expanded medical fitness and wellness services
- A system-wide electronic medical record, an essential technology to provide a coordinated experience for patients that allows physicians to view all the patient's medical care

The facility is expected to cost \$20 million with an expected completion date in 2022. The cost includes the construction (\$16 million) and baseline Furniture, Fixtures, & Equipment (FFE) (\$4 million).

Baseline Assumptions		
Gross Building Area		
Estimate Completion		2021
SqFt		45,000
Est. Cost per Sq/Ft		\$ 356
Total Project Value		\$ 16,000,000
Tax Received		
FF&E		4,000,000
Estimated PRH Cost		\$ 20,000,000
Loan to Value (LTV)	100%	\$ 20,000,000
Cash Need		\$ -
Interest Rate		4.50%
Term (in years)		25
Pmts per Yr		12

The analysis for this area included a review of the facility or plant components. The expansion of space will require additional staffing support for Plant and Environmental Services, property/liability insurance, rental (income/expense) impact, contingency, and cost reporting assessment.

INCOME STATEMENT (Combined w/ New Projects)		2021 Projected	New Support Costs	
INPATIENT REVENUE				
OUTPATIENT REVENUES				
CLINIC REVENUE				
DEDUCTIONS FROM REVENUE		(570,000)	Medicare cost report \$\$\$	
NET PATIENT REVENUE		570,000		
OTHER OPERATING REVENUES				
TOTAL OPERATING REVENUES		570,000		
SALARIES		100,000	2.50	100,000 Plant Maint/Housekeeping
EMPLOYEE BENEFITS		18,000	18%	18,000
TOTAL SALARIES & BENEFITS		118,000		118,000
PROFESSIONAL FEES				
SUPPLIES				
UTILITIES		360,000	\$ 8.00	360,000 45,000 sq/ft
PURCHASED SERVICES - OTHER				
DEPRECIATION		1,000,000		
RENTAL/LEASE		(246,224)		(246,224) District Leased Space
INSURANCE		56,250	\$ 1.25	56,250
INTEREST		900,000		
LICENSES & TAXES				
OTHER DIRECT EXPENSES		22,500	\$ 0.50	22,500
TOTAL OTHER DIRECT EXPENSES		2,092,526		192,526
TOTAL OPERATING EXPENSES		2,210,526		310,526
TOTAL OPERATING GAIN(LOSS)		(1,640,526)		(310,526)
CONTRIBUTIONS				
OTHER NON-OPERATING GAINS		1,982,752		
LESS NON-OPERATING LOSSES				
NON-OPERATING GAIN(LOSS)		1,982,752		
GAIN(LOSS) BEF EXTRAORD/PRIOR PER ADJ		342,226		(310,526)
NET GAIN (LOSS)		\$ 342,226		\$ (310,526)

## Upgrade and Expand Hospital Services

As the hospital expands and space constraints continue, the remodel to better serve the changing needs and delivery of care to our patients will require shifting of space.

Baseline Assumptions		
Gross Building Area		
Estimate Completion		2021
Total Project Value		\$ 5,000,000

### REMODEL COST

Tax Received		2020
Estimated Remodel Cost (Est Hospital)		\$ 5,000,000
Loan to Value (LTV)	100%	\$ 5,000,000
Cash Need		\$ -
Interest Rate		5.00%
Term (in years)		25
Pmts per Yr		12

## Upgrade and Expand Medical Technology

The need to remain current in the Districts' medical technology is a growing challenge. Annually we are often hit with \$3 million to \$4 million in equipment replacement/needs requested but based on our current cash flow are normally only able to fund \$1.25 million to \$1.5 million. The medical technology section of The Next Era of Excellence plan addresses those high cost capital needs. Currently there is not a definitive use of funds relating to specific earmarked equipment. However, below is a planning tool of large cost capital items and potential year of replacement/need:

