

December 9, 2022

**TO: Members of the Board of Directors**

Victor Rey, Jr. – President  
Regina M. Gage – Vice President  
Juan Cabrera – Secretary  
Richard Turner – Treasurer  
Joel Hernandez Laguna – Assistant Treasurer

**Legal Counsel**

Ottone Leach & Ray LLP

**News Media**

Salinas Californian  
El Sol  
Monterey County Herald  
Monterey County Weekly  
KION-TV  
KSBW-TV/ABC Central Coast  
KSMS/Entravision-TV

The Regular Meeting of the **BOARD OF DIRECTORS OF THE SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM** will be held **THURSDAY, DECEMBER 15, 2022**, at **4:00 P.M.**, in the **DOWNING RESOURCE CENTER, ROOMS A, B & C** at **SALINAS VALLEY MEMORIAL HOSPITAL, 450 E. ROMIE LANE, SALINAS, CALIFORNIA**, or by **TELECONFERENCE (Visit [svmh.com/virtualboardmeeting](http://svmh.com/virtualboardmeeting) for Access Information)**.

Pursuant to SVMHS Board Resolution No. 2022-17, Assembly Bill 361, and guidance from the Monterey County Health Department in response to concerns regarding COVID-19, Board Members of Salinas Valley Memorial Healthcare System, a local health care district, are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.



Pete Delgado  
President/Chief Executive Officer

**ANNUAL MEETING OF THE BOARD OF DIRECTORS  
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**THURSDAY, DECEMBER 15, 2022, 4:00 P.M.  
DOWNING RESOURCE CENTER, ROOMS A, B & C**

**Salinas Valley Memorial Hospital  
450 E. Romie Lane, Salinas, California  
or via Teleconference  
(Visit [svmh.com/virtualboardmeeting](http://svmh.com/virtualboardmeeting) for Access Information)**

*Pursuant to SVMHS Board Resolution No. 2022-17, Assembly Bill 361, and guidance from the Monterey County Health Department in response to concerns regarding COVID-19, Board Members of Salinas Valley Memorial Healthcare System, a local health care district, are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.*

**AGENDA**

	<i><u>Presented By</u></i>
<b>I. CALL TO ORDER</b>	<i>Victor Rey, Jr.</i>
<b>II. ROLL CALL</b>	<i>Victor Rey, Jr.</i>
<b>III. CLOSED SESSION</b> <i>(See Attached Closed Session Sheet Information)</i>	<i>Victor Rey, Jr.</i>
<b>IV. RECONVENE OPEN SESSION/CLOSED SESSION REPORT</b> <i>(Estimated time 5:00 pm)</i>	<i>Victor Rey, Jr.</i>
<b>V. OATH OF OFFICE</b> Administration of Oath of Office for Board members Elect Rolando Cabrera MD and Catherine Carson.	<i>District Legal Counsel</i>
<b>VI. ELECTION OF BOARD PRESIDENT</b> <i>Motion to Appoint a Board President for a two-year term.</i> <ul style="list-style-type: none"><li>▪ Nomination</li><li>▪ Public Comment</li><li>▪ Motion/Second</li><li>▪ Roll Call Vote</li></ul>	<i>District Legal Counsel</i>
<b>VII. ELECTION OF OFFICERS</b>	<i>Board President</i>
<b>A. Vice President</b> <i>Motion to Appoint a Board Vice President for a two-year term.</i> <ul style="list-style-type: none"><li>▪ Nomination</li><li>▪ Public Comment</li><li>▪ Motion/Second</li><li>▪ Roll Call Vote</li></ul>	

**B. Secretary**

*Motion to Appoint a Board Secretary for a two-year term.*

- Nomination
- Public Comment
- Motion/Second
- Roll Call Vote

**C. Treasurer**

*Motion to Appoint a Board Treasurer for a two-year term.*

- Nomination
- Public Comment
- Motion/Second
- Roll Call Vote

**D. Assistant Treasurer**

*Motion to Appoint a Board Assistant Treasurer for a two-year term.*

- Nomination
- Public Comment
- Motion/Second
- Roll Call Vote

**VIII. STANDING COMMITTEE APPOINTMENTS**

*Board President*

Appoint a Chair and Vice Chair to the Standing Committees of the Board of Directors and the Medical Staff Committee for a one-year term.

- |  |                          |
|--|--------------------------|
| A. Community Advocacy                                | <i>(Meets Quarterly)</i> |
| B. Corporate Compliance and Audit                    | <i>(Meets Quarterly)</i> |
| C. Finance   | <i>(Meets Monthly)</i>   |
| D. Personnel, Pension and Investment                 | <i>(Meets Monthly)</i>   |
| E. Quality and Efficient Practices                   | <i>(Meets Monthly)</i>   |
| F. Transformation, Strategic Planning and Governance | <i>(Meets Quarterly)</i> |

**IX. ANNUAL BOARD OF DIRECTORS REPORT**

*Board President*

Overall Performance of Salinas Valley Memorial Healthcare System for 2022

**X. REPORT FROM PRESIDENT/CHIEF EXECUTIVE OFFICER**

*Pete Delgado*

**XI. PUBLIC INPUT**

*Board President*

This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on issues or concerns within the jurisdiction of this District Board which are not otherwise covered under an item on this agenda.

**XII. BOARD MEMBER COMMENTS**

*Board Members*

**XIII. CONSENT AGENDA - GENERAL BUSINESS**

*Board President*

*(Board Member may pull an item from the Consent Agenda for discussion.)*

**A. Minutes**

Approve the minutes of the November 17, 2022 Board of Directors meeting.

**B. Financial Report**

Accept the Financial Report.

**C. Statistical Report**

Accept the Statistical Report.

**D. Policies Requiring Approval**

340B Federal Drug Pricing Program

- Board President Report
- Questions to Board President/Staff
- Public Comment
- Board Discussion/Deliberation
- Motion/Second
- Action by Board/Roll Call Vote

**XIV. REPORTS ON STANDING AND SPECIAL COMMITTEES****A. Quality and Efficient Practices Committee**

*Committee  
Chair*

Minutes of the December 12, 2022 Quality and Efficient Practices Committee meeting have been provided to the Board for their review. Additional Report from Committee Chair, if any.

**B. Finance Committee**

*Committee  
Chair*

Minutes of the December 12, 2022 Finance Committee meeting have been provided to the Board for their review. Additional Report from Committee Chair, if any.

**C. Personnel, Pension and Investment Committee**

*Committee  
Chair*

Minutes of the December 13, 2022 Personnel, Pension and Investment Committee meeting have been provided to the Board for their review. The following recommendations have been made to the Board:

1. Consider Recommendation for Board Approval of Findings Supporting Recruitment of Radiologists and Approval of Contract Terms for Radiology Services with Salinas Valley Medical Clinic.
  - Questions to Staff
  - Public Comment
  - Board Discussion/Deliberation
  - Motion/Second
  - Action by Board/Roll Call Vote

**XV. Report on Behalf of the Medical Executive Committee (MEC) Meeting of December 8, 2022, and Recommendations for Board Approval of the following:** *Theodore Kaczmar, MD*

- A. Reports
1. Credentials Committee Report
  2. Interdisciplinary Practice Committee Report
- Questions to Chief of Staff
  - Public Comment
  - Board Discussion/Deliberation
  - Motion/Second
  - Action by Board/Roll Call Vote

**XVI. Consideration of Resolution 2022-19 Authorizing the Core Rebranding of the District Facilities and Service Lines to Salinas Valley Health.** *Pete Delgado / District Legal Counsel*

- Report by CEO/Presiden and District Legal Counsel
- Questions to Staff
- Public Comment
- Board Discussion/Deliberation
- Motion/Second
- Action by Board/Roll Call Vote

**XVII. Consideration of Resolution 2022-20 Authorizing Rebranding of Salinas Valley Medical Clinics consistent with Core Rebranding of District Facilities and Service.** *Pete Delgado / District Legal Counsel*

- Report by CEO/Presiden and District Legal Counsel
- Questions to Staff
- Public Comment
- Board Discussion/Deliberation
- Motion/Second
- Action by Board/Roll Call Vote

**XVIII. Consider Board Resolution No. 2022-21 Proclaiming a Local Emergency, Ratifying the Proclamation of a State of Emergency by Governor's State of Emergency Declaration March 4, 2020, and Authorizing Remote Teleconference Meetings for the Period December 31, 2022 to January 30, 2023.** *District Legal Counsel*

- Report by District Legal Counsel
- Questions to District Legal Counsel/Staff
- Public Comment
- Board Discussion/Deliberation
- Motion/Second
- Action by Board/Roll Call Vote

**XIX. EXTENDED CLOSED SESSION**

*Board President*

**XX. ADJOURNMENT**

The Regular meeting of the Board of Directors is scheduled for **Thursday, January 26, 2023, at 4:00 p.m.**

The complete Board packet including subsequently distributed materials and presentations is available at the Board Meeting and in the Human Resources Department of the District. All items appearing on the agenda are subject to action by the Board. Staff and Committee recommendations are subject to change by the Board.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Clerk during regular business hours at 831-755-0741. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

**SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM  
BOARD OF DIRECTORS**

**AGENDA FOR CLOSED SESSION**

*Pursuant to California Government Code Section 54954.2 and 54954.5, the board agenda may describe closed session agenda items as provided below. No legislative body or elected official shall be in violation of Section 54954.2 or 54956 if the closed session items are described in substantial compliance with Section 54954.5 of the Government Code.*

**CLOSED SESSION AGENDA ITEMS**

**REPORT INVOLVING TRADE SECRET**

*(Government Code §37606 & Health and Safety Code § 32106)*

Discussion will concern: (Specify whether discussion will concern proposed new service, program, or facility):  
Trade Secret, Strategic Planning, Proposed New Programs and Services

**Estimated date of public disclosure:** (Specify month and year): Unknown

**HEARINGS/REPORTS**

*(Government Code §37624.3 & Health and Safety Code §1461, §32155)*

**Subject matter:** (Specify whether testimony/deliberation will concern staff privileges, report of medical audit committee, hospital internal audit report, or report of quality assurance committee):

1. Report of the Medical Staff Quality and Safety Committee
2. Report of the Medical Staff Credentials Committee
3. Report of the Medical Staff Interdisciplinary Practice Committee

**ADJOURN TO OPEN SESSION**

*CALL TO ORDER/ROLL CALL*

*(VICTOR REY, JR.)*



*ROLL CALL*

*(VICTOR REY, JR.)*

*CLOSED SESSION*

*(Report on Items to be  
Discussed in Closed Session)*

*(VICTOR REY, JR.)*

*RECONVENE OPEN SESSION/  
CLOSED SESSION REPORT  
(ESTIMATED TIME: 5:00 P.M.)*

*(VICTOR REY, JR.)*

# **OATH OF OFFICE**

*Administration of Oath of Office for  
Board members Elect*

*Rolando Cabrera, MD.  
Catherine Carson*

*(District Legal Counsel)*

# **ELECTION OF BOARD PRESIDENT**

*(District Legal Counsel)*

## **ELECTION OF OFFICERS**

- A. *Vice President*
- B. *Secretary*
- C. *Treasurer*
- D. *Assistant Treasurer*

*(Board President)*

## **STANDING COMMITTEE APPOINTMENTS**

- A. *Community Advocacy (Quarterly)*
- B. *Corporate Compliance and Audit (Quarterly)*
- C. *Finance (Monthly)*
- D. *Personnel, Pension and Investment (Monthly)*
- E. *Quality and Efficient Practices (Monthly)*
- F. *Transformation, Strategic Planning and Governance (Quarterly)*

*(Board President)*

**ANNUAL  
BOARD OF DIRECTORS REPORT**

*(Board President)*



*REPORT FROM THE PRESIDENT/  
CHIEF EXECUTIVE OFFICER*

*(VERBAL)*

*(PETE DELGADO)*

*PUBLIC INPUT*

*BOARD MEMBER COMMENTS*

*(VERBAL)*

**SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
MEETING MINUTES  
NOVEMBER 17, 2022**

*Approved Pursuant to SVMHS Board Resolution No. 2022-17, Assembly Bill 361, and guidance from the Monterey County Health Department in response to concerns regarding COVID-19, Board Members of Salinas Valley Memorial Healthcare System, a local health care district, are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.*

The Board of Directors convened in the Downing Resource Center, Rooms A, B, & C at 4:07 p.m.

**Present:**

Regina Gage, Director  
Joel Hernandez Laguna Director  
Victor Rey, Jr., President

**Absent:**

Juan Cabrera, Director  
Richard Turner, Director

**Also Present:**

Pete Delgado, President/Chief Executive Officer  
David Ramos., MD, Chief of Staff  
Matthew Ottone, Esq., District Legal Counsel  
Elizabeth Soto, Board Clerk

**CALL TO ORDER/ROLL CALL**

A quorum was present and President Rey, Jr., called the meeting to order at 4:07 p.m.

**CLOSED SESSION**

President Victor Rey, Jr., announced that the closed session items to be discussed in Closed Session as listed on the posted Agenda are:

1. Report Involving Trade Secret: Trade secrets, strategic planning, proposed new programs and services.
2. Hearings/Reports: Reports from the Medical Staff Quality and Safety Committee, Reports of the Medical Staff Credentials Committee and Interdisciplinary Practice Committee.

The meeting was recessed into Closed Session under the Closed Session Protocol at 4:08 p.m. The Board completed its business of the Closed Session at 5:01 p.m.

## **RECONVENE OPEN SESSION/REPORT ON CLOSED SESSION**

The Board reconvened Open Session at 5:9 p.m.

In Closed Session, the Board received the Medical Staff Quality and Safety Committee Report, the Report of the Medical Staff Credentials Committee and the Report of the Medical Staff Interdisciplinary Practice Committee.

No reportable action.

## **REPORT FROM THE PRESIDENT/CHIEF EXECUTIVE OFFICER**

Mr. Delgado announced, *“The mission of Salinas Valley Memorial Healthcare System is to provide quality healthcare for our patients and to improve the health and well-being of our community.”*

A Mission Moment video on “Covid-19 Survivor,” with Agustin Hernandez was presented.

A summary of key highlights centered on the pillars that are the foundation of the Hospital’s vision for the organization, is as follows:

### **Service:**

Representatives from Bay Federal Credit Union, with Amanda da Graca, SVMH Foundation presented the Board with a check from Credit Union for Kids Wine Auction 2022.

Lisa Paulo, MSN/MPA, RN, CENP Chief Nursing Officer announced that the Nursing Report has been completed.

Laurie Freed, Co-Chair of the Critical Care Unit Practice Council (CCUPC) provided the following update:

Areas of Critical Care include ICU, 1Main, 4Tower, Heart Center, 5 Tower, OCU and Patient Care Resources. The unit practice council (UPC) is unique because it represents five very different units. The UPC has brought staff together, provided understanding of each unit’s strengths, and nurtured respect and recognizing others’ strengths and expertise.

A report was received on current projects. Unit Magnet® data displays are posted in each unit to identify areas of excellence and opportunity. 4Tower and 1Main have initiated a gratitude tree for staff to highlights moments of appreciation throughout their shift; the goal is to initiate a gratitude tree in all units of the CCPC.

The discharge medication “re-vamp” includes plain language for patients to understand education and reason for medication. The commit to sit develops rapport with patients enhances communication which leads to patient satisfaction. “Co-worker Kudos” is a process recognizing coworkers. UPC support each together to put patients and families first; pursue excellence and

exceptional performance with passion, take personal responsibility for professional conduct in delivering results, and respect patients, each other, the community, and the environment by demonstrating integrity, honesty, fiscal responsibility in everything they do.

Director Hernandez Laguna stated that the Unit Practice Council is driven by their commitment to really make a difference.

### **Growth:**

Mobile Clinic surpassed their 10,000<sup>th</sup> patient last month with 10,345 patient visits. The mobile clinic helps the community by providing medical services, helping address food insecurities, linking people to services that can help them, and providing gas cards to help with transportation.

### **Quality:**

Salinas Valley Memorial Healthcare System (SVMHS) earned another “A” grade for hospital safety from The Leapfrog Group.

US News & World Report rated Salinas Valley Memorial Healthcare System (SVMHS) “High Performing” in Maternity Care.

### **Finance:**

#### *State Update:*

- \$25 healthcare minimum wage initiatives expand in California. California Hospital Association (CHA) does not support; expect statewide ballot measure in 2024.

#### *Federal Update:*

- American Hospital Association (AHA) Advocacy
  - Challenging economic conditions continue to place severe strain on health system finances that could jeopardize access to care for patients.
  - Half of all hospitals expected to close the year with negative operating margins (optimistically) and that percentage may rise to 68%.
  - Health Systems face persistent workforce pressures. Increased demand and limited labor supply have dramatically increased the cost of labor by more than 1/3 of pre-pandemic levels.
  - Hospital prices have averaged just 2% growth between 2013 and 2021, just half the rate of growth in health insurance premiums over the same period.

#### *Industry News:*

- San Benito Health Care District files for bankruptcy.
- Six hundred thirty one rural hospitals at risk of closure by state.
- Cash reserves are dropping for hospitals and health systems across the U.S.
- 19 hospital closures, bankruptcies in 2022
- 78% of hospitals say their relationships with payer are getting worse

## **People:**

Winter cohort of Health Scholars is currently in training, and will start December 1, 2022, in the Med Surg unit. Eight new scholars will join the five that previously started in August. The Health Scholars are projected to provide 2.19 FTE (376 hours) of support in the month of November.

## **Community:**

Victor Rey, Board President, joined former Councilmember Gloria De La Rosa on the air in a Spanish interview to share the programs that SVMHS and the Blue Zones Project have. Wreath sale support Salinas Valley Memorial Healthcare Service League. Newly remodeled Starbucks is not open.

### *Earned Media*

- Dr. Misty Navarro was featured on the cover of Health Matters in an article about healthy hydration.
- Monterey County hospitals see increase in Respiratory Syncytial Virus (RSV) cases earlier than usual
- Dr. Locke was featured at one of the “Walk with a Doc” events – talking about the Opioid epidemic and Narcan.
- Greenfield School District shot a social media video about the mobile health clinic.

SVMHS honored Veterans by having the mobile clinic join the Veterans Day Parade. Flags lined the Heart Center Circle and Romie Lane. Staff held a brainstorming meeting to come up with ways to meaningfully honor veterans.

Staffed thanked Regina Gage (2018-2022) and Richard Turner (2018-2022) for their commitment and dedicated service to the Salinas Valley Memorial Healthcare System Board of Directors.

## **PUBLIC INPUT**

Received comment from a member of the public.