High Cost Capital Request Items *						
Item Description	2019	2020	2021	2022	2023	Comments
Anesthesia Machines					\$ 350,000	4 replacements
Bed Replacements	\$ 150,000					
C ARM		\$ 400,000				
CT					\$ 980,000	
daVinci Robotic Surgical System			\$1,500,000			
Expanded/Updated Virtual Center		\$ 150,000				
Fix DR (Digital Radiography)	\$ 330,000					
Inland Ortho - Remote XR	\$ 180,000					
IV Pump/wireless/PCA			\$ 150,000			
Microsoft Office Suite	\$ 100,000					
MRI	\$ 175,000			\$2,600,000		
OR Beds		\$ 175,000				
Philips Monitoring System		\$ 200,000				
Phone System		\$ 250,000				
Plant (Flooring, carpet, landscape...)	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	
Pulmonary/Sleep	\$ 100,000					
Recarpet Main Hospital Areas (including MOB II)		\$ 100,000				
Ultrasound	\$ 400,000					Space Consideration
TOTALS	\$1,560,000	\$1,400,000	\$1,775,000	\$2,725,000	\$1,455,000	



### Financial Summary

To provide a pathway to The Next Era of Excellence the District will need to look toward outside support. This will be in the form of taxpayer and philanthropy funding. In 2001/2002, the District successfully passed a bond levy to construct a new facility. Those original UTGO (Unlimited Tax General Obligation) bonds will sunset in 2021. **The recommendation is to ask the District voters to support a replacement bond at a similar level to those approved in 2001/2002, which was established at \$0.99 per \$1,000 assessed or \$29 million. Based on the feasibility study, we will recommend a request to Pullman Regional Hospital Foundation to establish an initial working fundraising goal of \$6.5 million.** If successful, this will provide the District the means to meet the growing needs of the community.

Next Era of Excellence		2019	2020	2021	2022	2023
Source	SUMIF					
Foundation/Hospital	\$ 11,000,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 5,800,000
Tax	\$ 29,000,000	\$ -	\$ 29,000,000	\$ -	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 40,000,000</b>					

Ongoing Hospital Contributions as a PRH Investment in Continued Excellence		2019	2020	2021	2022	2023
Technology/Facility		\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Patient Access		\$ 5,200,000	\$ 5,304,000	\$ 5,410,080	\$ 5,518,282	\$ 5,628,647
Quality		\$ 2,500,000	\$ 2,550,000	\$ 2,601,000	\$ 2,653,020	\$ 2,706,080
<b>TOTAL</b>		<b>\$ 8,700,000</b>	<b>\$ 8,854,000</b>	<b>\$ 9,011,080</b>	<b>\$ 9,171,302</b>	<b>\$ 9,334,728</b>

As detailed on the table above, significant continuing investments will be made by Pullman Regional Hospital to assure our commitment to excellence in access to care, quality of outcomes, and overall patient experience. As a result of The Next Era of Excellence funding outline, Pullman Regional Hospital will need to continue vigilant attention to understanding, planning, and skillfully navigating the fine balance between expanding services, providing quality care, and efficient cost management activities.

INCOME STATEMENT (Combined w/ New Projects)	2018		2019		2020		2021	
	Projected		Projected		Projected		Projected	
INPATIENT REVENUE		-		-		-		-
OUTPATIENT REVENUES		-		290,820		581,640		581,640
CLINIC REVENUE		-		-		-		-
DEDUCTIONS FROM REVENUE		-		30,974		(223,390)		(1,028,042)
NET PATIENT REVENUE		-		259,846		805,030		1,609,682
OTHER OPERATING REVENUES		-		750,000		1,000,000		1,250,000
TOTAL OPERATING REVENUES		-		1,009,846		1,805,030		2,859,682
SALARIES		-		60,000		60,000		160,000
EMPLOYEE BENEFITS		-		12,000		12,000		30,000
TOTAL SALARIES & BENEFITS		-		72,000		72,000		190,000
PROFESSIONAL FEES		-		-		-		-
SUPPLIES		-		-		-		-
UTILITIES		-		-		-		360,000
PURCHASED SERVICES - OTHER		-		-		159,500		159,500
DEPRECIATION		-		256,000		1,168,494		2,668,494
RENTAL/LEASE		-		-		-		(246,224)
INSURANCE		-		-		1,218,025		1,245,922
INTEREST		-		-		-		250,000
LICENSES & TAXES		-		-		-		-
OTHER DIRECT EXPENSES		-		-		-		22,500
TOTAL OTHER DIRECT EXPENSES		-		256,000		2,546,019		4,460,192
TOTAL OPERATING EXPENSES		-		328,000		2,618,019		4,650,192
TOTAL OPERATING GAIN(LOSS)		-		681,846		(812,990)		(1,790,510)
CONTRIBUTIONS (PRH to PRHCN)		-		-		-		-
OTHER NON-OPERATING GAINS (JV's & TAX)		-		-		1,982,752		1,982,752
LESS NON-OPERATING LOSSES		-		-		-		-
NON-OPERATING GAIN(LOSS)		-		-		1,982,752		1,982,752
GAIN(LOSS) BEF EXTRAORD/PRIOR PER ADJ		-		681,846		1,169,762		192,242
NET GAIN (LOSS)		\$ -		\$ 681,846		\$ 1,169,762		\$ 192,242

The table below displays the combined result of the baseline and The Next Era of Excellence projections over the next 3-years.

INCOME STATEMENT (Combined w/ New Projects)	2014	2015	2016	2017	2018	2019	2020	2021
	Actual Audited	Actual Audited	Actual Audited	Actual Audited	Projected	Projected	Projected	Projected
INPATIENT REVENUE	26,548,632	27,143,557	27,206,225	30,403,476	29,657,749	31,851,449	33,266,401	34,946,324
OUTPATIENT REVENUES	64,221,433	71,711,463	76,356,685	84,480,051	89,947,689	90,881,105	96,098,531	101,077,339
CLINIC REVENUE	4,587,024	3,727,455	3,965,366	8,201,816	9,780,555	9,878,361	9,977,144	10,076,916
DEDUCTIONS FROM REVENUE	39,509,461	43,708,927	45,829,637	55,248,353	58,787,860	59,310,376	62,149,426	64,601,000
NET PATIENT REVENUE	55,847,628	58,873,548	61,698,639	67,836,990	70,598,133	73,300,538	77,192,650	81,499,579
OTHER OPERATING REVENUES	1,508,988	2,581,203	2,592,825	2,520,577	1,958,006	2,941,221	3,215,241	3,486,917