## **BOARD MEMBER COMMENTS**

Director Gage stated that she had an extraordinary experience, thanked staff and reiterated that it had been an honor and privilege to be part of the Board of Directors. Ms. Gage challenged fellow Board members to participate in the Monterey County Gives campaign, a special project of Monterey County Weekly.

President Rey announced that he publicly thanked Director Richard Turner at one of the Committee meetings earlier this week. President Rey further thanked Ms. Gage for her great work and professionalism.

## **CONSENT AGENDA – GENERAL BUSINESS**

- A. Minutes of the Regular Meeting of the Board of Directors of October 27, 2022.
- B. Financial Report
- C. Statistical Report

No public comment received.

### **MOTION:**

Upon motion by Director Hernandez Laguna, second by Director Gage, the Board of Directors approved the Consent Agenda – General Business, *Items (A) through (C)*, as presented.

Ayes: Directors: Gage, Hernandez Laguna, and President Rey. Noes: None. Abstentions: None.  
Absent: Directors: Cabrera and Turner; Motion Carried.

## **REPORTS ON STANDING AND SPECIAL COMMITTEES**

### ***Quality and Efficient Practices Committee***

Vice Chair Hernandez Laguna reported the minutes from the Quality and Efficient Practices Committee meeting of November 14, 2022, were provided to the Board for their review. Vice Chair Hernandez Laguna pointed out that, the information covered during the Committee meeting was presented to the Board and that the Committee made no recommendations.

### ***Finance Committee***

President Rey reported the minutes from the Finance Committee meeting of October 24, 2022, were provided to the Board for their review. Background information supporting the proposed recommendations made by the Committee was included in the Board packet.

The Committee made the following recommendations:

- 1. Consider Recommendation to the Board of Directors for Approval of the Master Service Agreement Between SVMHS and Vesta Solutions Group, LLC for Teleradiology Coverage Services For SVMH and SVMC.***

No public comment received.

### **MOTION:**

Upon motion by Director Hernandez Laguna, second by Director Gage, the Board of Directors approved the Master Service Agreement between SVMHS and Vesta Solutions Group, LLC for Teleradiology Coverage Services for SVMH and SVMC.

Ayes: Directors: Gage, Hernandez Laguna, and President Rey. Noes: None. Abstentions: None.  
Absent: Directors: Cabrera and Turner. Motion Carried.



***2. Consider Recommendation for Board Approval of Contract Agreement for Teleradiology Services between RADLinx, LLC and SVMHS/SVMC.***

No public comment received.

**MOTION:**

Upon motion by Director Gage, second by Director Hernandez Laguna, the Board of Directors approved the Contract Agreement for Teleradiology Services between RADlinx, LLC and SVMHS/SVMC.

No public comment received.

Ayes: Directors: Gage, Hernandez Laguna, and President Rey. Noes: None. Abstentions: None. Absent: Directors: Cabrera and Turner. Motion Carried.

***3. Consider Recommendation for Board Approval of RLDatix Risk and Feedback Modules.***

No public comment received.

**MOTION:**

Upon motion by Director Gage, and second by Director Hernandez Laguna, the Board of Directors approved the RLDatix Solution Six System Module under the Master Services Agreement between Salinas Valley Memorial Healthcare System and RLDatix North America, Inc. for a total cost of \$499,590.00 over a three-year term.

Ayes: Directors: Gage, Hernandez Laguna, and President Rey. Noes: None. Abstentions: None. Absent: Directors: Cabrera and Turner. Motion Carried.

***Community Advocacy Committee***

Chair Gage reported that the minutes of the Community Advocacy Committee meeting for November 15, 2022, were provided to the Board of Directors for their review. Chair Gage pointed out that the information covered during the Committee meeting was presented to the Board and that the Committee made no recommendations.

***Personnel, Pension and Investment Committee***

The minutes of the Personnel, Pension and Investment Committee meeting of November 15, 2022, were provided to the Board for their review. Background information supporting the proposed recommendation made by the Committee was included in the Board packet.

The Committee made the following recommendations:

- 1. Consider Recommendation to the Board of Directors for Approval of Multiple SVMC Professional Services Agreements for Radiologists to Provide Interventional, Diagnostic, and Mammography Radiology Services to SVMHS***

No public comment received.

**MOTION:**

Upon motion by Director Hernandez Laguna, and second by Director Gage, the Board of Directors approved the Contract Terms and Conditions of the Radiology Professional Services Agreements for Michael Basse, MD, Zachary Zhang, MD, Brenden Bottari, MD, Amy Lantis Stemerman, MD, and Kristen Wulff, MD.

Ayes: Directors: Gage, Hernandez Laguna, and President Rey. Noes: None. Abstentions: None. Absent: Directors: Cabrera and Turner. Motion Carried.

***Corporate Compliance & Audit Committee***

Committee Vice Chair Hernandez Laguna reported the minutes from the Corporate Compliance & Audit Committee Meeting of November 16, 2022, were provided to the Board for their review. Background information supporting the proposed recommendations made by the Committee was included in the Board packet.

- 1. Consider Recommendation for Board of Directors Approval of the Years Ended June 30, 2022 and 2021 Audited Financial Statements for Salinas Valley Memorial Healthcare System.***

No public comment received.

**MOTION:**

Upon motion by Director Gage, and second by Director Hernandez Laguna, the Board of Directors approved the Years Ended June 30, 2022 and 2021 Audited Financial Statements for Salinas Valley Memorial Healthcare System.

Ayes: Directors: Gage, Hernandez Laguna, and President Rey. Noes: None. Abstentions: None. Absent: Directors: Cabrera and Turner. Motion Carried.

- 2. Consider Recommendation for Board of Directors Approval of the Years Ended June 30, 2021 and 2020 Single Audit Report for Salinas Valley Memorial Healthcare System***

No public comment received.

**MOTION:**

Upon motion by Director Gage, and second by Director Hernandez Laguna, the Board of Directors approved the Years Ended June 30, 2021 and 2020 Single Audit Report for Salinas Valley Memorial Healthcare System.

Ayes: Directors: Gage, Hernandez Laguna, and President Rey. Noes: None. Abstentions: None. Absent: Directors: Cabrera and Turner. Motion Carried.

**3. Consider Recommendation for Board of Directors Approval of the Years Ended December 31, 2021 and 2020 Audited Financial Statements for the Salinas Valley Memorial Healthcare District Employee’s Pension Plan.**

No public comment received.

**MOTION:**

Upon motion by Director Gage, and second by Director Hernandez Laguna, the Board of Directors approved the Years Ended December 31, 2021 and 2020 Audited Financial Statements for the Salinas Valley Memorial Healthcare District Employee’s Pension Plan.

Ayes: Directors: Gage, Hernandez Laguna, and President Rey. Noes: None. Abstentions: None. Absent: Directors: Cabrera and Turner. Motion Carried.

**CONSIDERATION**

*Report on Behalf of the Medical Executive Committee (MEC) Meeting on November 10, 2022, and Recommendations for Board Approval of the Following:*

David E. Ramos, MD, reviewed the Medical Executive Committee (MEC) meeting of November 10, 2022, reports and Bylaw, Policy and Rules and Regulations revisions.

The following reports were received:

- 1. Credentials Committee Report
- 2. Interdisciplinary Practice Committee Report

Dr. Ramos announced that there were nine (9) new physicians approved for initial appointment (3 Tele-Neurology, Otolaryngology, Remote Radiology, Gastroenterology, Gyn Oncology, Family Medicine, Neurology); Fifteen (15) Reappointments; One (1) leave of absence, and six (6) resignations.

Interdisciplinary Practice Committee: two (2) initial appointment (Surgery); one (1) reappointment (Physician Assistant-Emergency Medicine); one (1) resignation (Physician Assistant); and three (3) temporary privileges granted (Physician Assistant).

Updates proposed by the Practitioner Health and Wellness Committee were reviewed and approved as presented. The revisions contained to substantive changes and consisted only of updating language referring to “he or she”. No General Staff ballot required. Annual Review of Radiology and Nuclear Medicine Staff Position Descriptions completed. This is an accreditation standard requiring Medical Staff review to ensure safety and competency.

Committee Reports: Quality and Safety

- a. Pharmacy Transitions of Care
- b. Medical Reconciliation
- c. Quality Improvement Reports:
- d. Women’s and Children’s Services
  - o NICU Quality and Safety Goals
  - o Taylor Farms Family Health & Wellness Center
  - o Cardiology, CDOC, Cardiac Rehab and Cath Lab
- e. Nursing Administration Report
- f. Environmental Services Report
- g. Public Relations Report – Community Needs Assessment

No public comment received.

**MOTION:**

Upon motion by Director Gage, second by Director Hernandez Laguna, the Board of Directors accepted and approved the Credentials Committee and Interdisciplinary Practice Committee reports.

Ayes: Directors: Gage, Hernandez Laguna, and President Rey. Noes: None. Abstentions: None. Absent: Directors: Cabrera and Turner. Motion Carried.

*Consider Board **RESOLUTION NO. 2022-17** proclaiming a Local Emergency, Ratifying the Proclamation of a State of Emergency by Governor’s State of Emergency Declaration March 4, 202, and Authorizing Remote Teleconference Meetings for the Period of October 1, 2022, Through October 30, 2022.*

Matthew Ottone, Esq., District Legal Counsel, reported the resolution was included in the Board Packet, for the Boards consideration. The resolution is necessary to continue remote attendance by the District Board at Committee meetings and regular Board Meetings with waiver of certain requirements under The Brown Act. The law has changed allowing remote teleconferencing through 2024. A 30-day resolution is required each month.

No public input received.

**MOTION:**

Upon motion by Director Cabrera, second by Director Hernandez Laguna, the Board of Directors adopted **RESOLUTION NO. 2022-17** proclaiming a Local Emergency, Ratifying the

Proclamation of a State of Emergency by Governor's State of Emergency Declaration on March 4, 2020, and Authorizing Remote Teleconference Meetings for the Period of October 1, 2022 through October 30, 2022, as presented.

Ayes: Directors: Gage, Hernandez Laguna, and President Rey. Noes: None. Abstentions: None. Absent: Directors: Cabrera and Turner. Motion Carried.

*Consider Board **RESOLUTION NO. 2022-18** Cal OES 130.*

Matthew Ottone, Esq., District Legal Counsel, and Renée W. Jaenicke, Internal Audit and Compliance Director, reported that the designation of Applicants' Agent Resolution for Non-State Agencies is required of all applicants to be eligible to receive funding. A new resolution must be submitted if a previously submitted resolution is older than three (3) years from the last date of approval, is invalid, or has not been submitted.

No public input received.

**MOTION:**

Upon motion by Director Hernandez Laguna, second by Director Gage, the Board of Directors adopted **RESOLUTION NO. 2022-18** Authorizing Salinas Valley Memorial Healthcare System (SVMHS) President/Chief Executive Officer, or his designees, to execute for and on behalf of the Salinas Valley Memorial Healthcare System, application and to file it with the California Governor's Office of Emergency Services for the purpose of obtaining federal financial assistance for any existing or future grant program, as presented.

Ayes: Directors: Gage, Hernandez Laguna, and President Rey. Noes: None. Abstentions: None. Absent: Directors: Cabrera and Turner. Motion Carried.

**ADJOURNMENT**

The next Regular Meeting of the Board of Directors is scheduled for **Thursday, November 14, 2022 at 4:00 p.m.** There being no further business, the meeting was adjourned at 6:47 p.m.

**ATTEST:**

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Juan Cabrera  
Secretary, Board of Directors

/es

**SALINAS VALLEY MEMORIAL HOSPITAL  
SCHEDULES OF NET PATIENT REVENUE  
November 30, 2022**

	<u>Month of November,</u>		<u>Five months ended November 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Patient days:				
By payer:				
Medicare	2,053	1,682	9,723	7,992
Medi-Cal	1,082	1,026	5,557	4,920
Commercial insurance	895	801	3,926	3,671
Other patient	98	135	505	550
Total patient days	<u>4,128</u>	<u>3,644</u>	<u>19,711</u>	<u>17,133</u>
Gross revenue:				
Medicare	\$ 98,555,971	\$ 89,266,471	\$ 495,914,641	\$ 444,987,881
Medi-Cal	69,880,176	53,975,563	329,928,527	280,224,223
Commercial insurance	55,150,166	48,816,334	263,670,875	243,762,670
Other patient	<u>7,985,184</u>	<u>9,735,644</u>	<u>40,985,119</u>	<u>40,944,557</u>
Gross revenue	<u>231,571,497</u>	<u>201,794,012</u>	<u>1,130,499,162</u>	<u>1,009,919,330</u>
Deductions from revenue:				
Administrative adjustment	542,573	365,762	1,242,728	1,527,692
Charity care	452,357	857,807	3,594,966	5,234,927
Contractual adjustments:				
Medicare outpatient	26,264,780	27,301,095	146,550,732	139,564,145
Medicare inpatient	43,877,421	40,105,808	217,227,444	190,007,963
Medi-Cal traditional outpatient	3,115,903	2,970,132	16,093,264	13,166,418
Medi-Cal traditional inpatient	5,381,718	4,370,077	23,378,779	28,868,195
Medi-Cal managed care outpatient	29,240,501	21,856,728	133,055,180	111,326,675
Medi-Cal managed care inpatient	23,111,034	19,534,667	120,289,867	99,250,087
Commercial insurance outpatient	18,950,929	16,386,971	89,700,417	82,623,778
Commercial insurance inpatient	20,600,241	16,954,680	97,335,812	81,231,775
Uncollectible accounts expense	3,918,025	3,669,799	19,554,056	18,717,065
Other payors	<u>829,103</u>	<u>883,591</u>	<u>4,558,927</u>	<u>2,876,260</u>
Deductions from revenue	<u>176,284,585</u>	<u>155,257,115</u>	<u>872,582,172</u>	<u>774,394,980</u>
Net patient revenue	<u>\$ 55,286,912</u>	<u>\$ 46,536,897</u>	<u>\$ 257,916,990</u>	<u>\$ 235,524,350</u>
Gross billed charges by patient type:				
Inpatient	\$ 123,757,004	\$ 107,252,158	\$ 596,912,215	\$ 529,016,040
Outpatient	76,776,952	67,667,817	388,652,541	344,137,199
Emergency room	<u>31,037,540</u>	<u>26,874,037</u>	<u>144,934,405</u>	<u>136,766,091</u>
Total	<u>\$ 231,571,496</u>	<u>\$ 201,794,012</u>	<u>\$ 1,130,499,161</u>	<u>\$ 1,009,919,330</u>

**SALINAS VALLEY MEMORIAL HOSPITAL  
STATEMENTS OF REVENUE AND EXPENSES  
November 30, 2022**

	<u>Month of November,</u>		<u>Five months ended November 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 55,286,912	\$ 46,536,897	\$ 257,916,990	\$ 235,524,350
Other operating revenue	974,157	839,739	3,806,587	4,795,603
Total operating revenue	<u>56,261,069</u>	<u>47,376,636</u>	<u>261,723,577</u>	<u>240,319,953</u>
Operating expenses:				
Salaries and wages	16,922,532	14,716,435	87,092,024	77,028,437
Compensated absences	3,041,626	2,577,696	14,240,826	13,614,648
Employee benefits	7,433,562	5,768,821	37,302,348	34,455,397
Supplies, food, and linen	6,627,842	6,639,982	33,593,273	31,244,463
Purchased department functions	4,658,075	3,612,486	20,761,103	16,328,796
Medical fees	2,098,008	1,964,758	9,551,956	9,800,010
Other fees	4,178,407	2,177,101	13,889,111	7,117,934
Depreciation	2,007,177	2,065,950	9,470,232	9,137,765
All other expense	1,406,176	1,254,400	7,800,360	6,892,864
Total operating expenses	<u>48,373,405</u>	<u>40,777,629</u>	<u>233,701,233</u>	<u>205,620,314</u>
Income from operations	<u>7,887,664</u>	<u>6,599,007</u>	<u>28,022,344</u>	<u>34,699,639</u>
Non-operating income:				
Donations	(500,000)	166,667	1,301,378	833,333
Property taxes	333,333	333,333	1,666,667	1,666,667
Investment income	2,636,873	(539,526)	(1,507,462)	(2,822,087)
Taxes and licenses	0	0	0	0
Income from subsidiaries	(3,289,616)	(1,762,960)	(15,285,277)	(13,435,782)
Total non-operating income	<u>(819,410)</u>	<u>(1,802,486)</u>	<u>(13,824,694)</u>	<u>(13,757,869)</u>
Operating and non-operating income	7,068,253	4,796,521	14,197,650	20,941,770
Net assets to begin	<u>866,974,399</u>	<u>826,499,809</u>	<u>859,845,002</u>	<u>810,354,560</u>
Net assets to end	<u>\$ 874,042,652</u>	<u>\$ 831,296,330</u>	<u>\$ 874,042,652</u>	<u>\$ 831,296,330</u>
Net income excluding non-recurring items	\$ 7,068,253	\$ 4,796,521	\$ 14,197,650	\$ 20,459,992
Non-recurring income (expense) from cost report settlements and re-openings and other non-recurring items	<u>0</u>	<u>0</u>	<u>0</u>	<u>481,778</u>
Operating and non-operating income	<u>\$ 7,068,253</u>	<u>\$ 4,796,521</u>	<u>\$ 14,197,650</u>	<u>\$ 20,941,770</u>