TOTAL OPERATING REVENUES	57,356,616	61,454,751	64,291,464	70,357,567	72,556,139	76,241,759	80,407,891	84,986,496
SALARIES	26,514,216	27,897,402	30,667,065	34,145,256	35,515,791	37,376,548	39,419,411	41,152,660
EMPLOYEE BENEFITS	5,687,164	6,300,170	6,627,852	7,231,570	7,452,000	7,512,626	7,962,601	8,351,510
TOTAL SALARIES & BENEFITS	32,201,380	34,197,572	37,294,917	41,376,826	42,967,791	44,889,174	47,382,013	49,504,170
PROFESSIONAL FEES	4,276,415	4,417,138	4,556,161	5,724,310	6,257,101	6,507,385	6,767,680	7,038,388
SUPPLIES	11,132,887	11,760,520	12,157,394	11,841,599	12,109,656	12,632,466	12,285,938	13,264,467
UTILITIES	750,459	751,624	697,414	846,460	854,386	880,018	906,418	1,293,611
PURCHASED SERVICES - OTHER	2,402,012	2,749,499	3,003,376	3,373,698	3,613,013	3,721,403	3,992,545	4,069,206
DEPRECIATION	2,700,896	2,553,127	2,653,271	2,834,997	3,210,030	3,458,005	4,362,494	5,854,509
RENTAL/LEASE	1,543,742	1,593,783	1,364,827	962,009	738,766	738,766	738,766	492,542
INSURANCE	348,765	271,631	240,640	285,779	298,632	304,605	1,528,722	1,562,833
INTEREST	1,002,292	522,755	481,419	480,377	594,503	547,404	471,742	676,104
LICENSES & TAXES	647,787	604,890	683,537	736,492	759,375	804,938	845,184	878,992
OTHER DIRECT EXPENSES	1,081,754	1,233,631	1,429,776	1,482,068	1,542,240	1,634,774	1,716,513	1,807,674
TOTAL OTHER DIRECT EXPENSES	25,887,009	26,458,598	27,267,815	28,567,789	29,977,702	31,229,764	33,616,004	36,938,324
TOTAL OPERATING EXPENSES	58,088,389	60,656,170	64,562,732	69,944,615	72,945,493	76,118,939	80,998,017	86,442,494
TOTAL OPERATING GAIN(LOSS)	(731,773)	798,581	(271,268)	412,952	(389,354)	122,821	(590,126)	(1,455,998)
CONTRIBUTIONS (PRH to PRHCN)	1,477,598	1,690,000	1,580,000	3,073,000	3,475,000	3,440,250	3,405,848	3,371,789
OTHER NON-OPERATING GAINS (JV's & DONATIONS)	(297,523)	(727,263)	(176,810)	(1,702,544)	(2,539,811)	(2,190,209)	(234,835)	(257,010)
LESS NON-OPERATING LOSSES	(65,201)	(67,374)	(73,222)	(75,636)	(86,249)	(88,836)	(91,502)	(93,332)
NON-OPERATING GAIN(LOSS)	1,114,874	895,363	1,329,968	1,294,820	848,940	1,161,204	3,079,511	3,021,447
GAIN(LOSS) BEF EXTRAORD/PRIOR PER ADJ	383,101	1,693,944	1,058,700	1,707,772	459,586	1,284,025	2,489,386	1,565,449
NET GAIN (LOSS)	\$ 383,101	\$ 1,693,944	\$ 1,058,700	\$ 1,707,772	\$ 459,586	\$ 1,284,025	\$ 2,489,386	\$ 1,565,449
PERCENT EXCESS INCOME OF EXPENSE ("MARGIN")	1%	3%	2%	3%	1%	2%	3%	2%