**SALINAS VALLEY MEMORIAL HOSPITAL  
SCHEDULES OF INVESTMENT INCOME  
November 30, 2022**

	Month of November,		Five months ended November 30,	
	current year	prior year	current year	prior year
Detail of other operating income:				
Dietary revenue	\$ 164,860	\$ 137,000	\$ 705,696	\$ 708,722
Discounts and scrap sale	259,325	257,633	534,754	552,480
Sale of products and services	88,232	25,256	253,209	415,509
Clinical trial fees	0	600	0	21,478
Stimulus Funds	0	0	0	0
Rental income	145,992	162,287	842,813	804,923
Other	315,748	256,963	1,470,115	2,292,491
<b>Total</b>	<b>\$ 974,157</b>	<b>\$ 839,739</b>	<b>\$ 3,806,587</b>	<b>\$ 4,795,603</b>
Detail of investment income:				
Bank and payor interest	\$ 968,192	\$ 78,623	\$ 2,769,636	\$ 460,996
Income from investments	1,668,681	(615,616)	(4,094,547)	(3,306,176)
Gain or loss on property and equipment	0	(2,532)	(182,551)	23,093
<b>Total</b>	<b>\$ 2,636,873</b>	<b>\$ (539,526)</b>	<b>\$ (1,507,462)</b>	<b>\$ (2,822,087)</b>
Detail of income from subsidiaries:				
Salinas Valley Medical Center:				
Pulmonary Medicine Center	\$ (111,770)	\$ (139,471)	\$ (908,702)	\$ (990,900)
Neurological Clinic	(12,047)	(48,543)	(304,371)	(283,581)
Palliative Care Clinic	(79,251)	(82,294)	(327,015)	(439,449)
Surgery Clinic	(134,218)	(115,277)	(690,614)	(641,585)
Infectious Disease Clinic	(26,451)	(30,361)	(146,410)	(143,150)
Endocrinology Clinic	(194,621)	(134,494)	(806,969)	(663,096)
Early Discharge Clinic	0	0	0	0
Cardiology Clinic	(438,292)	(244,442)	(2,106,205)	(1,997,183)
OB/GYN Clinic	(401,220)	(153,594)	(1,446,870)	(1,559,830)
PrimeCare Medical Group	(758,596)	(17,564)	(2,394,173)	(2,017,582)
Oncology Clinic	(107,818)	(68,126)	(1,298,752)	(1,444,774)
Cardiac Surgery	(368,742)	(146,980)	(1,203,158)	(780,474)
Sleep Center	(55,564)	(52,460)	(99,596)	(156,938)
Rheumatology	(64,385)	(68,775)	(300,553)	(264,531)
Precision Ortho MDs	(344,796)	(80,753)	(1,775,261)	(1,227,787)
Precision Ortho-MRI	0	0	0	0
Precision Ortho-PT	(6,132)	(36,154)	(181,546)	(254,434)
Vaccine Clinic	0	(46,471)	(683)	(82,182)
Dermatology	(1,343)	(54,381)	(77,398)	(119,205)
Hospitalists	0	0	0	0
Behavioral Health	(32,677)	(77,246)	(150,164)	(362,524)
Pediatric Diabetes	(46,126)	(59,679)	(228,380)	(234,717)
Neurosurgery	(17,899)	(20,749)	(146,591)	(120,994)
Multi-Specialty-RR	16,825	31,976	64,046	50,576
Radiology	(230,896)	(84,842)	(866,632)	(1,196,516)
Salinas Family Practice	(53,339)	13,613	(454,376)	(375,839)
Urology	20,154	0	(457,190)	0
Total SVMC	(3,449,204)	(1,717,067)	(16,307,563)	(15,306,695)
Doctors on Duty	84,670	(311,670)	397,775	166,004
Vantage Surgery Center	0	55,213	0	150,516
LPCH NICU JV	0	0	0	0
Central Coast Health Connect	0	0	0	0
Monterey Peninsula Surgery Center	131,188	210,512	596,143	1,245,882
Aspire/CHI/Coastal	(74,597)	(88,341)	(132,122)	(120,610)
Apex	0	7,044	0	67,042
21st Century Oncology	(18,264)	37,205	(46,210)	158,220
Monterey Bay Endoscopy Center	36,591	44,144	206,699	203,859
<b>Total</b>	<b>\$ (3,289,616)</b>	<b>\$ (1,762,960)</b>	<b>\$ (15,285,277)</b>	<b>\$ (13,435,782)</b>



**SALINAS VALLEY MEMORIAL HOSPITAL  
BALANCE SHEETS  
November 30, 2022**

	<u>Current year</u>	<u>Prior year</u>
<b>A S S E T S</b>		
Current assets:		
Cash and cash equivalents	\$ 284,817,161	\$ 328,724,105
Patient accounts receivable, net of estimated uncollectibles of \$29,973,183	85,648,398	83,066,255
Supplies inventory at cost	7,742,643	8,738,670
Other current assets	<u>19,748,368</u>	<u>12,111,594</u>
Total current assets	<u>397,956,569</u>	<u>432,640,624</u>
Assets whose use is limited or restricted by board	<u>153,117,308</u>	<u>147,551,374</u>
Capital assets:		
Land and construction in process	44,208,973	37,065,568
Other capital assets, net of depreciation	<u>195,147,275</u>	<u>203,729,231</u>
Total capital assets	<u>239,356,248</u>	<u>240,794,799</u>
Other assets:		
Investment in Securities	142,841,904	143,928,669
Investment in SVMC	11,647,436	13,600,249
Investment in Aspire/CHI/Coastal	1,511,578	3,656,282
Investment in other affiliates	23,860,209	21,398,142
Net pension asset	<u>(562,697)</u>	<u>3,714,164</u>
Total other assets	<u>179,298,430</u>	<u>186,297,506</u>
Deferred pension outflows	<u>95,401,205</u>	<u>50,119,236</u>
	<u>\$ 1,065,129,760</u>	<u>\$ 1,057,403,539</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 65,194,445	\$ 56,318,359
Due to third party payers	17,909,653	53,987,693
Current portion of self-insurance liability	<u>17,797,144</u>	<u>17,659,524</u>
Total current liabilities	100,901,242	127,965,576
Long term portion of workers comp liability	<u>14,058,922</u>	<u>14,556,513</u>
Total liabilities	<u>114,960,164</u>	<u>142,522,089</u>
Pension liability	<u>76,126,944</u>	<u>83,585,120</u>
Net assets:		
Invested in capital assets, net of related debt	239,356,248	240,794,799
Unrestricted	<u>634,686,404</u>	<u>590,501,531</u>
Total net assets	<u>874,042,652</u>	<u>831,296,330</u>
	<u>\$ 1,065,129,760</u>	<u>\$ 1,057,403,539</u>

**SALINAS VALLEY MEMORIAL HOSPITAL  
SCHEDULES OF NET PATIENT REVENUE  
November 30, 2022**

	<u>Month of November,</u>		<u>Five months ended November 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Patient days:				
By payer:				
Medicare	2,053	1,682	9,723	7,992
Medi-Cal	1,082	1,026	5,557	4,920
Commercial insurance	895	801	3,926	3,671
Other patient	98	135	505	550
Total patient days	<u>4,128</u>	<u>3,644</u>	<u>19,711</u>	<u>17,133</u>
Gross revenue:				
Medicare	\$ 98,555,971	\$ 89,266,471	\$ 495,914,641	\$ 444,987,881
Medi-Cal	69,880,176	53,975,563	329,928,527	280,224,223
Commercial insurance	55,150,166	48,816,334	263,670,875	243,762,670
Other patient	<u>7,985,184</u>	<u>9,735,644</u>	<u>40,985,119</u>	<u>40,944,557</u>
Gross revenue	<u>231,571,497</u>	<u>201,794,012</u>	<u>1,130,499,162</u>	<u>1,009,919,330</u>
Deductions from revenue:				
Administrative adjustment	542,573	365,762	1,242,728	1,527,692
Charity care	452,357	857,807	3,594,966	5,234,927
Contractual adjustments:				
Medicare outpatient	26,264,780	27,301,095	146,550,732	139,564,145
Medicare inpatient	43,877,421	40,105,808	217,227,444	190,007,963
Medi-Cal traditional outpatient	3,115,903	2,970,132	16,093,264	13,166,418
Medi-Cal traditional inpatient	5,381,718	4,370,077	23,378,779	28,868,195
Medi-Cal managed care outpatient	29,240,501	21,856,728	133,055,180	111,326,675
Medi-Cal managed care inpatient	23,111,034	19,534,667	120,289,867	99,250,087
Commercial insurance outpatient	18,950,929	16,386,971	89,700,417	82,623,778
Commercial insurance inpatient	20,600,241	16,954,680	97,335,812	81,231,775
Uncollectible accounts expense	3,918,025	3,669,799	19,554,056	18,717,065
Other payors	<u>829,103</u>	<u>883,591</u>	<u>4,558,927</u>	<u>2,876,260</u>
Deductions from revenue	<u>176,284,585</u>	<u>155,257,115</u>	<u>872,582,172</u>	<u>774,394,980</u>
Net patient revenue	<u>\$ 55,286,912</u>	<u>\$ 46,536,897</u>	<u>\$ 257,916,990</u>	<u>\$ 235,524,350</u>
Gross billed charges by patient type:				
Inpatient	\$ 123,757,004	\$ 107,252,158	\$ 596,912,215	\$ 529,016,040
Outpatient	76,776,952	67,667,817	388,652,541	344,137,199
Emergency room	<u>31,037,540</u>	<u>26,874,037</u>	<u>144,934,405</u>	<u>136,766,091</u>
Total	<u>\$ 231,571,496</u>	<u>\$ 201,794,012</u>	<u>\$ 1,130,499,161</u>	<u>\$ 1,009,919,330</u>

**SALINAS VALLEY MEMORIAL HOSPITAL  
STATEMENTS OF REVENUE AND EXPENSES  
November 30, 2022**

	<u>Month of November,</u>		<u>Five months ended November 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 55,286,912	\$ 46,536,897	\$ 257,916,990	\$ 235,524,350
Other operating revenue	974,157	839,739	3,806,587	4,795,603
Total operating revenue	<u>56,261,069</u>	<u>47,376,636</u>	<u>261,723,577</u>	<u>240,319,953</u>
Operating expenses:				
Salaries and wages	16,922,532	14,716,435	87,092,024	77,028,437
Compensated absences	3,041,626	2,577,696	14,240,826	13,614,648
Employee benefits	7,433,562	5,768,821	37,302,348	34,455,397
Supplies, food, and linen	6,627,842	6,639,982	33,593,273	31,244,463
Purchased department functions	4,658,075	3,612,486	20,761,103	16,328,796
Medical fees	2,098,008	1,964,758	9,551,956	9,800,010
Other fees	4,178,407	2,177,101	13,889,111	7,117,934
Depreciation	2,007,177	2,065,950	9,470,232	9,137,765
All other expense	1,406,176	1,254,400	7,800,360	6,892,864
Total operating expenses	<u>48,373,405</u>	<u>40,777,629</u>	<u>233,701,233</u>	<u>205,620,314</u>
Income from operations	<u>7,887,664</u>	<u>6,599,007</u>	<u>28,022,344</u>	<u>34,699,639</u>
Non-operating income:				
Donations	(500,000)	166,667	1,301,378	833,333
Property taxes	333,333	333,333	1,666,667	1,666,667
Investment income	2,636,873	(539,526)	(1,507,462)	(2,822,087)
Taxes and licenses	0	0	0	0
Income from subsidiaries	(3,289,616)	(1,762,960)	(15,285,277)	(13,435,782)
Total non-operating income	<u>(819,410)</u>	<u>(1,802,486)</u>	<u>(13,824,694)</u>	<u>(13,757,869)</u>
Operating and non-operating income	7,068,253	4,796,521	14,197,650	20,941,770
Net assets to begin	<u>866,974,399</u>	<u>826,499,809</u>	<u>859,845,002</u>	<u>810,354,560</u>
Net assets to end	<u>\$ 874,042,652</u>	<u>\$ 831,296,330</u>	<u>\$ 874,042,652</u>	<u>\$ 831,296,330</u>
Net income excluding non-recurring items	\$ 7,068,253	\$ 4,796,521	\$ 14,197,650	\$ 20,459,992
Non-recurring income (expense) from cost report settlements and re-openings and other non-recurring items	<u>0</u>	<u>0</u>	<u>0</u>	<u>481,778</u>
Operating and non-operating income	<u>\$ 7,068,253</u>	<u>\$ 4,796,521</u>	<u>\$ 14,197,650</u>	<u>\$ 20,941,770</u>

**SALINAS VALLEY MEMORIAL HOSPITAL  
SCHEDULES OF INVESTMENT INCOME  
November 30, 2022**

	Month of November,		Five months ended November 30,	
	current year	prior year	current year	prior year
Detail of other operating income:				
Dietary revenue	\$ 164,860	\$ 137,000	\$ 705,696	\$ 708,722
Discounts and scrap sale	259,325	257,633	534,754	552,480
Sale of products and services	88,232	25,256	253,209	415,509
Clinical trial fees	0	600	0	21,478
Stimulus Funds	0	0	0	0
Rental income	145,992	162,287	842,813	804,923
Other	315,748	256,963	1,470,115	2,292,491
<b>Total</b>	<b>\$ 974,157</b>	<b>\$ 839,739</b>	<b>\$ 3,806,587</b>	<b>\$ 4,795,603</b>
Detail of investment income:				
Bank and payor interest	\$ 968,192	\$ 78,623	\$ 2,769,636	\$ 460,996
Income from investments	1,668,681	(615,616)	(4,094,547)	(3,306,176)
Gain or loss on property and equipment	0	(2,532)	(182,551)	23,093
<b>Total</b>	<b>\$ 2,636,873</b>	<b>\$ (539,526)</b>	<b>\$ (1,507,462)</b>	<b>\$ (2,822,087)</b>
Detail of income from subsidiaries:				
Salinas Valley Medical Center:				
Pulmonary Medicine Center	\$ (111,770)	\$ (139,471)	\$ (908,702)	\$ (990,900)
Neurological Clinic	(12,047)	(48,543)	(304,371)	(283,581)
Palliative Care Clinic	(79,251)	(82,294)	(327,015)	(439,449)
Surgery Clinic	(134,218)	(115,277)	(690,614)	(641,585)
Infectious Disease Clinic	(26,451)	(30,361)	(146,410)	(143,150)
Endocrinology Clinic	(194,621)	(134,494)	(806,969)	(663,096)
Early Discharge Clinic	0	0	0	0
Cardiology Clinic	(438,292)	(244,442)	(2,106,205)	(1,997,183)
OB/GYN Clinic	(401,220)	(153,594)	(1,446,870)	(1,559,830)
PrimeCare Medical Group	(758,596)	(17,564)	(2,394,173)	(2,017,582)
Oncology Clinic	(107,818)	(68,126)	(1,298,752)	(1,444,774)
Cardiac Surgery	(368,742)	(146,980)	(1,203,158)	(780,474)
Sleep Center	(55,564)	(52,460)	(99,596)	(156,938)
Rheumatology	(64,385)	(68,775)	(300,553)	(264,531)
Precision Ortho MDs	(344,796)	(80,753)	(1,775,261)	(1,227,787)
Precision Ortho-MRI	0	0	0	0
Precision Ortho-PT	(6,132)	(36,154)	(181,546)	(254,434)
Vaccine Clinic	0	(46,471)	(683)	(82,182)
Dermatology	(1,343)	(54,381)	(77,398)	(119,205)
Hospitalists	0	0	0	0
Behavioral Health	(32,677)	(77,246)	(150,164)	(362,524)
Pediatric Diabetes	(46,126)	(59,679)	(228,380)	(234,717)
Neurosurgery	(17,899)	(20,749)	(146,591)	(120,994)
Multi-Specialty-RR	16,825	31,976	64,046	50,576
Radiology	(230,896)	(84,842)	(866,632)	(1,196,516)
Salinas Family Practice	(53,339)	13,613	(454,376)	(375,839)
Urology	20,154	0	(457,190)	0
Total SVMC	(3,449,204)	(1,717,067)	(16,307,563)	(15,306,695)
Doctors on Duty	84,670	(311,670)	397,775	166,004
Vantage Surgery Center	0	55,213	0	150,516
LPCH NICU JV	0	0	0	0
Central Coast Health Connect	0	0	0	0
Monterey Peninsula Surgery Center	131,188	210,512	596,143	1,245,882
Aspire/CHI/Coastal	(74,597)	(88,341)	(132,122)	(120,610)
Apex	0	7,044	0	67,042
21st Century Oncology	(18,264)	37,205	(46,210)	158,220
Monterey Bay Endoscopy Center	36,591	44,144	206,699	203,859
<b>Total</b>	<b>\$ (3,289,616)</b>	<b>\$ (1,762,960)</b>	<b>\$ (15,285,277)</b>	<b>\$ (13,435,782)</b>

**SALINAS VALLEY MEMORIAL HOSPITAL  
BALANCE SHEETS  
November 30, 2022**

	<b>Current year</b>	<b>Prior year</b>
<b>A S S E T S</b>		
Current assets:		
Cash and cash equivalents	\$ 284,817,161	\$ 328,724,105
Patient accounts receivable, net of estimated uncollectibles of \$29,973,183	85,648,398	83,066,255
Supplies inventory at cost	7,742,643	8,738,670
Other current assets	19,748,368	12,111,594
Total current assets	397,956,569	432,640,624
Assets whose use is limited or restricted by board	153,117,308	147,551,374
Capital assets:		
Land and construction in process	44,208,973	37,065,568
Other capital assets, net of depreciation	195,147,275	203,729,231
Total capital assets	239,356,248	240,794,799
Other assets:		
Investment in Securities	142,841,904	143,928,669
Investment in SVMC	11,647,436	13,600,249
Investment in Aspire/CHI/Coastal	1,511,578	3,656,282
Investment in other affiliates	23,860,209	21,398,142
Net pension asset	(562,697)	3,714,164
Total other assets	179,298,430	186,297,506
Deferred pension outflows	95,401,205	50,119,236
	\$ 1,065,129,760	\$ 1,057,403,539
<b>L I A B I L I T I E S   A N D   N E T   A S S E T S</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 65,194,445	\$ 56,318,359
Due to third party payers	17,909,653	53,987,693
Current portion of self-insurance liability	17,797,144	17,659,524
Total current liabilities	100,901,242	127,965,576
Long term portion of workers comp liability	14,058,922	14,556,513
Total liabilities	114,960,164	142,522,089
Pension liability	76,126,944	83,585,120
Net assets:		
Invested in capital assets, net of related debt	239,356,248	240,794,799
Unrestricted	634,686,404	590,501,531
Total net assets	874,042,652	831,296,330
	\$ 1,065,129,760	\$ 1,057,403,539

SALINAS VALLEY MEMORIAL HOSPITAL  
SUMMARY INCOME STATEMENT  
November 30, 2022

	<u>Month of November,</u>		<u>Five months ended November 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 55,286,912	\$ 46,536,897	\$ 257,916,990	\$ 235,524,350
Other operating revenue	974,157	839,739	3,806,587	4,795,603
Total operating revenue	<u>56,261,069</u>	<u>47,376,636</u>	<u>261,723,577</u>	<u>240,319,953</u>
Total operating expenses	48,373,405	40,777,629	233,701,233	205,620,314
Total non-operating income	<u>(819,410)</u>	<u>(1,802,486)</u>	<u>(13,824,694)</u>	<u>(13,757,869)</u>
Operating and non-operating income	<u>\$ 7,068,253</u>	<u>\$ 4,796,521</u>	<u>\$ 14,197,650</u>	<u>\$ 20,941,770</u>

SALINAS VALLEY MEMORIAL HOSPITAL  
BALANCE SHEETS  
November 30, 2022

	<u>Current year</u>	<u>Prior year</u>
<b>ASSETS:</b>		
Current assets	\$ 397,956,569	\$ 432,640,624
Assets whose use is limited or restricted by board	153,117,308	147,551,374
Capital assets	239,356,248	240,794,799
Other assets	179,298,430	186,297,506
Deferred pension outflows	<u>95,401,205</u>	<u>50,119,236</u>
	<u>\$ 1,065,129,760</u>	<u>\$ 1,057,403,539</u>
<b>LIABILITIES AND EQUITY:</b>		
Current liabilities	100,901,242	127,965,576
Long term liabilities	14,058,922	14,556,513
	76,126,944	83,585,120
Net assets	<u>874,042,652</u>	<u>831,296,330</u>
	<u>\$ 1,065,129,760</u>	<u>\$ 1,057,403,539</u>

**SALINAS VALLEY MEMORIAL HOSPITAL**  
**PATIENT STATISTICAL REPORT**  
For the month of Nov and five months to date

	<u>Month of Nov</u>		<u>Five months to date</u>		<u>Variance</u>
	<u>2021</u>	<u>2022</u>	<u>2020-21</u>	<u>2021-22</u>	
<u>NEWBORN STATISTICS</u>					
Medi-Cal Admissions	38	42	213	195	(18)
Other Admissions	102	98	475	443	(32)
Total Admissions	140	140	688	638	(50)
Medi-Cal Patient Days	62	64	326	303	(23)
Other Patient Days	152	135	781	(104)	(885)
Total Patient Days of Care	214	199	1,107	199	(908)
Average Daily Census	7.1	6.6	7.2	1.3	(5.9)
Medi-Cal Average Days	1.6	1.6	1.6	1.6	0.1
Other Average Days	1.1	1.5	1.6	-0.2	(1.9)
Total Average Days Stay	1.6	1.5	1.6	0.3	(1.3)
<u>ADULTS &amp; PEDIATRICS</u>					
Medicare Admissions	355	414	1,594	1,958	364
Medi-Cal Admissions	279	310	1,198	1,463	265
Other Admissions	418	317	1,505	1,575	70
Total Admissions	1,052	1,041	4,297	4,996	699
Medicare Patient Days	1,435	1,718	6,886	8,088	1,202
Medi-Cal Patient Days	1,071	1,122	5,082	5,766	684
Other Patient Days	1,011	1,477	4,752	(9,537)	(14,289)
Total Patient Days of Care	3,517	4,317	16,720	4,317	(12,403)
Average Daily Census	117.2	143.9	109.3	28.2	(81.1)
Medicare Average Length of Stay	4.1	4.3	4.2	4.2	(0.1)
Medi-Cal Average Length of Stay	3.8	3.3	3.4	3.5	0.0
Other Average Length of Stay	2.5	3.6	2.5	-4.8	(7.3)
Total Average Length of Stay	3.4	3.8	3.3	0.8	(2.5)
Deaths	31	17	131	103	(28)
Total Patient Days	3,731	4,516	17,827	4,516	(13,311)
Medi-Cal Administrative Days	2	6	76	38	(38)
Medicare SNF Days	0	0	0	0	0
Over-Utilization Days	0	0	0	0	0
Total Non-Acute Days	2	6	76	38	(38)
Percent Non-Acute	0.05%	0.13%	0.43%	0.84%	0.42%



**SALINAS VALLEY MEMORIAL HOSPITAL**  
**PATIENT STATISTICAL REPORT**  
For the month of Nov and five months to date

	<u>Month of Nov</u>		<u>Five months to date</u>		<u>Variance</u>
	<u>2021</u>	<u>2022</u>	<u>2020-21</u>	<u>2021-22</u>	
<u>PATIENT DAYS BY LOCATION</u>					
Level I	286	463	1,327	463	(864)
Heart Center	36	431	1,326	431	(895)
Monitored Beds	819	642	3,897	642	(3,255)
Single Room Maternity/Obstetrics	349	347	1,759	347	(1,412)
Med/Surg - Cardiovascular	778	990	3,177	990	(2,187)
Med/Surg - Oncology	304	226	1,419	226	(1,193)
Med/Surg - Rehab	445	633	2,059	633	(1,426)
Pediatrics	93	153	442	153	(289)
Nursery	214	199	1,107	199	(908)
Neonatal Intensive Care	122	0	404	0	(404)
<u>PERCENTAGE OF OCCUPANCY</u>					
Level I	73.33%	118.72%	66.72%	116.39%	
Heart Center	8.00%	95.78%	57.78%	93.90%	
Monitored Beds	101.11%	79.26%	94.34%	77.71%	
Single Room Maternity/Obstetrics	31.44%	31.26%	31.07%	30.65%	
Med/Surg - Cardiovascular	57.63%	73.33%	46.14%	71.90%	
Med/Surg - Oncology	77.95%	57.95%	71.34%	56.81%	
Med/Surg - Rehab	57.05%	81.15%	51.76%	79.56%	
Med/Surg - Observation Care Unit	0.00%	84.71%	0.00%	83.04%	
Pediatrics	17.22%	28.33%	16.05%	27.78%	
Nursery	43.23%	40.20%	21.93%	19.71%	
Neonatal Intensive Care	36.97%	0.00%	24.00%	0.00%	

**SALINAS VALLEY MEMORIAL HOSPITAL**  
**PATIENT STATISTICAL REPORT**  
For the month of Nov and five months to date

	<u>Month of Nov</u>		<u>Five months to date</u>		<u>Variance</u>
	<u>2021</u>	<u>2022</u>	<u>2020-21</u>	<u>2021-22</u>	
<u>DELIVERY ROOM</u>					
Total deliveries	145	132	674	617	(57)
C-Section deliveries	57	38	229	181	(48)
Percent of C-section deliveries	39.31%	28.79%	33.98%	29.34%	-4.64%
<u>OPERATING ROOM</u>					
In-Patient Operating Minutes	15,902	18,841	97,490	98,916	1,426
Out-Patient Operating Minutes	26,884	29,659	126,026	132,968	6,942
Total	42,786	48,500	223,516	231,884	8,368
Open Heart Surgeries	9	16	58	68	10
In-Patient Cases	133	119	702	688	(14)
Out-Patient Cases	265	298	1,246	1,379	133
<u>EMERGENCY ROOM</u>					
Immediate Life Saving	35	28	191	134	(57)
High Risk	467	637	2,231	2,802	571
More Than One Resource	2,629	3,059	13,142	15,024	1,882
One Resource	1,542	3,089	8,508	11,413	2,905
No Resources	83	93	480	464	(16)
Total	<u>4,756</u>	<u>6,906</u>	<u>24,552</u>	<u>29,837</u>	<u>5,285</u>

**SALINAS VALLEY MEMORIAL HOSPITAL**  
**PATIENT STATISTICAL REPORT**  
For the month of Nov and five months to date

	<u>Month of Nov</u>		<u>Five months to date</u>		<u>Variance</u>
	<u>2021</u>	<u>2022</u>	<u>2020-21</u>	<u>2021-22</u>	
<b>CENTRAL SUPPLY</b>					
In-patient requisitions	16,315	15,295	102,118	105,727	3,609
Out-patient requisitions	6,250	6,730	67,967	63,426	-4,541
Emergency room requisitions	1,375	698	11,273	8,349	-2,924
Interdepartmental requisitions	7,849	7,115	49,644	44,398	-5,246
Total requisitions	<u>31,789</u>	<u>29,838</u>	<u>231,002</u>	<u>221,900</u>	<u>-9,102</u>
<b>LABORATORY</b>					
In-patient procedures	42,107	38,721	253,735	241,589	-12,146
Out-patient procedures	9,286	11,597	76,062	80,263	4,201
Emergency room procedures	9,433	11,145	60,934	76,430	15,496
Total patient procedures	<u>60,826</u>	<u>61,463</u>	<u>390,731</u>	<u>398,282</u>	<u>7,551</u>
<b>BLOOD BANK</b>					
Units processed	<u>318</u>	<u>297</u>	<u>1,996</u>	<u>1,965</u>	<u>-31</u>
<b>ELECTROCARDIOLOGY</b>					
In-patient procedures	1,041	1,068	6,566	6,885	319
Out-patient procedures	349	302	2,706	2,668	-38
Emergency room procedures	1,045	1,148	6,142	7,127	985
Total procedures	<u>2,435</u>	<u>2,518</u>	<u>15,414</u>	<u>16,680</u>	<u>1,266</u>
<b>CATH LAB</b>					
In-patient procedures	64	77	512	607	95
Out-patient procedures	51	71	571	625	54
Emergency room procedures	0	0	1	0	-1
Total procedures	<u>115</u>	<u>148</u>	<u>1,084</u>	<u>1,232</u>	<u>148</u>
<b>ECHO-CARDIOLOGY</b>					
In-patient studies	298	371	2,033	2,406	373
Out-patient studies	138	156	1,262	1,520	258
Emergency room studies	2	1	16	5	-11
Total studies	<u>438</u>	<u>528</u>	<u>3,311</u>	<u>3,931</u>	<u>620</u>
<b>NEURODIAGNOSTIC</b>					
In-patient procedures	140	165	1,109	1,090	-19
Out-patient procedures	24	27	169	164	-5
Emergency room procedures	0	0	0	0	0
Total procedures	<u>164</u>	<u>192</u>	<u>1,278</u>	<u>1,254</u>	<u>-24</u>

**SALINAS VALLEY MEMORIAL HOSPITAL**  
**PATIENT STATISTICAL REPORT**  
For the month of Nov and five months to date

	<u>Month of Nov</u>		<u>Five months to date</u>		<u>Variance</u>
	<u>2021</u>	<u>2022</u>	<u>2020-21</u>	<u>2021-22</u>	
<b>SLEEP CENTER</b>					
In-patient procedures	0	0	1	0	-1
Out-patient procedures	183	167	1,315	1,153	-162
Emergency room procedures	0	0	0	0	0
<b>Total procedures</b>	<b>183</b>	<b>167</b>	<b>1,316</b>	<b>1,153</b>	<b>-163</b>
<b>RADIOLOGY</b>					
In-patient procedures	1,654	1,429	9,708	8,710	-998
Out-patient procedures	416	356	4,323	2,915	-1,408
Emergency room procedures	1,217	1,382	7,939	8,809	870
<b>Total patient procedures</b>	<b>3,287</b>	<b>3,167</b>	<b>21,970</b>	<b>20,434</b>	<b>-1,536</b>
<b>MAGNETIC RESONANCE IMAGING</b>					
In-patient procedures	105	141	860	890	30
Out-patient procedures	127	77	953	768	-185
Emergency room procedures	14	6	80	49	-31
<b>Total procedures</b>	<b>246</b>	<b>224</b>	<b>1,893</b>	<b>1,707</b>	<b>-186</b>
<b>MAMMOGRAPHY CENTER</b>					
In-patient procedures	2,718	3,550	20,910	24,711	3,801
Out-patient procedures	2,696	3,518	20,790	24,527	3,737
Emergency room procedures	3	0	3	8	5
<b>Total procedures</b>	<b>5,417</b>	<b>7,068</b>	<b>41,703</b>	<b>49,246</b>	<b>7,543</b>
<b>NUCLEAR MEDICINE</b>					
In-patient procedures	12	14	86	94	8
Out-patient procedures	61	78	506	541	35
Emergency room procedures	1	0	4	4	0
<b>Total procedures</b>	<b>74</b>	<b>92</b>	<b>596</b>	<b>639</b>	<b>43</b>
<b>PHARMACY</b>					
In-patient prescriptions	111,491	94,299	636,356	605,331	-31,025
Out-patient prescriptions	10,439	11,319	99,978	104,283	4,305
Emergency room prescriptions	5,342	7,197	36,983	48,996	12,013
<b>Total prescriptions</b>	<b>127,272</b>	<b>112,815</b>	<b>773,317</b>	<b>758,610</b>	<b>-14,707</b>
<b>RESPIRATORY THERAPY</b>					
In-patient treatments	29,606	21,738	156,457	131,478	-24,979
Out-patient treatments	143	981	3,391	7,896	4,505
Emergency room treatments	373	194	1,179	1,583	404
<b>Total patient treatments</b>	<b>30,122</b>	<b>22,913</b>	<b>161,027</b>	<b>140,957</b>	<b>-20,070</b>
<b>PHYSICAL THERAPY</b>					
In-patient treatments	2,256	2,396	16,109	16,284	175
Out-patient treatments	99	170	1,751	2,108	357
Emergency room treatments	0	0	0	0	0
<b>Total treatments</b>	<b>2,355</b>	<b>2,566</b>	<b>17,860</b>	<b>18,392</b>	<b>532</b>

**SALINAS VALLEY MEMORIAL HOSPITAL**  
**PATIENT STATISTICAL REPORT**  
For the month of Nov and five months to date

	<u>Month of Nov</u>		<u>Five months to date</u>		<u>Variance</u>
	<u>2021</u>	<u>2022</u>	<u>2020-21</u>	<u>2021-22</u>	
<b>OCCUPATIONAL THERAPY</b>					
In-patient procedures	1,445	1,660	9,403	10,682	1,279
Out-patient procedures	74	99	797	1,086	289
Emergency room procedures	0	0	0	0	0
Total procedures	<u>1,519</u>	<u>1,759</u>	<u>10,200</u>	<u>11,768</u>	<u>1,568</u>
<b>SPEECH THERAPY</b>					
In-patient treatments	348	525	2,682	3,077	395
Out-patient treatments	23	28	171	200	29
Emergency room treatments	0	0	0	0	0
Total treatments	<u>371</u>	<u>553</u>	<u>2,853</u>	<u>3,277</u>	<u>424</u>
<b>CARDIAC REHABILITATION</b>					
In-patient treatments	0	0	0	0	0
Out-patient treatments	498	401	2,637	4,268	1,631
Emergency room treatments	0	0	1	0	-1
Total treatments	<u>498</u>	<u>401</u>	<u>2,638</u>	<u>4,268</u>	<u>1,630</u>
<b>CRITICAL DECISION UNIT</b>					
Observation hours	<u>378</u>	<u>344</u>	<u>1,866</u>	<u>2,252</u>	<u>386</u>
<b>ENDOSCOPY</b>					
In-patient procedures	85	78	626	636	10
Out-patient procedures	12	29	159	223	64
Emergency room procedures	0	0	0	0	0
Total procedures	<u>97</u>	<u>107</u>	<u>785</u>	<u>859</u>	<u>74</u>
<b>C.T. SCAN</b>					
In-patient procedures	537	596	3,803	4,027	224
Out-patient procedures	445	281	3,598	2,517	-1,081
Emergency room procedures	433	552	3,208	4,164	956
Total procedures	<u>1,415</u>	<u>1,429</u>	<u>10,609</u>	<u>10,708</u>	<u>99</u>
<b>DIETARY</b>					
Routine patient diets	17,554	21,351	113,154	130,102	16,948
Meals to personnel	19,345	21,421	144,216	152,161	7,945
Total diets and meals	<u>36,899</u>	<u>42,772</u>	<u>257,370</u>	<u>282,263</u>	<u>24,893</u>
<b>LAUNDRY AND LINEN</b>					
Total pounds laundered	<u>99,573</u>	<u>100,531</u>	<u>710,088</u>	<u>689,921</u>	<u>-20,167</u>

# Memorandum

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To: Board of Directors  
 From: Clement Miller, COO  
 Date: December 6, 2022  
 Re: Policies Requiring Approval

As required under Title 22, CMS, and The Joint Commission (TJC), please find below a list of regulatory required policies with summary of changes that require your approval.

	<b>Policy Title</b>	<b>Summary of Changes</b>	<b>Responsible VP</b>
1.	340B Federal Drug Pricing Program	Policy rewritten to new format, new system, required updates. No substantial changes noted.	Clement Miller, COO
2.			
3.			



Last Approved	N/A
Last Revised	N/A
Next Review	3 years after approval

Owner	Clement Miller: Chief Operating Officer
Area	Administration

## 340B Federal Drug Pricing Program

### I. POLICY STATEMENT

- A. SVMH complies with all requirements and restrictions of Section 340B of the Public Health Service Act (1992) including, but not limited to, the prohibition against duplicate discounts/rebates under Medicaid, and the prohibition against transferring drugs purchased under 340B to anyone other than a patient of SVMH. [REFERENCE: Public Law 102-585, Section 602, 340B Guidelines, 340B Policy Releases]
- B. SVMH uses any savings generated from participation in 340B in accordance with the 340B program intent. Specifically, to stretch scarce Federal resources as far as possible to service more eligible patients and provide more comprehensive services.

### II. PURPOSE

- A. The purpose of this document is to establish policy and procedures to manage and oversee Salinas Valley Memorial Hospital's (SVMH) participation in the Federal 340B drug discount program and to maintain ongoing compliance with the statute and guidelines put forth by the Health Services Resource Administration's (HRSA) Office of Pharmacy Affairs (OPA).

### III. DEFINITIONS

- A. **340B Ceiling Price:** The maximum price drug manufacturers can charge for a 340B purchased drug. The price is based on the Average Manufacturing Price (AMP) that a manufacturer reports to CMS and what is referred to as the Usual Rebate Amount (URA). The common formula for a generic or non-innovator multi source drug is AMP-URA. The formula for Brand name drugs is AMP-URA or Best Price (the lowest price offered to customers in the AMP reporting period) whichever is lower. If the AMP is rising faster than inflation, an additional discount is owed. URA for brand or innovator drugs is 23.1%. URA for generic or non-innovator multiple source drugs is 13%. The URA for hemophilia or pediatric drugs is 7.1%
- B. **340B Drug Pricing Program (340B Program):** Section 340B of the Public Health Service Act (1992) requires drug manufacturers participating in the Medicaid Drug Rebate Program to sign

an agreement with the Secretary of Health and Human Services. This agreement (Professional Pricing Agreement (PPA)) limits the price manufacturers may charge certain covered entities for covered outpatient drugs. The resulting program is called the 340B Program.