BALANCE SHEET	2014	2015	2016	2017	2018	2019	2020	2021
	Actual Audited	Actual Audited	Actual Audited	Actual Audited	Projected	Projected	Projected	Projected
CASH AND SHORT TERM INVESTMENTS	4,171,541	5,661,543	5,027,828	4,737,955	4,051,582	3,685,051	3,592,063	(22,832,209)
PATIENT ACCOUNTS RECEIVABLE	15,250,362	13,152,086	13,000,745	15,438,004	15,483,963	15,612,365	15,861,304	16,017,849
ALLOWANCE FOR UNCOLLECTABLE ACCOUNTS	(3,144,427)	(2,514,460)	(2,145,472)	(2,334,038)	(2,334,038)	(2,334,038)	(2,334,038)	(2,334,038)
ALLOWANCE FOR CONTRACTUAL ALLOWANCES	(4,385,219)	(4,170,894)	(4,363,640)	(5,361,330)	(5,361,330)	(5,361,330)	(5,361,330)	(5,361,330)
NET PATIENT ACCOUNTS RECEIVABLE	7,720,716	6,466,732	6,491,633	7,742,636	7,788,595	7,916,997	8,165,936	8,322,481
THIRD PARTY SETTLEMENT RECEIVABLES	(290,000)	396,582	932,000	439,892	439,892	439,892	826,637	2,019,722
INVENTORIES	1,567,801	1,653,689	1,748,460	1,786,696	1,786,696	1,786,696	1,786,696	1,786,696
PREPAID EXPENSES	687,566	820,220	822,883	880,827	880,827	880,827	721,327	561,827
OTHER RECEIVABLES	627,160	414,367	664,999	725,482	725,482	725,482	725,482	725,482
** TOTAL CURRENT ASSETS	14,484,784	15,413,133	15,687,803	16,313,488	15,673,074	15,434,945	15,818,141	(9,416,002)
CASH AND SHORT TERM INVESTMENTS	6,333,087	7,193,038	7,574,494	7,445,337	7,445,337	7,445,337	34,907,002	33,018,666
** TOTAL BOARD DESIGNATED ASSETS	6,333,087	7,193,038	7,574,494	7,445,337	7,445,337	7,445,337	34,907,002	33,018,666
PROPERTY, PLANT, AND EQUIPMENT	46,980,343	47,270,261	49,818,002	52,465,257	53,565,257	56,025,257	61,687,729	92,787,729
ACCUMULATED DEPRECIATION	(23,138,753)	(24,414,546)	(26,291,258)	(27,292,745)	(27,292,745)	(27,548,745)	(28,717,239)	(31,385,734)
** NET FIXED ASSETS	23,841,590	22,855,715	23,526,744	25,172,512	26,272,512	28,476,512	32,970,490	61,401,995
OTHER ASSETS	14,980	(49,477)	(77,213)	(297,050)	(297,050)	(297,050)	(297,050)	(297,050)
LLC HOLDINGS	666,057	633,416	669,471	950,045	950,045	950,045	950,045	950,045
** TOTAL OTHER ASSETS	681,037	583,939	592,258	652,995	652,995	652,995	652,995	652,995
*** TOTAL ASSETS	\$ 45,340,498	\$ 46,045,825	\$ 47,381,299	\$ 49,584,332	\$ 50,043,918	\$ 52,009,789	\$ 84,348,627	\$ 85,657,654
ACCOUNTS PAYABLE	3,125,182	3,300,587	3,443,088	2,669,538	2,669,538	2,669,538	2,669,538	2,669,538
PAYROLL AND RELATED LIABILITIES	2,857,511	2,160,074	2,439,767	2,675,566	2,675,566	2,675,566	2,675,566	2,675,566
THIRD PARTY SETTLEMENTS PAYABLE	-	30,001	-	-	-	-	-	-
INTEREST AND OTHER PAYABLES	71,753	224,575	230,462	227,134	227,134	227,134	227,134	477,134
CURRENT PORTION LONG TERM OBLIGATIONS	-	-	96,761	-	-	-	-	-
** TOTAL CURRENT LIABILITIES	6,054,446	5,715,237	6,210,078	5,572,238	5,572,238	5,572,238	5,572,238	5,822,238
BONDS PAYABLE	13,632,750	13,097,686	12,413,523	11,702,640	11,702,640	11,702,640	40,382,330	39,683,666
CAPITAL LEASE OBLIGATIONS	319,438	205,092	671,187	2,515,270	2,515,270	2,515,270	2,515,270	2,515,270
** TOTAL LONG TERM LIABILITIES	13,952,188	13,302,778	13,084,710	14,217,910	14,217,910	14,217,910	42,897,600	42,198,936
*** TOTAL LIABILITIES	\$ 20,006,634	\$ 19,018,015	\$ 19,294,788	\$ 19,790,148	\$ 19,790,148	\$ 19,790,148	\$ 48,469,838	\$ 48,021,174
FUND BALANCE - PRH	25,255,216	26,559,702	27,857,341	29,275,034	29,275,034	29,734,620	31,700,491	35,359,639
EQUITY BALANCE - LLC	78,648	468,108	229,168	519,150	519,150	519,150	519,150	519,150
NET INCOME	-	-	-	-	459,586	1,965,871	3,659,148	1,757,691
*** TOTAL FUND AND EQUITY BALANCE	25,333,864	27,027,810	28,086,509	29,794,184	30,253,770	32,219,641	35,878,789	37,636,480
FUND AND EQUITY BALANCE	\$ 45,340,498	\$ 46,045,825	\$ 47,381,297	\$ 49,584,332	\$ 50,043,918	\$ 52,009,789	\$ 84,348,627	\$ 85,657,654