- C. **340B Prime Vendor Program (PVP):** Health Resources and Services Administration (HRSA) are required by the 340B statute to establish a prime vendor program (PVP). Apexus is the current contracted prime vendor. The PVP is responsible for securing sub-ceiling discounts on outpatient drugs and discounts on other pharmacy related products and services for participating 340B entities. The Prime Vendor serves participants in three primary roles in that it (1) Negotiates sub-ceiling 340B pricing on branded and generic pharmaceuticals (2) Establishes distribution solutions and networks that improve access to affordable medications and (3) Provides other value-added pharmacy related products and services to its participants
- D. **340B Eligible Patient:** For the purpose of the 340b program, Salinas Valley Memorial Hospital defines "patient" to mean any individual who meets the definition of "patient" at 61 FR 55156-58 (October 24, 1996) as to Salinas Valley Memorial Hospital.
- E. **340B ID:** A unique identification number provided by HRSA to identify a 340B-eligible entity in the OPAIS. This id is used to purchase drugs.
- F. **340B OPAIS:** The 340B Office of Pharmacy Affairs Information System (OPAIS) provides access to covered entity and manufacturer records, change requests, recertification, and registrations. This system increases the integrity and effectiveness of 340B stakeholder information and focuses on three key priorities, security, user accessibility, and accuracy.
- G. **5i Drugs:** 5i drugs are drugs that are inhaled, infused, implanted, instilled, or injected. The definition is pending a proposed CMS rule which will provide for an alternate AMP calculation for these drugs.
- H. **Actual Acquisition Cost (AAC):** The net cost of a drug paid by a pharmacy. AAC may vary by container size and whether or not the drug was purchased from a manufacturer or wholesaler. AAC typically includes discounts, rebates, chargebacks, and other price adjustments, but excludes dispensing fees.
- I. **Apexus Generics Portfolio (AGP):** The Apexus Generics Portfolio offers discounts on non-contract items for which entities currently pay wholesaler acquisition cost (WAC) pricing. This program enables Apexus to significantly expand upon the current value of the Apexus/340B Prime Vendor Program to SVMH covered entities that are bound by the GPO Prohibition by virtue of participating in the 340B Program as a Disproportionate Share Hospital covered entity. Wholesaler source program for generics are considered a prohibited group buying program.
- J. **Bill to /Ship Account:** An arrangement through a drug wholesaler in which the wholesaler bills the covered entity for covered drugs shipped to a contract pharmacy. The account which belongs to the covered entity is called a bill to ship to account.
- K. **Bundled Charge:** The billing process used for specific items where the charges for the pharmaceutical product and related procedure are combined into one billing to a patient's payer or Medicare
- L. **Charge Description Master (CDM):** The Charge Description Master (CDM), or charge master, is a comprehensive listing of items that could be billed to a patient, payer or healthcare provider. The Charge Description Master (CDM) is primarily a computer file serving as a link between



specific descriptive and coded information of SVMH procedures, drug and supplies and bill generation.

- M. **Compounded Drug:** A pharmaceutical product that results from the combining, mixing, or altering of two or more ingredients, excluding flavorings, to create a customized medication for an individual patient in response to a licensed practitioner's prescription.
- N. **Contract Pharmacy:** 340B covered entities may contract with a pharmacy or pharmacies to provide services to the covered entity's patients, including the service of dispensing the entity-owned 340B drugs. In order to engage in contract pharmacy services, SVMH and the pharmacy(s) must have a written contract that aligns with the compliance elements listed in the Federal Register, and must list the contract pharmacy on the OPA database. Typically a bill-to (entity)/ship-to (pharmacy) arrangement is used.
- O. **Covered Entity:** The statutory name for facilities and programs eligible to purchase discounted drugs through the Public Health Service's 340B drug pricing program. Covered entities include federally qualified health center lookalike programs; certain disproportionate share hospitals owned by, or under contract with, State or local governments; and several categories of facilities or programs funded by Federal grant dollars, including federally qualified health centers, AIDS drug assistance programs, hemophilia treatment centers, STD and TB grant recipients, and family planning clinics.
- P. **Covered Outpatient Drug:** A covered outpatient drug for purposes of the 340B Program is defined in 1927(k) of the Social Security Act (SSA), is summarized as an FDA-approved prescription drug, an over-the-counter (OTC) drug that is written on a prescription, and a biological product that can be dispensed only by a prescription (other than a vaccine) or FDA-approved insulin. Covered outpatient drugs have an NDC that is recognized by the Medicaid Drug Rebate program. Note: having a 340B price alone does not make the product a covered outpatient drug.
- Q. **Diversion:** Covered entities are required to prevent the resell or transfer of drugs purchased at 340B prices to non-eligible patients/facilities. Failure to ensure appropriate use is considered diversion.
- R. **Disproportionate Share Hospital Adjustment Percentage (DSH Percentage):** An adjustment applied to hospitals which treat a high percentage of low-income patients. This adjustment results in an additional payment to these hospitals. Factors included in this adjustment are: the sum of the ratios of Medicare Part A Supplemental Security Income (SSI) patient days to total Medicare patient days and Medicaid patient days to total patient days in the hospital. Ironically, the qualifying parameter-the DSH percentage- for this outpatient program is based on inpatient days  
**Group Purchasing Organization (GPO):** An organization that represents and organizes a group of entities to evaluate and select pharmaceutical products. Using the purchasing power of the entire group, the GPO negotiates contracts that are more favorable than a single organization could achieve. Wholesaler generic source programs are also considered prohibited group buying programs.
- S. **Group Purchasing Organization (GPO) Exclusion:** The GPO Exclusion, per 340B statute, prohibits 340B participating Disproportionate Share Hospitals (DSH), Children's Hospitals (PED), and Free Standing Cancer Hospitals (CAN) from obtaining covered outpatient drugs through group purchasing organizations.

- T. **Health Resources Services Administration (HRSA):** An agency of the U.S. Department of Health and Human Services that is the primary Federal agency for improving access to health care services for people who are uninsured, isolated or medically vulnerable. The primary mission of HRSA is to improve health and achieve health equity through access to quality services, a skilled health workforce and innovative programs.
- U. **Hospital Owned Pharmacy:** Pharmacies that are owned and operated by SVMH as evidenced by their appearance on the SVMH Medicare Cost Report. Hospital owned pharmacies must appear in the OPA covered entity database as approved shipping addresses as a prerequisite to receive and dispense 340B inventory to patients.
- V. **Hospital Signing Authority (Authorizing Official):** A senior managing official who can sign on behalf of the hospital, such as the Chief Executive Officer (CEO), Chief Financial Officer (CFO) or Chief Operating Officer (COO).
- W. **Medicaid Exclusion File:** Covered entities are required to designate in the application process whether 340B drugs will be utilized for Medicaid patients. HRSA maintains this information in the Medicaid Exclusion File and provides it to state Medicaid programs. The purpose of this file is to exclude 340B drugs from Medicaid rebate requests. This prevents drug manufacturers from providing duplicate discounts – one on the 340B drug price and the Medicaid rebate.
- X. **Medicaid Drug Rebate Program:** The Medicaid Drug Rebate Program is a partnership between CMS, State Medicaid Agencies, and participating drug manufacturers that helps to offset the Federal and State costs of most outpatient prescription drugs dispensed to Medicaid patients. Approximately 600 drug manufacturers currently participate in this program. All fifty States and the District of Columbia cover prescription drugs under the Medicaid Drug Rebate Program, which is authorized by Section 1927 of the Social Security Act.
- Y. **Medicare Cost Report:** An annual report required of all institutions participating in the Medicare program. The Medicare Cost Report records each institution's total costs and charges associated with providing services to all patients, the portion of those costs and charges allocated to Medicare patients, and the Medicare payments received.
- Z. **Mixed Use Area:** A location that serves both outpatients and inpatients as designated by the patient registration system. These areas include but are not limited to: Emergency Room, Surgery, Endoscopy and Interventional Radiology.
- AA. **National Drug Code (NDC):** The NDC is the identifying drug number maintained by the Food and Drug Administration. Manufacturers that have executed Pharmaceutical Pricing Agreements (PPA) report quarterly information to the Office of Pharmacy Affairs by NDC number including labeler code, product code, and package size code.
- AB. **Non-GPO:** A group purchasing organization (GPO) is an entity that is created to leverage the purchasing power of a group of businesses to obtain discounts from vendors based on the collective buying power of the GPO members. If a hospital independently negotiates its own pricing with a vendor/company, the arrangement would not constitute GPO negotiation/purchasing, regardless of whether pricing may be similar to that which could be obtained through a GPO. As it relates to 340B, federal regulations addressing the GPO prohibition state that "The Office of Drug Pricing considers the outpatient drug purchases of DSH's bought through a GPO or any group purchasing arrangement ineligible for retroactive discounts." To ensure compliance with the 340B GPO exclusion, a covered entity must not negotiate

outpatient drug pricing through a GPO, or other arrangement that may be interpreted as a group purchasing, or collective bargaining arrangement.

- AC. **340B regulations** distinguish a “purchasing agent” from a “group purchasing arrangement” for purposes of the DSH GPO prohibition. The regulations state that a purchasing agent would not be considered operating as a group purchasing arrangement if the following conditions are met:
- The purchasing agent is not associated with a group purchasing organization;
  - A separate agreement with each DSH is executed;
  - All final decisions concerning product and price acceptance will be made by each individual DSH.
- AD. **Office of Pharmacy Affairs (OPA):** A component of the Health Resources and Services Administration Healthcare Systems Bureau which provides administration of the 340B Program, through which certain federally funded grantees and other safety net health care providers may purchase prescription medication at significantly reduced prices.
- AE. **Prescriber-** See policy 01\_SVMH 340B Eligibility Guidelines for Patients, Sites, Providers and Medications (Prescriptions)
- AF. **Public Health Emergency-** In the United States, a public health emergency declaration releases resources meant to handle an actual or potential public health crisis. The declaration of a public health emergency is typically made by the Secretary of Health and Human Services (HHS).
- AG. **Public Health Service (PHS)** – A division of the United States Department of Health and Human Services with the purpose of delivering public health promotion and disease prevention programs and advancing public health science. Agencies within the PHS include the Centers for Disease Control and Prevention (CDC), the Centers for Medicare and Medicaid Services (CMS), the Food and Drug Administration (FDA), and the Health Resources and Services Administration (HRSA).
- AH. **Rebates (as it relates to the 340B Program):** The Federal Deficit Reduction Act of 2005 (DRA) requires states to collect rebates for covered outpatient drugs administered by “physicians.” In order to comply, states gather utilization data including National Drug Code (NDC), quantity, and unit of measure from claims submitted for physician administered drugs. Drugs purchased through the 340B Program are not eligible for rebates since the discount has been provided through the 340B Program.
- AI. **Third Party Administrator (TPA) Software:** Software employed, on an ongoing basis, to document the utilization of medications on eligible and ineligible patients thereby demonstrating that (1) eligible patient utilization has been procured through 340B and/or other eligible contracts and that (2) ineligible patient utilization has been procured through Non-340B and Non-GPO eligible contracts.
- AJ. **Wholesale Acquisition Cost (WAC):** The price paid by a wholesaler (or direct purchasers) in the United States for drugs purchased from the drug’s manufacturer or supplier. Publicly available WAC lists do not represent actual transaction prices and do not include prompt pay or other discounts, rebates or reductions in price. A Non-340B/Non-GPO is considered a WAC account.
- AK. **Wholesaler:** A wholesaler is a company that serves as a bridge between a drug manufacturer and a covered entity. This means any entity (including a pharmacy or chain of pharmacies) to which the labeler sells the covered outpatient drug, but that does not re-label or repackage the

covered outpatient drug.

## IV. GENERAL INFORMATION

- A. Section 340B of the Public Health Service Act (1992) requires drug manufacturers that want to participate in the Medicaid Drug Rebate Program and to have their products on Medicaid formularies to sign a pharmaceutical pricing agreement (PPA) with the Secretary of the Department of Health and Human Services (HHS). This agreement limits the price that manufacturers can charge Covered Entities (CE) as defined by the statute for covered outpatient drugs (COD).
- B. The 340B program is administered by the Health Resources Services Administration (HRSA) through its Office of Pharmacy Affairs (OPA), a Federal Agency that is part of the Department of Health and Human Services
- C. SVMH, by virtue of its qualification as a participant in the 340B Program:
  - Agrees to abide by specific statutory requirements and prohibitions and follow guidance issued by HRSA/OPA.
  - May access (purchase) 340B drugs.
- D. SVMH has systems/mechanisms in place to reasonably assure ongoing compliance with all 340B program requirements.
- E. SVMH has auditable records demonstrating compliance with the 340B program. These reports are reviewed by SVMH as part of the SVMH 340B oversight and compliance program. SVMH meets the criteria for qualification as a Disproportionate Share Hospital (a Covered Entity type) showing as DSH percentage of 25.33 on Worksheet E, Part A, Line 33 of the most recently filed Medicare Cost Report. The minimum percentage for qualification as a DSH is 11.75%.
- F. SVMH qualifies as a DSH by virtue of its being a public hospital district organized June 20, 1947 under the terms of the Local Health Care District Law pursuant to Division 23 of the California Health and Safety Code. The District has powers of taxation and is governed by an elected Board. A President/CEO is hired by the Board to manage District Operations. Any change in CEO/President must be reported to the California Department of Public Health.
- G. SVMH's listing on the Office of Pharmacy Affairs Information System (OPAIS) is complete, accurate, and correct. This includes the proper entries in the Medicaid Exclusion File. SVMH "carves in" Medicaid as required by California Welfare and Institutions Code Section 14105.46. SVMH lists any legacy provider number and billing NPI numbers used for any State Medicaid Agency in the exclusion file. SVMH will notify OPA immediately of any change in the information by way of the change request process. SVMH understands that the change of the file will not take place until the beginning of the next quarter and that SVMH will have to take extra steps to assure compliance during the interim. A copy of the OPAIS database listing is included in the Central Repository File.
- H. SVMH only purchases 340B priced drugs for patients of SVMH.
- I. Child sites, when qualified, are registered quarterly corresponding OPA's open registration period. All new sites must be listed on the reimbursable section (lines 50 to 133) of the most recently filed Medicare Cost Report and have charges or will be listed when the next Medicare

Cost Report is filed SVMH

- J. SVMH does not obtain CODs through a Group Purchasing Organization (GPO) or other group purchasing arrangement such as a drug wholesaler generic sourcing program for any outpatient area that purchases 340B. Outpatient drugs that are not 340B eligible are purchased at Wholesale Acquisition Price (WAC) or through a non-GPO contract directly with the manufacturer.
- K. SVMH interprets Section 1927 (k) of the Social Security Act and evaluated for inclusion for 340B outpatient definition non-reimbursable drugs, drugs bought by pharmacy, but billed using a non-pharmacy CDM code and where direct reimbursement is not identifiable or bundled. SVMH defines following two classes of drug as Not Covered Outpatient Drugs and purchases on a GPO account:
  - Intravenous Fluids without additives (purchased by Materials Management)
  - Anesthesia Gases (purchased by pharmacy, but bundled).
- L. Employees of SVMH are not considered patients unless they meet the criteria in the definition of patient.
- M. SVMH uses contract pharmacy administration services through a TPA. These services are performed in accordance with HRSA requirements including, but not limited to, SVMH obtains sufficient information from the contractor to ensure compliance with applicable policy and legal requirements. SVMH has utilized appropriate methodology to ensure compliance. SVMH performs periodic audits of its contract pharmacy and has engaged an external auditor to review the program annually.
- N. SVMH acknowledges its responsibility to contact HRSA/OPA as soon as reasonable possible if there is any change in 340B eligibility or material breach. In the case of loss of eligibility, SVMH will immediately stop purchasing 340B drugs and inform OPA of such.

## V. PROCEDURE

- A. N/A

## VI. EDUCATION/TRAINING

- A. Education and/or training is provided as needed

## VII. REFERENCES

- A. Policies 340B-1-340B-14: SVMH maintains separate policy and procedure documents for the operational components of the 340B Drug Pricing Programs.
- B. For questions about this policy, or assistance with understanding your obligations under this policy, please contact the SVMH 340B Compliance Officer.
- C. Law, Regulations & Accreditation:  
<http://www.hrsa.gov/opa/programrequirements/federalregisternotices/index.html>
- D. Section 340B of the Public Health Services Act of 1992
- E. 340B Drug Pricing Program- Official Website of the Health Resources and Services

Administration  
<https://www.hrsa.gov/opa/index.html>

- F. Apexus Answers  
<https://www.340bpvp.cpm/about/apexus-answers/>
- G. Apexus 340B Prime Vendor Resource Center  
<https://www.340bpvp.com/resource-center/>
- H. 340B Health Website  
<https://www.340bhealth.org-resources/other-resources/>

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## Attachments

[Attachment A.docx](#)

[Attachment B.docx](#)

[Attachment C.docx](#)

[Attachment D.docx](#)

[Attachment E.docx](#)

[Attachment F.docx](#)

[Attachment G.docx](#)

[Attachment H.docx](#)

[Attachment I.docx](#)

[Attachment J.docx](#)

[Attachment K.docx](#)

[Attachment L.docx](#)

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## Approval Signatures

Step Description	Approver	Date
Policy Owner	Clement Miller: Chief Operating Officer	Pending

## Attachment A

### DSH ELIGIBILITY-PATIENTS, SITES, PROVIDERS, MEDICATIONS

#### I. POLICY STATEMENT

A. N/A

#### II. PURPOSE

The purpose of this policy and these procedures is to document a patient definition for SVMH and to provide criteria used to determine eligible patients, eligible sites, eligible providers and eligible prescriptions under the 340B Program.

#### III. DEFINITIONS

##### A. Patient Definition

For the purpose of the 340b program, Salinas Valley Memorial Hospital defines “patient” to mean any individual who meets the definition of “patient” at 61 FR 55156-58 (October 24, 1996) as to Salinas Valley Memorial Hospital.SVMH

##### B. Eligible Patients

In administering the 340B Drug program, drugs dispensed to the patients who meet the *Patient Definition* as defined herein, have been determined to meet the requirements of “*Eligible Patients*” for whom 340B drugs may be dispensed.

##### C. Eligible Sites

SVMH 340B eligible location data and SVMH 340B eligible provider data, which together comprise a SVMH 340B eligible encounter, are used to determine whether patient eligibility exists for participation in the SVMH 340B program. If a patient or patient encounter meets at least one of the following criteria, the patient is considered to have visited a “340B Eligible Site”:

- The patient encounter occurred within the four walls of the hospital, including all rooms located within. The patient encounter occurred at a SVMH outpatient location; or
- Usage in a mixed use area is qualified if the patient is classified as an outpatient by the SVMH patient registration system at the time the medication is dispensed and/or administered as an eligible medication or prescription; or
- The patient encounter was a discharge from SVMH 340B Covered Entity, including prescriptions and refills for up to 3 years; or
- The patient was a referral to or from a SVMH and SVMH maintains responsibility for patient care and maintains EMR documentation.

##### D. Eligible Providers:

The SVMH patient encounter is considered to have been conducted by an Eligible Provider when that Provider is a licensed health care provider who can demonstrate provider-to patient responsibility. This may include mid-level providers and clinicians working under collaborative practice arrangements. There may be limited and narrow

circumstances where the Covered Entity may demonstrate sufficient patient-to-provider responsibility where the health care provider does not have prescriptive authority.

Examples of Eligible Providers at SVMH include Providers who:

- Are under contractual arrangements with SVMH to provide services through other arrangements including a referral for services.
- Possess admitting privileges and/or are credentialed Providers of SVMH (including but not limited to providers in educational training programs).

E. **Eligible Drugs**

Medication orders or prescriptions written for patients who meet the *Patient Definition* are eligible for fulfillment under SVMH 340B Program.

- Covered drugs under the 340B drug pricing program include drugs used in an outpatient setting with the exception of vaccines. Both prescription and over the counter drugs for which a qualified prescriber writes a prescription may be purchased at or below the 340B statutory ceiling price.
- Medication orders or prescriptions for eligible patients are either:
- Dispensed from 340B inventory provided directly to eligible outpatient areas where only outpatient drugs are dispensed
- Accumulated for reorder using 340B third party administrator (TPA) software and replenished after the dispensing of non-GPO inventory in mixed use areas where both inpatient and outpatient drugs are dispensed
- Medications dispensed to an inpatient are not eligible for 340B discounted drugs.

F. **Anti-Diversion**

The 340B program regulations prohibit use of 340B program drugs for individuals who do not meet the definition of a 340B *Eligible Patient* of the *Covered Entity*. A patient may not receive 340B purchased drug if they are not *Eligible Patients* of the covered entity as defined in this policy.

IV. **GENERAL INFORMATION**

A. N/A

V. **PROCEDURE**

A. SVMH, registered with the U.S. Department of Health and Human Services Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA) as a 340B Covered Entity (hereinafter referred to as the “*Covered Entity*”) will comply with all laws and regulations governing the 340B Drug Pricing Program.

VI. **EDUCATION/TRAINING**

A. N/A

VII. **REFERENCES**

A. N/A



## Attachment B

### DSH ELIGIBILITY-REGISTRATION AND ANNUAL RECERTIFICATION

#### I. POLICY STATEMENT

A. N/A

#### II. PURPOSE

N/A

#### III. DEFINITIONS

A. N/A

#### IV. GENERAL INFORMATION

A. N/A

#### V. PROCEDURE

A. SVMH monitors and meets its ongoing eligibility requirements by virtue of its eligibility as a Disproportionate Share Hospital (DSH) in the 340B Program.

##### **Covered Entity Eligibility Determination for DSH Facility**

- To determine whether SVMH continues to qualify as an eligible 340B Program DSH facility participant, the following steps occur
  1. The most recently filed Medicare Cost Report is obtained and a determination is needed as to whether the adjusted DSH percentage is greater than 11.75%
    - a. If the adjusted DSH percentage is greater than 11.75%, SVMH is eligible to participate in the 340B Program as DSH entity type. Additionally, a determination is needed as to whether SVMH has (1) A private nonprofit hospital under contract with State or local government to provide health care services to low income individuals who are not eligible for Medicare or Medicaid; or (2) Owned or operated by a unit of State or local government; or (3) A public or private nonprofit corporation that is formally granted governmental powers by a unit of State or local government.
      - i. If SVMH has not been granted formal governmental powers OR does not have a contract with the state and/or local government to provide this care, SVMH will seek to obtain the required statute and/or contract(s) as supporting documentation of meeting the 340B Program requirements and the aforementioned steps will occur as part of the review process until the requirements are met.
      - ii. If SVMH has been granted formal governmental powers OR does have a contract with the state and/or local government to provide care to the indigent, then SVMH will provide documentation as requested by HRSA.

- b. If the adjusted DSH percentage is not greater than 11.75%, the accuracy of the most recently filed Medicare Cost Report is verified with the Finance and/or Revenue Cycle Department as follows:
  1. In conjunction with the Finance and/or Revenue Cycle Department, pharmacy leadership determines whether the Medicare Cost Report was filed correctly for the specified time period:
    - a. If the Medicare Cost Report was not filed correctly for the specified time period, an analysis is performed on all medical records to ensure all patients days are captured and reported accordingly, at which point the Adjusted DSH percentage is re-calculated.
    - b. If there are no errors in the most recently filed Medicare Cost Report and Adjusted DSH percentage, pharmacy leadership will perform the 340B Program eligibility determination when the next Medicare Cost Report is filed with CMS, and the aforementioned steps will occur as part of the review process until the requirements are met.
    - c. If the Medicare Cost Report does not need to be re-submitted to correct the erroneous information, pharmacy leadership will perform the 340B Program eligibility determination when the next cost report is filed with CMS and the aforementioned steps will occur as part of the review process until the requirements are met.
    - d. If the Medicare Cost Report does need to be resubmitted, the Finance and/or Revenue Cycle Department will modify the Medicare Cost Report and submit the amended version to CMS and the Fiscal Intermediary, respectively. Once submitted, pharmacy leadership will perform the 340B Program eligibility determination, and the aforementioned steps will occur as part of the review process until the requirements are met.

**Covered Entity Eligibility Determination for Outpatient Facilities:**

SVMH consistently evaluates whether newly developed services and/or facilities meet the eligibility requirements for the 340B Program. The criterion used to determine whether the service area meets the requirements for 340B Enrollment is whether the service area meets Medicare provider-based rules as to SVMH.

**Registration with the Office of Pharmacy Affairs (OPA):**

- If the eligibility criteria are met for the new service or in the event additional locations need to be enrolled, the SVMH authorizing official will need to complete the registration process on the OPAIS during the quarterly open registration periods as follows:
  1. January 1–January 15 for an effective start date of April 1

2. April 1– April 15 for an effective start date of July 1
  3. July 1–July 15 for an effective start date of October 1
  4. October 1– October 15 for an effective start date of January 1
- Complete instructions are available on the OPA website.

**Failure to Meet Guidelines for Participation as a DSH Hospital in the 340B Program:**

- If SVMH fails to meet any of the 340B participation requirements of a DSH covered entity type, SVMH) will (1) immediately notify the OPA in writing via a termination request and (2) cease purchasing drugs under the 340B Program

**Annual Recertification:**

- The Primary Contact, in conjunction with the Authorizing Official shall visit the OPAIS website, review any SVMH parent and child site information and make any changes necessary during the recertification period as required by the Office of Pharmacy Affairs (OPA).
  1. Verify all information is correct. If any information is incorrect, enter correct information. To avoid removal from the program, this process must be signed off on by the Authorizing Official by the end of the designated recertification period. It is the Covered Entity’s responsibility to recertify the following:
    - a. All information listed on the 340B Program database for the covered entity is complete, accurate, and correct.
    - b. All 340B Program eligibility requirements since being listed as eligible on the 340B Database have been met.
    - c. Compliance with all requirements and restrictions of Section 340B of the Public Health Services Act and any accompanying regulations and guidelines including, but not limited to, the prohibition against diversion, against Group Purchasing Participation for Outpatient covered drugs and against duplicate discounts.
    - d. Maintenance of auditable records demonstrating compliance.
    - e. Systems/mechanisms are in place to reasonably assure ongoing compliance with program requirements.
    - f. OPA is contacted as soon as possible if there is any material breach by the covered entity of any of the foregoing.
  2. Not meeting program requirements will result in removal from the 340B Program. Therefore, it is essential that all Covered Entities maintain up-to-date and accurate information in the OPA 340B database. Outside of the recertification period, changes are done through a change request process.
    - a. HRSA reserves the right to request additional information to verify the 340B Program integrity requirements.

**VI. EDUCATION/TRAINING**

A. N/A

**VII. REFERENCES**

A. N/A

## Attachment C

### PRIME VENDOR PROGRAM (PVP) ENROLLMENT AND UPDATES

#### I. POLICY STATEMENT

A. N/A

#### II. PURPOSE

N/A

#### III. DEFINITIONS

A. N/A

#### IV. GENERAL INFORMATION

A. N/A

#### V. PROCEDURE

##### A. Enrollment in the Prime Vendor Program

- SVMH completes online 340B Program registration with HRSA\
- SVMH completes online PVP registration (<https://www.340bpvp.com/register/apply-to-participate-for-340b/>).
- PVP staff validates information and sends confirmation email to SVMH
- SVMH logs in to [www.340bpvp.com](http://www.340bpvp.com), selects user name/password

##### B. Keep Prime Vendor Profile Up to Date

- SVMH accesses [www.340bpvp.com](http://www.340bpvp.com)
  1. SVMH clicks Login in the upper right corner
  2. SVMH inputs PVP log-in credentials
  3. In the upper right corner click “My Profile” to access page <https://members.340bpvp.com/webMemberProfileInstructions.aspx>.
  4. SVMH clicks “Continue to My Profile” to access page <https://members.340bpvp.com/webMemberProfile.aspx>
    - a. Find a list of your facilities
      - i. Click on the 340B ID number hyperlink to view or change profile information for that facility.
      - ii. Update HRSA Information- Complete the 340B Change Form as detailed above
      - iii. After the HRSA 340B Database has been updated, the PVP database will be updated during the nightly synchronization.
      - iv. SVMH updates the 340B Prime Vendor Program (PVP) Participation Information- Edit SVMH’s DEA number, distributor and/or contacts.

#### VI. EDUCATION/TRAINING

A. N/A

#### VII. REFERENCES

A. N/A

**Attachment D**  
**PURCHASING AND ACCOUNTS**

**I. POLICY STATEMENT**

A. N/A

**II. PURPOSE**

N/A

**III. DEFINITIONS**

A. N/A

**IV. GENERAL INFORMATION**

A. The U.S. Department of Health and Human Services Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA) mandates that all covered entities utilize the appropriate purchasing accounts and respective contract loads for 340B and Non-340B inventory replenishments. As a DSH covered entity type, SVMH is prohibited from obtaining covered outpatient drugs through group purchasing organizations. The purpose of this policy is to establish the required purchasing accounts and purchasing procedures to maintain compliance with purchasing regulations under the 340B Program.

**V. PROCEDURE**

A. SVMH adheres to the following guidelines when establishing 340B Purchasing Accounts:

- **Establishing Wholesaler Purchasing Accounts**  
Once a covered entity sub-division is established and the 340B eligibility of its patients is determined, SVMH works collaboratively with the wholesaler to establish the appropriate accounts to meet the 340B Program regulatory requirements. The account types and applicable contract load hierarchy are listed below for each of the SVMH wholesaler purchasing accounts.
- **GPO Account Type**  
Standard Group Purchasing for inpatient purchases or outpatient locations that are (1) located at a different physical address than the parent and (2) are not registered on the OPA 340B database as participating in the 340B Program
  1. GPO Acute Care contracts (base)
  2. Committed contracts
  3. Individual Hospital Contracts
  4. Network Net
  5. Wholesaler Generic source programs
  6. Vendor Agreements (Consignment)
- **340B/PHS Account Type**

Outpatient purchases for 340B-eligible covered outpatient drugs for eligible dispensations.

1. PHS (340B)
2. PVP (Sub-ceiling and Value Added Portfolio)
3. Apexus Generic Portfolio (for 340B eligible items of portfolio)
4. Individually negotiated hospital Contracts
5. WAC (Non Contract Account) (Wholesale Acquisition Price)
6. Consignment if set up to replenish with 340B

- **WAC Type Account (WAC Account is also called Non Contract Account)**

Purchases of “covered outpatient drugs” for 340B-ineligible patients and dispensations

1. WAC
2. Individual Hospital Contracts (non-340B)
3. Wholesaler /Apexus Generic Portfolio (WAC reduction portion of portfolio)
4. Apexus Value Added Portfolio (Vaccines and other non-covered goods and services.

- **Establishing a Direct Purchase 340B Account**

If it is determined a 340B eligible medication must be purchased that is not available through the wholesaler, the pharmacy-purchasing agent may establish a separate 340B purchasing account directly with the manufacturer. Some manufacturers may use a single account for both non-340B and 340B purchases. SVMH prefers separate accounts for easier audit and management capabilities. The manufacturer is responsible for verifying entity eligibility in the 340B program prior to the account being established.

340B	Non-GPO/WAC	GPO
Patients met 340B patient definition and received services on an outpatient basis in a 340B registered/participating hospital clinic	<p>Products that do not have an 11-digit NDC match on the 340B contract but are otherwise eligible for 340B purchase</p> <p>Products that currently are not available (e.g., drug shortages) such that an 11-digit NDC match is not available</p> <p>Non-340B eligible outpatients, i.e.:</p> <ul style="list-style-type: none"> <li>• Administration or dispensing occurred at a clinic within four walls of parent, but not 340B eligible</li> <li>• In-house pharmacy open to public</li> <li>• Medicaid carve-out outpatients</li> <li>• Lost charges or wasted product</li> </ul>	<p>GPO/Inpatient class of trade: Inpatient status determined by hospital at the date/time of administration</p> <p>GPO/Outpatient class of trade: Offsite/unregistered outpatient clinics</p>

- **Product Unavailable (Out of Stock)**

It is SVMH’s policy that in the event of a stock out through the wholesaler, where a product is unavailable on the 340B or WAC accounts, all efforts will be made and



documented to obtain the drug from other sources under a non-GPO contract. If a product is unavailable from the standard wholesaler SVMH will:

1. Determine if a substitute product is available for use
2. Contact other third party suppliers to see if the product can be obtained
3. Contact the manufacturer to see if the product can be obtained directly
4. Contact other SVMH Pharmacies to see if the product can be transferred

If the product is unable to be obtained and the product is considered a medical necessity for the patient, SVMH per guidance from Apexus, will purchase the product on the GPO Account. SVMH will document all contact made with other parties to provide an audit trail as to the reason for purchasing a GPO product, and will make HRSA aware of the shortage with no substitutes available in the market.

**VI. EDUCATION/TRAINING**

A. N/A

**VII. REFERENCES**

A. N/A

**Attachment E**  
**MEDICAID AND MEDICARE BILLING**

**I. POLICY STATEMENT**

A. N/A

**II. PURPOSE**

N/A

**III. DEFINITIONS**

A. N/A

**IV. GENERAL INFORMATION**

A. N/A

**V. PROCEDURE**

A. **Medicaid Agencies**

SVMH is an enrolled provider and participates in the California Medi-Cal Program. SVMH carves in Medi-Cal as required by the State of California. Please note that contract pharmacy is carved out, also as required by HRSA. At the time of registration, SVMH is required to inform HRSA (by providing the legacy Medicaid billing number(s) and NPI number(s)) that it uses to bill Medi-Cal or other out of State Medicaid agencies on the HRSA Medicaid Exclusion File so that the State of California will not bill manufacturers for rebates on Medicaid claims billed by SVMH. The manufacturers have already provided an upfront discount on these claims- the 340B price. As a “carve-in” entity SVMH will do the following:

- Review Medicaid Exclusion file to assure all NPI’s used for Medicaid billing are listed
- Make required updates to NPI numbers listed in the Medicaid Exclusion file as necessary
- Bill Medi-Cal for all 340B drugs dispensed to Medi-Cal beneficiaries at 340B acquisition cost plus the State of California approved dispense fee, inclusive of any/all required modifiers.
- Audit Medicaid charges to assure appropriate billing is occurring.

B. **Medicaid Managed Care Billing**

SVMH will bill Medicaid Managed Care Organizations based on the policies set forth by each Managed Care Organization. Policies for each Managed Care Organization can be found on the Managed Care Organization’s website. All Medi-Cal Managed Care Organization claims will be billed with the inclusion of the UD Modifier or “08” in the basis of cost determination field to prevent duplicate discounts on any claims submitted to the state Medicaid agency for rebate collection.

The Central Coast Alliance (The Alliance) which is of the County Organized Health System (COHS) type and operates in Monterey, Santa Cruz, and Merced counties. Currently, SVMH is carving these claims in for both the hospital and contract pharmacy. SVMH will continue to carve these claims in for contract pharmacy until either the State or The Alliance gives direction on what steps they want covered entities to take to assure the prevention of duplicate discounts.

**C. Medicare Billing**

**Medicare Fee for Service Program**

Hospitals billing under the Medicare Outpatient Prospective Payment System (OPPS) will receive lower reimbursement (Average Sales Price less 22.5%) for drugs acquired at the 340B price or below (includes prime vendor subceiling pricing) and dispensed to a Medicare beneficiary. These claims are identified by one or the two types of modifiers below (bill type 13X) beginning 1/1/2018

- Modifier JG: Drug or biological acquired with 340B Drug Pricing discount.
- Modifier TB: Drug or biological acquired with 340B Drug Pricing discount, reported for informational purposes only.
  - a. The modifier billing and reimbursement does not apply to Medicare Part B dispensations by contract pharmacy.
  - b. Medicare Advantage Plans and Medicare Part D plans are allowed to have their own reimbursement policies negotiated for 340B claims. SVMH is a co-owner of Aspire, a Medicare Advantage Plan Medicare Part D claims are currently only seen in the contract pharmacy setting.

**VI. EDUCATION/TRAINING**

A. N/A

**VII. REFERENCES**

A. N/A

## Attachment F

### INVENTORY MANAGEMENT AND SPLIT-BILLING-MIXED USE AREA

#### I. POLICY STATEMENT

A. N/A

#### II. PURPOSE

N/A

#### III. DEFINITIONS

A. N/A

#### IV. GENERAL INFORMATION

A. N/A

#### V. PROCEDURE

A. SVMH is able to purchase eligible 340B medications for replenishing drug stock that is tied to dispensations to eligible patients. Third Party Administrator software (TPA) is used to identify eligible patients meeting the SVMH 340B Program patient definition. This software provides a tool for assisting with program compliance and is used to provide information in the event of an audit. Third Party Administrator software helps with monitoring patient identification for qualified ambulatory services and discharged patients.

- **SVMH IT Data Sent to Third Party Administrator Software:**

Drug Utilization reports are submitted to the TPA by SVMH IT on a daily basis SVMH IT transmits the following data components to the TPA Software to facilitate the SVMH 340B Program.

- a. Date of Service -Date of service/discharge
- b. Time of Charge -Time of charge posting (if applicable/available)
- c. Medical Record/Patient Account Number -Unique identifier for audit trail and is consistent for all visits by the same patient.
- d. Visit/Encounter Number-Unique identifier for audit trail and is unique to the specific patient visit.
- e. Patient Type -Patient's disposition when the drug is administered
- f. Location - Identifier of service location (clinic name, floor number, etc.)
- g. Charge Code -Drug Charge Code that is unique and consistent for a particular drug/strength/dosage form and does not vary based on the NDC used.
- h. Charge Description -Drug Charge Description
- i. Quantity -Total units charged to patient
- j. HCPCS Code -HCPCS Code assigned to charge (J-Code, S-Code, X-Code, etc.)
- k. Gross Charge -Gross charge for each line item.