## FOUNDATION SUMMARY

In April 2018 the Pullman Regional Hospital Foundation initiated a process to determine the best donors to participate in a Next Era of Excellence feasibility study. Work was carried out with hospital administration to develop the case for support. A pre-feasibility study committee was formed in June to review the interview list and provide input on the case for support. The Foundation board approved a contract agreement to hire Henderson Mallory Partners to complete The Next Era of Excellence feasibility study. In September, Sid Mallory and Bitsy Henderson, of Henderson Mallory Partners, completed the study to determine the feasibility of conducting a campaign to raise up to \$15 million to support The Next Era of Excellence at Pullman Regional Hospital. In the course of the study, they conducted 53 interviews involving 76 community members. They evaluated the following success factors for a campaign:

- The public image and degree of acceptance of the proposed campaign.
- The fundraising climate in the area.
- The availability of committed leadership for such a campaign.
- The availability of contribution dollars for the proposed campaign.
- The proper timing and strategy for realizing the full potential of the proposed campaign.

Sid Mallory presented the results of the feasibility study at the October 2018 Foundation board meeting. The report recommends a campaign with an initial working goal of \$6.5 million. Based on the interviews conducted, Henderson Mallory Partners believe there is a pathway to a larger goal, but it includes some unknowns. The report recommends next steps to include an initial engagement and cultivation phase, finalizing the case for support, cultivating and engaging important individuals not included in the study interviews and identifying and cultivating potential volunteer campaign leadership. For further information on this report see Appendix 3.

# PROJECT TIMELINE

The Next Era of Excellence Sample Timeline

Activity	2019												2020												2021												
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
Bond proposal passes																																					
Arrange bond financing																																					
Design and implment new electronic business applications																																					
Phase 1 personal health record design																																					
Phase 1 personal health record go live and rollout																																					
Phase 2 personal health record design																																					
Phase 2 personal health record go live and rollout																																					
Select architect, community input, Pavilion design																																					
Pavilion construction documents to DOH and out to bid																																					
Pavilion construction and move in																																					
Phase 1 hospital remodel plan																																					
Phase 1 hospital remodel construction																																					
Phase 2 hospital remodel plan																																					
Phase 1 hospital remodel construction																																					
Medical technologies upgrades																																					

Activity	2022												2023											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Bond proposal passes																								
Arrange bond financing																								
Design and implement new electronic business applications																								
Phase 1 personal health record design																								
Phase 1 personal health record go live and rollout																								
Phase 2 personal health record design																								
Phase 2 personal health record go live and rollout																								
Select architect, community input, Pavilion design																								
Pavilion construction documents to DOH and out to bid																								
Pavilion construction and move in																								
Phase 1 hospital remodel plan																								
Phase 1 hospital remodel construction																								
Phase 2 hospital remodel plan																								
Phase 1 hospital remodel construction																								
Medical technologies upgrades																								

## CONCLUSIONS

- The projected growth of Pullman and the surrounding region support a plan to expand space, upgrade technology, and develop an integrated community wide personal health record.
- Developing and implementing a comprehensive, integrated, community wide personal health record is a strong community desire and needs to be a central component of The Next Era of Excellence.
- Financial challenges related to changing funding dynamics from Medicare, Medicaid, and commercial insurance drive the conclusion that Pullman Regional Hospital cannot fund The Next Era of Excellence plan through its own resources.
- The Pullman Regional Hospital Foundation will be request to fundraise towards a working goal in order to fully realize the goals and vision of The Next Era of Excellence.
- Expanded opportunities for collaboration with Washington State University will develop as a result of moving forward with The Next Era of Excellence plan. This is most notable in the arenas of research and medical education.
- In keeping with continuing trends of healthcare delivery, future investments in facilities needed to expand our capacity to provide patient care should be focused on outpatient care settings to include physician offices, therapy, diagnostic services, and care coordination.
- One-stop care puts the necessary infrastructure in place to create a team-based model of care, which has shown cost efficiencies and improved health outcomes.
- Community support for The Next Era of Excellence plan is strong, including the willingness to approve a tax levy as the major source of funding for The Next Era of Excellence plan.
- The fact that the current UTGO bonds will be retired by 2021 adds a favorable dynamic to the consideration of presenting a tax levy proposal to the community.
- The major components of The Next Era of Excellence are consistent with the overall vision of Pullman Regional Hospital to create a “self-sustaining, self-determining, inclusive model of healthcare for our community.”
- The development of a family medicine residency in Pullman supports the continued emphasis on physician retention and recruitment as a primary component of assuring that patients have access to high quality care.