- l. Primary Payer -Identifier of primary payer (abbreviation or unique code is acceptable)
- m. Secondary Payer –Identifier of secondary payer (abbreviation of unique code is acceptable)
- n. Tertiary Payer –Identifier of tertiary payer (abbreviation or unique code is acceptable)
- o. Facility code

- **Inventory Categorization and Calculation**

For “non-covered outpatient drug” data, the following steps occur

- a. Pharmacy dispensed data is flagged for exclusion in the 340B Program and GPO Prohibition requirements.
- b. The pharmacy charges for “non-covered outpatient drugs” are totaled by each CDM and corresponding NDC dispense quantity.
- c. Wholesaler package units that are needed for inventory par levels are replenished using GPO Accounts.
  - i. Full wholesale package units are ordered via the wholesaler ordering system when SVMH generates a GPO inventory replenishment purchase order of all full wholesaler package units. The GPO inventory replenishment purchase order is sent to the pharmaceutical wholesaler via EDI 810.

For “GPO Dispense” data, the following steps occur:

- d. The pharmacy charges for “GPO Dispense” data are totaled by each CDM and corresponding NDC dispense quantity.
  - 1. The total dispense quantity is divided by corresponding 11 digit NDC wholesale package size. The value from the package size conversion is rounded to the nearest two (2) decimal points. The calculation to determine partial units is [Total Wholesale Package Units – (Round down (Total Wholesale Package Units))]
  - 2. The resulting total dispensed package units per 11-digit NDC are segregated into full manufacturer package units and partial manufacturer package units.
    - a. Full wholesale package units are ordered via the wholesaler ordering system when SVMH generates a GPO inventory replenishment purchase order of all full wholesaler package units. The GPO inventory replenishment purchase order is sent to the pharmaceutical wholesaler via EDI 810.
    - b. Partial wholesale package units continue accumulating until a full wholesale package unit is reached, at which point the aforementioned process for full manufacturer package units is followed
    - c. Partial wholesaler package units that have not reached a full package size, but are needed for inventory are replenished using Non-340B / Non-GPO Accounts. SVMH generates a Non-340B / Non-GPO inventory replenishment purchase

order for all required wholesale units. The Non-340B / Non-GPO inventory replenishment purchase order is sent to the pharmaceutical wholesaler via EDI 810

- For “340B Eligible Dispense” data, the following steps occur
  - The pharmacy charges for “340B Eligible Dispense” data are totaled by each CDM and corresponding NDC dispense quantity.
  - A determination is needed as to whether the 11 digit NDC exists in the quarterly 340B wholesaler catalog.
    - a. If the 11 digit NDC does not exist in the quarterly 340B wholesaler catalog, the pharmacy charge and associate dispense are re-categorized as a “Non-340B / Non-GPO Dispense” and the aforementioned process for Non-340B / Non-GPO inventory replenishments are followed
    - b. If the 11 digit NDC does exist in the quarterly 340B wholesaler catalog, following steps occur:
      - i. The total dispense quantity is divided by corresponding 11 digit NDC wholesale package size. The value from the package size conversion is rounded to the nearest two (2) decimal points. The calculation to determine partial units is [Total Wholesale Package Units – (Round down(Total Wholesale Package Units))]
      - ii. The resulting total dispensed package units per 11-digit NDC are segregated into full manufacturer package units and partial manufacturer package units.
      - iii. Full wholesale package units are ordered via the wholesaler ordering system when SVMH generates a 340B inventory replenishment purchase order of all full wholesaler package units. The 340B inventory replenishment purchase order is sent to the pharmaceutical wholesaler via EDI 810.
      - iv. Partial wholesale package units continue accumulating toward a full manufacturer package until a full wholesale package unit is reached, at which point the aforementioned process for full 340B wholesale package units is followed
      - v. Partial wholesaler package units that have not reached a full package size, but are needed for inventory are replenished using Non-340B / Non-GPO Accounts and the aforementioned process for Non-340B / Non-GPO inventory replenishments is followed.
- **Wholesaler Inventory Replenishment**

SVMH uses the following processes as it pertains to inventory replenishment and receiving functions for the GPO, 340B and Non-340B/Non-GPO inventory purchase orders generated by the TPA Software

  - a. Upon wholesaler’s receipt of the inventory replenishment purchase orders, if the wholesaler has the item in stock the following steps occur:
    - i. The items for replenishment are picked by the wholesaler and shipped to SVMH Pharmacy Inventory Receiving with the inventory packing slip.

- ii. SVMH receives a shipment notification via EDI 856 from the wholesaler.
- iii. The wholesaler generates separate invoices for the SVMH GPO, 340B and Non-340B/Non-GPO inventory replenishments and sends them to the SVMH Accounts Payable Department
- b. Upon wholesaler's receipt of the inventory replenishment purchase orders, if the wholesaler does not have the item in stock, and the 11-digit NDC has not been changed and/or discontinued, SVMH continues to maintain the purchase order and the aforementioned steps continue to occur.
- c. Upon wholesaler's receipt of the inventory replenishment purchase orders, if the wholesaler does not have the item in stock, and the 11-digit NDC has been changed and/or discontinued, and there is no 340B usage, SVMH generates a Non-340B/Non-GPO Inventory Replenishment Purchase Order with a therapeutically equivalent 11-Digit NDC, and the aforementioned steps for Non-340B/Non-GPO inventory replenishments continue to occur.
- d. Upon wholesaler's receipt of the inventory replenishment purchase orders, if the wholesaler does not have the item in stock, and the 11-digit NDC has been changed and/or discontinued, and there is 340B usage, SVMH archives the accumulated 340B Inventory utilization in the TPA software, generates a Non-340B/Non-GPO Inventory Replenishment Purchase Order with a therapeutically equivalent 11-Digit NDC, and the aforementioned steps for Non-340B/Non-GPO inventory replenishments continue to occur
  - i. For items that are classified as "non-covered outpatient drugs," SVMH generates a GPO Inventory Replenishment Purchase Order with a therapeutically equivalent 11 digit NDC.

- **SVMH Pharmacy Inventory Receiving Functions**

The following steps occur as it pertains to the SVMH pharmacy inventory functions:

- Upon receipt of the replenishment inventory by the SVMH pharmacy from the wholesaler, the SVMH pharmacy compares the replenishment inventory received with the NDCs and item quantities listed on the invoice included with the shipment.
  - a. If the replenishment inventory NDCs and quantities do not match the NDCs and item quantities listed on the packing slip that is included with the shipment, any/all discrepancies are immediately reported to the SVMH Pharmacy Purchasing Analyst and/or Pharmacy Purchasing Agent
  - b. If the inventory replenishment does match the NDCs and item quantities listed on the packing slip, the SVMH pharmacy adds the replenished items to the current inventory balance.

- **SVMH Accounts Payable Functions**

The SVMH Pharmacy Accounts Payable personnel perform the following processes to facilitate the accounts payable functions with the Wholesaler

- Upon receipt of a 340B wholesaler invoice for 340B inventory replenishment to the pharmacy, the following steps occur:
  - a. If discrepancies exist, the SVMH Pharmacy Accounts Payable department notifies the wholesaler for resolution.
  - b. If discrepancies do not exist, the SVMH Pharmacy Accounts payable department approves the 340B inventory replenishment invoices and pays the wholesaler the invoice amount.

**VI. EDUCATION/TRAINING**

A. N/A

**VII. REFERENCES**

A. N/A



## Attachment G

### CONTRACT PHARMACY OPERATIONS

#### I. POLICY STATEMENT

A. N/A

#### II. PURPOSE

N/A

#### III. DEFINITIONS

A. N/A

#### IV. GENERAL INFORMATION

A. N/A

#### V. PROCEDURE

- A. SVMH utilizes a retrospective contract pharmacy model. 340B eligible dispensations from the contract pharmacy are identified from claims data retrospectively. The eligible claims are identified and accumulated by SVMH's contract pharmacy administrator-TPA. Since the contract pharmacy paid for the drugs dispensed at their own price and collected from both patients and insurance providers- the proceeds are paid for the eligible claims to SVMH less contractual fees. SVMH replaces the drug as enough accumulations occur for whole package quantities to be purchased on 340B.
- B. SVMH as a covered entity replenishes dispensations of its patients that meet SVMH's 340B qualification criteria at its registered contract pharmacies. The drugs are purchased by SVMH and shipped to the appropriate contract pharmacy through a wholesaler bill to ship to account. This contractual relationship acknowledges the responsibilities of each party to maintain the integrity of the program and adhere to 340B rules and regulations.
- C. Through 340B contract pharmacy agreements, SVMH can meet goals set by HRSA for the 340B program, namely, stretching scarce federal resources, reaching more eligible patients, providing more comprehensive services and expanding existing patient services.

- **SVMH Data Sent to Third Party Administrator:**

SVMH transmits the following data components to the TPA software vendor to facilitate 340B Contract Pharmacies:

- a. SVMH covered entity patient encounter data is sent daily as a batch file via secure FTP
- b. Visit-Date of inpatient discharge or outpatient service
- c. Time of Discharge/Visit -Time of discharge or encounter
- d. Patient Medical Record/Account Number (or other unique identifier) - Unique identifier for audit trail. Should be consistent for all visits by the same patient.
- e. Visit/Encounter Number (or other unique identifier) -Unique identifier for audit trail. Should be unique to the specific patient visit.

- f. Location -Identifier of service location (clinic name, floor number, etc.)
- g. Patient Last Name -Patient last name as registered
- h. Patient First Name -Patient first name as registered
- i. Date of Birth -Patient date of birth
- j. Patient Zip Code -Zip code for patient's home address
- k. Final Disposition -Identifier of patient's final status (inpatient, outpatient, clinic, ER, Orbs, etc.)
- l. Primary Diagnosis -Primary ICD10 Code assigned to patient's visit
- m. Secondary Diagnosis -Secondary ICD10 Code assigned to patient's visit
- n. Third Diagnosis -Third ICD10 Code assigned to patient's visit (note: please include additional fields for additional ICD10 codes if available)
- o. Additional Diagnoses -Each additional ICD10 code should be listed in additional fields as necessary
- p. Primary Payer -Identifier of primary payer (abbreviation or unique code is acceptable)
- q. 837 Documents (claims) are formatted at the source and sent daily via secure FTP
- r. SVMH Medical Office credentialing systems are used to send 100% 340B eligible provider data as a formatted data extract daily via secure FTP

- **Defining an Eligible Patient:**

For the purpose of the 340b program, SVMH defines "patient" to mean any individual who meets the definition of "patient" at 61 FR 55156-58 (October 24, 1996) as to Salinas Valley Memorial Hospital. SVMH, in conjunction with their TPA, use the following process review to determine if a patient is eligible for their prescription to be processed through the SVMH 340B contract pharmacy program.

- a. SVMH 340B eligible location data and SVMH 340B eligible provider data, which together comprise a SVMH 340B eligible encounter, are used to determine whether patient eligibility exists for participation in the SVMH 340B contract pharmacy program:

- **Defining an Eligible Pharmacy Dispense:**

SVMH 340B covered entities use the following process to define an eligible pharmacy dispense for prescriptions dispensed at 340B contract pharmacies that have agreed to utilize TPA to administer the contract pharmacy program

- a. Prescriptions dispensed at 340B contract pharmacies that have agreed to utilize TPA to administer the contract pharmacy program:
- b. An individual presents with a prescription at a 340B contract pharmacy contracted to a SVMH 340B covered entity.
- c. The 340B Contract Pharmacy fills/dispenses the prescription for the individual.
  - i. If the prescription claim is adjudicated as Medicaid, the claim is classified as a "non-340B prescription".

- ii. If the prescription claim is not adjudicated to Medicaid, but the claim is adjudicated to a commercial payer, the TPA compares the 340B contract pharmacy claims data to the SVMH 340B eligible patient data, classifying the claim a “340B Prescription” if the following criteria are met:
    - d. The prescription claim’s 11-digit National Drug Code (NDC) appears in the current quarterly 340B Drug Pricing Catalog.
    - e. The prescription claim meets the SVMH financial qualifications where this “winners” model is allowable by the contract with the contract pharmacy.
    - f. Unless a manual patient eligibility determination is confirmed by SVMH, if the prescription claim is not adjudicated to Medicaid, but the claim is adjudicated to a commercial payer and not found in eligible patient data, the claim is classified a “non-340B prescription”.
    - g. 340B Eligible Prescription data is used in the Inventory Replenishment Process.
    - h. Non-340B Prescription data is not archived and there are no record retention requirements.
- **Inventory Replenishment Functions:**  
SVMH uses the following processes as it pertains to inventory replenishment and receiving functions via a “bill to / ship to” wholesaler account for contract pharmacies that utilize TPA as the third party administrator.
  - 1. Inventory replenishment and receiving functions via a “bill to / ship to” wholesaler account for contract pharmacies that utilize TPA as the third party administrator
    - a. 340B eligible prescriptions dispense quantities are totaled by 11-digit NDC for each 340B contract pharmacy location.
    - b. The total 340B eligible prescriptions dispense quantities are aggregated by 11-digit NDC are divided by the manufacturer package size quantity for the corresponding 11-digit NDC.
    - c. The resulting total dispensed package units per 11-digit NDC are segregated into full manufacturer package units and partial manufacturer package units.
    - d. For full manufacturer package size units, the following steps occur:

- i. TPA generates a 340B inventory replenishment purchase order of all full manufacturer package units.
- ii. The 340B inventory replenishment purchase order is sent to the pharmaceutical wholesaler via EDI.
- iii. Upon wholesaler's receipt of the 340B inventory replenishment purchase order, if the wholesaler has the item in stock the following steps occur:
  - iv. The items for replenishment are picked by the wholesaler and shipped to the 340B contract pharmacy with the 340B inventory packing slip; and
  - v. TPA receives a shipment notification via EDI from the wholesaler.
  - vi. TPA generates an invoice to the 340B contract pharmacy for monies due to the SVMH 340B covered entity (less any applicable 340B contract pharmacy dispensing fees).
- vii. Upon wholesaler's receipt of the 340B inventory replenishment purchase order, if the wholesaler does not have the item in stock, and the 11-digit NDC has not been changed and/or discontinued, TPA continues attempts at ordering the out of stock item until the contractual number of invoicing periods have elapsed or the order is successfully filled.
- viii. If the wholesaler is unsuccessful at filling the order for the out of stock item after the contractual number of invoicing periods have elapsed, TPA calculates the valued owed to the 340B contract pharmacy by SVMH at Wholesaler Acquisition Cost (WAC) for the out of stock items, which is then added to the next invoice.
- ix. If the wholesaler is successful at filling the order for the out of stock item prior to the agreed upon number of invoicing periods elapsing, the following steps occur:
  1. The items for replenishment are picked by the wholesaler and shipped to the 340B contract pharmacy with the 340B inventory packing slip; and
  2. TPA receives a shipment notification via EDI from the wholesaler.

- x. TPA generates an invoice to the 340B contract pharmacy for monies due to the SVMH 340B covered entity (less any applicable 340B contract pharmacy dispensing fees).
  - 1. Upon wholesaler's receipt of the 340B inventory replenishment purchase order, if the 11-digit NDC has been changed and/or discontinued, TPA calculates the valued owed to the 340B contract pharmacy by SVMH at Wholesaler Acquisition Cost (WAC) for the changed and/or discontinued NDC items, which is then added to the next invoice.
- xi. For partial manufacturer package units the following steps occur:
  - 1. Partial manufacturer package units are allowed to continue accumulating toward a full manufacturer package unit until either a full manufacturer package unit is accumulated or the contractual number of calendar days for accumulation have elapsed.
  - 2. If a full manufacturer package unit is not accumulated within the contractual number of calendar days, TPA calculates the valued owed to the 340B contract pharmacy by SVMH at Wholesale Acquisition Cost (WAC) for the slow-moving partial quantity units which is then added to the next invoice.
- xii. If a full manufacturer package unit is accumulated within the contractual upon number of calendar days, the steps above for full manufacturer package units are followed.
- e. The resulting invoice(s) from TPA is available via the TPA online tool to both the SVMH Pharmacy Business Office for review and processing (see Accounts Receivable Functions section of this document) and to each 340B contract pharmacy contracted to a SVMH covered entity that utilizes TPA as the third party administrator.

- **SVMH Pharmacy Business Office Functions:**

The following process occurs with respect to SVMH's pharmacy accounts receivable functions for the contract pharmacy programs administered by TPA.

- 1. Accounts Receivable functions for contract pharmacy programs administered by TPA: Upon receipt of a 340B contract pharmacy invoice, the following steps occur:

2. SVMH Pharmacy Department staff receives the TPA generated invoice via email notification and a copy of the TPA Account Activity Report which includes replenishment activity and inventory/claim adjustments.
    - a. The SVMH Pharmacy Business Office staff matches the invoices and electronic funds transfer total to the TPA reports for replenishments and inventory/claim adjustments.
      - i. If inventory and/or billing discrepancies exist, the SVMH Pharmacy Business Office staff request TPA to make corrections to the 340B Contract pharmacy invoice, at which point the aforementioned steps will occur as part of the review process until no discrepancies exist.
      - ii. If inventory and/or billing discrepancies do not exist, SVMH Pharmacy Business Office staff approves the 340B contract pharmacy invoice, marks it as “final,” and remits the Final 340B Contract Pharmacy invoice to the 340B Contract Pharmacy Accounts Payable Department.
- **340B Contract Pharmacy Accounts Payable Department:** The following process occurs with respect to the 340B Contract Pharmacy Accounts Payable Department for the contract pharmacy programs administered by TPA.
    1. 340B Contract Pharmacy Accounts Payable for contract pharmacy programs administered by TPA:
    2. SVMH receives the actual payment from the contract pharmacy, at which point it is provided to the Pharmacy Business Office Coordinator.
    3. The 340B Contract Pharmacy Accounts Payable Department receives the Final 340B Contract Pharmacy Invoice
    4. The 340B Contract Pharmacy Accounting department compares the Final 340B Contract Pharmacy Invoice against 340B dispense records and TPA Reports for replenishment and inventory/claim adjustments.
      - a. If Inventory and/or billing discrepancies exist, the 340B Contract Pharmacy accounts payable department notifies the SVMH Accounts Receivable department and provide supporting documentation to SVMH for dispute resolution. The aforementioned steps occur until all discrepancies are resolved.
      - b. If inventory and/or billing discrepancies do not exist, the 340B Contract Pharmacy Accounts Payable department approves the final 340B contract pharmacy invoice and remits payment to SVMH.
  - **Contract Pharmacy Inventory Receiving Functions:**

The following steps occur as it pertains to the contract pharmacy receiving 340B-priced drug inventory:

1. Upon receipt of the replenishment inventory by the 340B contract pharmacy from the wholesaler, the 340B contract pharmacy compares the replenishment inventory received with the NDCs and item quantities listed on the packing slip included with the shipment.
2. If the replenishment inventory NDCs and quantities do not match the NDCs and item quantities listed on the packing slip that is included with the shipment, any/all discrepancies are immediately reported to the SVMH Pharmacy Business Office by the 340B contract pharmacy.
3. If the inventory replenishment does match the NDC/Item quantities listed on the packing slip, the 340B contract pharmacy adds the replenished items to the current inventory balance and drug storage location, and acknowledges the inventory receipt via carrier or the wholesaler ordering system.