## RECOMMENDATIONS

The first recommendation to the Board of Commissioners is presented for consideration for action at the regular meeting of the Board of Commissioners on November 7, 2018. The recommendation is:

- To submit a request to the Pullman Regional Hospital Foundation, asking them to establish an initial working fundraising goal of \$6,500,000.

The remaining recommendations are presented for consideration at the regular meeting of the Board of Commissioners on December 5, 2018.

Authorize hospital administration to organize and carry-out an ongoing community education program related to The Next Era of Excellence.

- Authorize placement of an unlimited tax general obligation (UTGO) bond proposal on the ballot for the April 23, 2019 special election in the amount of \$29,000,000.
- Direct hospital administration to research, evaluate and recommend an electronic personal health record system that would be available community wide and offers the greatest flexibility and the broadest accessibility to personal health information for patients, providers, the hospital, and other allied health services.
- Authorize hospital administration to carry out a process of community involvement to develop and design the service components of the 45,000 square feet Community Health Pavilion.
- Direct administration to develop a plan for upgrading and expanding medical technology capabilities consistent with the changing needs of healthcare and our community.
- Require hospital administration to present a detailed plan and timeline for the relocation, redesign, and remodel of specified space within Pullman Regional Hospital.
- Charge hospital administration with developing and presenting a plan that expands and integrates health and medical services and broadens the continuum of care available in the community and that includes services that are available both on and off the Pullman Care Community campus.
- Charge hospital administration to evaluate current care processes and develop plans for revising and introducing new processes that will support a one-stop care experience for patients and care providers.
- Direct hospital administration to continue to develop and carry out activities in collaboration with Washington State University.
- Acknowledge continued commitment to the establishment of a Family Medicine Residency program at Pullman Regional Hospital.

## CLOSING REMARKS

The information contained in this report provides an overview of the key elements of The Next Era of Excellence for Pullman Regional Hospital. The report includes a review of significant advances in the last 15 years as well as a listing of possible opportunities that could be achieved through The Next Era of Excellence. We have provided several key considerations that are pertinent to the decision-making effort related to The Next Era of Excellence. Finally, we have laid out a financial pathway to achieve The Next Era of Excellence with a thorough financial analysis as well as a summary of the fund-raising potential associated with The Next Era of Excellence.

This report does not assert to know the future of healthcare as influenced by government changes and business developments. There is no intent within this report to offer any assurance as to the likely success of any particular strategy or activity. While professional experience can serve as a helpful guide in understanding what may be the most effective course to pursue, it cannot be offered with certainty. As with any plan to move an organization into the future, there is an element of chance that can only be tempered by the level of commitment and tenacity demonstrated by the caliber of leadership demonstrated throughout the organization.

When uncertainty prevails, two paths exist for addressing the future; one is characterized by a sense of paralysis, often accompanied by fear. The second is one of action, often accompanied by visionary energy to make the future the reality we choose. The Next Era of Excellence is a visionary plan that began over 20 years ago. Continued pursuit of this plan can lead Pullman Regional Hospital to a desired future for healthcare in our community and the region. The success of this plan will not be so much in its specifics but in the inspiration that it generates as a catalyst to transform care within and outside our community. As you are now faced with a pivotal decision for the future of healthcare in our community, we urge you to choose a path that is compelling, as much for what it can do for individuals and families as for the details it contains. We urge you to choose The Next Era of Excellence.



# APPENDICIES

Appendix 1 – Community Health Pavilion and Hospital Remodel Renderings

Appendix 2 – Financials

Appendix 3 – Henderson Mallory Partners, Executive Summary

Appendix 4 – Report Footnote Articles