- **Reconciliation Process:**

SVMH will perform reconciliation functions for 340B contract pharmacies utilizing TPA solution to manage the 340B contract pharmacy program. The process entailed applies to both periodic/quarterly and close out reconciliations:

1. Close Out Reconciliation TPA: In the event of a termination of the Technology Services agreement with TPA, the following steps occur:
2. TPA generates an over/under replenishment status inventory report for the 340B contract pharmacy.
  - a. If any items were over-replenished to the 340B contract pharmacy, the following steps will occur:
    - i. If the over-replenished items can be returned to the wholesaler, the SVMH 340B covered entity requests the 340B contract pharmacy returns the drugs to the wholesaler for credit to the SVMH 340B covered entity.
    - b. If the over-replenished items cannot be returned to the wholesaler, the following steps will occur:
      - i. If SVMH will dispose and/or destroy the over-replenished items, the 340B contract pharmacy returns the items to the SVMH 340B covered entity for future use or proper disposal and/or destruction.
      - ii. If SVMH will not dispose and/or destroy the over-replenished items, the SVMH 340B Covered Entity requests the 340B contract pharmacy to dispose and/or destroy the over-replenished items and

provide a written attestation (confirmation) of such destruction and/or disposal to the SVMH 340B covered entity.

- c. If no items were over-replenished to the 340B contract pharmacy, the following steps will occur:
  - i. If SVMH chooses to settle accounts with the 340B contract pharmacy privately, the SVMH 340B covered entity and 340B contract pharmacy agree to settle for under-replenished items and TPA is no longer accountable for the compliance of the 340B contract pharmacy program.
  - ii. If SVMH does not choose to settle the account(s) with the 340B contract pharmacy privately, the following steps will occur:
  - iii. If SVMH decides to provide 340B priced drugs from the wholesaler to the 340B contract pharmacy for such under-replenished items, TPA places an order with the wholesaler for such under-replenished items for shipment to the 340B contract pharmacy, and the respective bill/to ship to wholesaler functions occur (see section Utilization of Bill/Ship Account of this document), as do the inventory receipt functions (see section Inventory Receipt Functions of this document).
  - iv. If SVMH decides not to provide 340B priced drugs from the wholesaler to the 340B contract pharmacy for such under-replenished items, the SVMH 340B covered entity pays the 340B contract pharmacy at Wholesaler Acquisition Cost (WAC) for the under-replenished items.

**VI. EDUCATION/TRAINING**

A. N/A

**VII. REFERENCES**

A. N/A



**Attachment H**  
**PROGRAM MONITORING AND COMPLIANCE**

**I. POLICY STATEMENT**

A. N/A

**II. PURPOSE**

N/A

**III. DEFINITIONS**

A. N/A

**IV. GENERAL INFORMATION**

A. N/A

**V. PROCEDURE**

**A. OVERSIGHT**

**1. Oversight Committee**

SVMH has established a 340B Oversight Committee that is responsible for the oversight of the 340B Program

- a) The Oversight Committee will meet every quarter at a minimum
- b) The Oversight Committee will serve as a forum for discussion and action regarding all areas of the 340B program including:
  - i. Review results of internal auditing and corresponding internal corrective action
  - ii. Review any changes in legislation or guidance and the impact on the program
  - iii. Discussion of any strategic considerations in the addition and registration of new child sites, clinics, or services.
  - iv. Oversees any material breach including the policy on material breach setting the parameters for self-reporting any associated noncompliance.
  - v. In the event of a HRSA levied sanction, the committee will approve a plan of corrective action and manufacturer repayment
  - vi. The committee will oversee all programs and processes for maintaining compliance of the program.

- vii. Understand and serve as a forum for the application of all rules, regulations, guidelines, policies, procedures, and oversight of the 340B program at SVMH.

c) Makeup of Oversight Committee

The following SVMH staff are potential key players in the 340B Program, including governance and compliance, and should be standing members of the 340B Oversight Committee:

- CEO (Authorizing Official) or delegate
- Chief Operating Officer
- Chief Financial Officer or delegate with Cost Report Knowledge (on call)
- 340B Compliance Officer
- Director of Pharmacy
- Corporate Compliance Officer
- Hospital Director of Billing/Reimbursement (on call)
- Assistant Director of Pharmacy
- Pharmacy or 340B IT Specialist
- Pharmacy Procurement Specialist (on call)
- Pharmacy Clinical Coordinator (on call)

**B. RECORD RETENTION**

1. SVMH has a system policy for record retention, the following sections are incorporated therein for reference purposes:
  - a. The Pharmacy Department maintains the inpatient and outpatient usage reports for each SVMH 340B entity.
  - b. The Pharmacy Department maintains the pharmacy wholesaler invoice level detail reports for all GPO accounts, 340B accounts and Non-340B accounts for each SVMH 340B entity.
  - c. Retention of data follows hospital policy and meets minimum State and Federal requirements.

**C. MONITORING PROGRAM COMPLIANCE**

1. The 340B Compliance Officer is responsible for conducting periodic reviews, at least quarterly, to spot check the routine operational processes and any/all potential compliance risk with the 340B Drug Pricing Program. Results of these period reviews are reviewed by the 340B Oversight Committee least once each quarter. The reviews are comprehensive, but at minimum include the following:

- a. Patient encounter data
- b. The registered site visited (and the date and time the medication was administered) met eligibility requirements.
- c. Verify that patient receiving 340B priced drugs meets the SVMH patient definition
- d. Wholesaler invoices:
- e. Pharmacy Buyer conducts a daily review of invoices to identify and evaluate the accuracy of high volume purchases and high dollar purchases.
- f. Credit and rebill:
  - i. If product was returned to the wholesaler, it must be correctly adjusted in the splitter software accumulator.
  - ii. Credits of purchased medications and subsequent rebills are processed in the event a 340B account is used for a medication purchase that should have been purchased on a Non-340B purchasing account
  - iii. Medicaid Beneficiaries Mixed Use Area (Carve-In): (Medi-Cal) (Central Coast Alliance)
    - 1. Verify Medicaid claims include the appropriate 340B acquisition cost and the correct modifier
    - 2. Verify Medicaid dispenses accumulate to the correct 340B replenishment account.
    - 3. Verify Medicaid accumulated package sizes were ordered on correct the 340B account
  - iv. Medicaid Beneficiaries (Carve-Out): (All Contract Pharmacy)
    - 1. Verify Medicaid claims are excluded from 340B Program eligibility
    - 2. Verify Medicaid dispenses accumulate to the correct Non-340B / Non-GPO replenishment account.
  - v. The 340B Compliance Officer shares auditing results with Corporate Compliance Office prior to the Oversight Committee Meeting.
  - vi. Audits are conducted in each of the hospital-based eligible outpatient areas. The pharmacy buyers add new drugs to and delete discontinued drugs from the formulary reference in IT systems, working with the TPA software vendor to make NDC changes, and adjustments to accumulated eligible order quantities as necessary.

#### **D. MATERIAL BREACH**

- 1. SVMH's internal audits and independent external audits serve as the primary mechanism to identify potential instances non-compliance that would be

considered a Material Breach. Due to the complex nature of the 340B Program and the associated regulatory requirements, SVMH consistently evaluates any/all suspected non-compliance to determine whether (1) the activity materially impacts an affected party beyond a reasonable threshold and (2) whether such non-compliance can be self-corrected within a reasonable time frame.

2. SVMH has established the following guidelines to facilitate the identification of Material Breach:
  - a. Activity that materially impacts an affected party beyond a reasonable threshold:
    - i. 5% of total spend across all SVMH Pharmacies
    - ii. 5% of total spend to any one manufacturer
    - iii. 5 % of total purchase quantity (unit of measure) for a specific drug (NDC)
    - iv. 5 % of total SVMH Pharmacy orders and prescriptions filled across all SVMH participating pharmacies (inpatient, mixed-use, outpatient, contract pharmacy)
3. SVMH's 340B Program Oversight Committee oversees this process, reviews potential violations, performs materiality assessments, and determines if a material breach has occurred. The 340B Program Oversight Committee, in conjunction with the SVMH Department of Pharmacy Services, determines to whom to self-disclose any/all suspected non-compliance in consideration of the aforementioned materiality determination and the associated corrective action plan for resolution.
4. SVMH maintains records (internal correspondence, external correspondence, and corrective action plans) of suspected compliance violations, materiality assessments, and resolutions of manufacturer self-disclosure and formal self-disclosures to HRSA OPA.
5. SVMH's standard operating procedures require any/all affected parties to promptly acknowledge receipt of any/all self-disclosures for a suspected material breach and to work in conjunction with SVMH to resolve any/all potential instances of non-compliance. SVMH uses the following categorization and escalation process for communications with affected parties:
  - Affected parties that do not promptly respond to SVMH within fifteen (15) calendar days from the receipt formal notification from SVMH using either written or electronic communication (mail, email, fax, and telephone) are considered to be conditionally closed on the basis of non-correspondence. SVMH retains these records in the event such affected parties re-establish communication with SVMH at a future point in time.

- Affected parties that respond to SVMH past the required fifteen (15) calendar day period are reviewed on a case-by-case basis to determine whether additional follow-up and/or communication is necessary to facilitate program integrity with respect to SVMH’s 340B Program compliance requirements and reporting obligations.

## **E. OVERSIGHT COMMITTEE CHARTER**

### **1. PURPOSE**

To provide oversight and maintain accountability of the Salinas Valley Memorial Healthcare System (SVMH) 340B Drug Pricing Program (340B Program), including strategic planning, program performance monitoring, contract performance, and review of internal and external audit findings. In addition, the committee will maintain awareness of regulatory changes affecting the program, and any internal changes/trends that may affect the SVMH 340B Program.

To establish policies and procedures for the 340B Program, including contract pharmacies that participate in the program.

To facilitate 340B Program compliance and integrity with respect to the regulatory requirements and operational components, which include but are not limited to the following:

- Identifying patients who are eligible to receive 340B medications;
- Establishing procurement and inventory management process for 340B and Non-340B drugs to comply with the GPO Prohibition; Establishing appropriate methods for claims submission to Medicaid for the prevention of duplicate discounts; and
- Establishing programs to perform routine monitoring and oversight functions.

### **2. GOALS**

The primary goal for this team to facilitate and oversee the compliance requirements of the SVMH 340B Program. Additionally, the team will ensure any/all 340B Program benefit is used to increase access and services to underserved and vulnerable patient populations in accordance with the 340B Program’s original intent.

Additional goal for this team are to:

- Meet 340B Program eligibility requirements, including accurate and complete listing for the parent and child sites in the OPA database.
- Comply with the applicable requirements governing SVMH’s participation

in the 340B program,

- Ensure SVMH has adopted specific policies and procedures to oversee the 340B Program's operations, monitoring and compliance.
- Provide general oversight and governance of the 340B Program including providing recommendations to the Authorizing Official on the following:
  - Regulatory developments, with the assistance of internal and external counsel when required
  - Program performance and evaluation
  - Review of internal and external audits with plan of action, in concert with legal counsel
  - Ensure ongoing training and development requirements for personnel involved with the 340B Program
  - Evaluate ongoing technology requirements for appropriate functionality
- Provide mechanisms to:
  - Ensure SVMH does not obtain covered outpatient drugs through a Group Purchasing Organization (“GPO”) or other group purchasing arrangement.
  - Ensure SVMH is appropriately billing State Medicaid and Medicaid Managed Care plans.
  - Ensure SVMH and the contract pharmacies maintain appropriate processes to prevent diversion of 340B Program drugs.
  - Ensure SVMH procures 340B inventory through replenishment processes, in quantities that are consistent with actual utilization of 340B products for eligible patients within eligible settings.
  - Ensure SVMH will not sell, give, or otherwise transfer 340B drugs to anyone other than a “patient” of the covered entity, SVMH.
- SVMH utilizes contract pharmacy services, and the arrangements should be in accordance with OPA requirements including, but not limited to, oversight of the contract pharmacies to ensure compliance with applicable 340B requirements.
- SVMH has systems/mechanisms and internal controls in place to ensure ongoing compliance with 340B requirements.
- SVMH has an internal audit plan adapted by the internal compliance officer and/or university audit services, which will be conducted at least annually.

This charter is reviewed, updated and approved by the 340B Oversight Committee as needed, and at least on an annual basis with documentation.

### **3. COMMITTEE REPRESENTATION**

Oversight of SVMH's 340B program is the responsibility of the 340B Oversight Committee. This committee is comprised of the following individuals:

- Authorizing Official
- Chief Operating Officer
- Corporate Compliance Officer
- 340B Compliance Officer
- Chief Financial Officer or designee
- Director of Pharmacy
- Assistant Director of Pharmacy
- Pharmacy Procurement Specialist (on call)
- Hospital Billing/Reimbursement Specialist (on call)
- Pharmacy Information Specialist

Other staff and supporting functions (internal audit, etc.) will be involved on an as needed basis.

### **4. CONTINUITY**

This charter is reviewed, updated and approved by the 340B Oversight Committee as needed, and at least on an annual basis with documentation.

## **VI. EDUCATION/TRAINING**

A. N/A

## **VII. REFERENCES**

A. N/A

**Attachment I**

**INTERNAL AUDITING PROGRAM AND PROGRAM INTEGRITY**

**I. POLICY STATEMENT**

A. N/A

**II. PURPOSE**

N/A

**III. DEFINITIONS**

A. N/A

**IV. GENERAL INFORMATION**

A. N/A

**V. PROCEDURE**

**Integrity Assurance and Auditing:** Integrity Assurance (IA) audits are conducted in each of the hospital-based eligible outpatient areas on a quarterly basis. IA audits include the following audit tests and data requirements:

Audit Test	Description	Items Reviewed	
Outpatient Data Integrity	20 patient accounts will be reviewed to ensure that all medication charges that are accumulating to the 340B split-billing software were administered while the patient was registered as an outpatient.	20	
NDC Purchase Compliance	All Purchased NDC's on the 340B wholesaler account will be examined to ensure proper 11 digit NDC replenishment as well as to guarantee that the correct amounts were purchased under the 340B account.	All Purchase Data	
Medicaid Billing Compliance	All outpatient Medicaid charges will be reviewed monthly to assure appropriate updates were made	ALL	
Contract Pharmacy	20 prescriptions in each contract pharmacy will be reviewed to verify eligible patients by eligible prescribers.	20	
Data Requirement	Description	Time Frame	Source
Patient Charge File/NDC Architect	File that includes patient name, status, drug received, CDM, QTY dispensed, payer class, etc.	Designated Quarter	SVMH IT System
340B Purchase History	Wholesaler purchase history containing all items purchased using the 340B account	Designated Quarter	Wholesaler 340B Account



340B Qualified Import Report	Accumulated OP amounts by charge code within the splitter for the given timeframe	Designated Quarter	TPA Software Tool
340B Expanded Accumulator Report	Total historical OP accumulations for all drugs listed by NDC	Most Recent Version	TPA Software Tool
CDM:NDC Crosswalk	List of all drug charge codes and the associated single NDC to a particular charge code	Most Recent Version	SVMH IT System
TPA 340B Price File	List of all 340B prices listed within TPA Software Tool	Most Recent Version	TPA Software Tool

**Internal Audit Process & Methodologies:** The following steps outlined in the tables below are followed by SVMH for the 340B Audit and Reconciliation Process

<b>Audit and Reconciliation Process and Methodology</b>			
<b>Steps</b>	<b>Description</b>	<b>Completed(Y/N)</b>	<b>Date</b>
1	Compare the 340B usage report to the pharmacy wholesaler purchase history report of items purchased at 340B price to determine whether medications were purchased in the appropriate quantities on a replacement basis		
2	Verify that the 340B usage report contains only medications used by eligible outpatients		
3	Any discrepancies identified should be addressed with corresponding adjustments to accumulated quantities in the 340B split billing software		
4	Maintain detailed notes of all adjustments and maintain documentation of wholesaler invoice level detail of related purchases and 340B usage report detail of related medication dispensed units		

<b>340B Usage Report</b>			
<b>Steps</b>	<b>Description</b>	<b>Completed(Y/N)</b>	<b>Date</b>
1	Review Package Size multiplier accuracy		
2	Review Units accumulated are accurate		
3	Review if NDC's are correct and match purchase history		
4	Review Time Stamp		
5	Review Account Type		

<b>Accumulated Quantities 340B Split Billing Software Accumulation</b>			
<b>Steps</b>	<b>Description</b>	<b>Completed (Y/N)</b>	<b>Date</b>
1	Review Package Size accuracy consistent with drug Compendium		
2	Review Items requested by the SVMH 340B entity are included		
3	Review Purchase Order created in split billing software that wholesaler invoice reflects the same		
4	Review that Out of Stock and Failure to Supply invoices were returned to accumulator as applicable		
5	Review Accumulator quantities to match 340B usage		

<b>Patient Eligibility</b>			
<b>Steps</b>	<b>Description</b>	<b>Completed(Y/N)</b>	<b>Date</b>

1	Review hospital records of patients receiving outpatient prescriptions		
2	Review any patients from a non 340B eligible site to determine if 340B drugs were dispensed		
3	Review prescriptions for origination from outpatient areas (ED, OP Clinics, Observation, IP discharge)		

<b>Wholesaler Invoice Review</b>			
<b>Steps</b>	<b>Description</b>	<b>Completed(Y/N)</b>	<b>Date</b>
1	Review if SVMH entities are receiving accurate contract pricing (sample of 25 brand and 25 generic purchases) on quarterly basis		
2	Review if all contracts are loaded accurately in the wholesaler account		
3	Identify any NDCs that were billed but not shipped		

<b>Documentation of Monthly 340B Purchases Review</b>			
<b>Steps</b>	<b>Description</b>	<b>Completed(Y/N)</b>	<b>Date</b>
1	Review if the 340B Purchasing Review Worksheet form is prepared as a document		
2	Review if documentation of adjustments within the accumulator are retained		
3	Record and retain 340B Purchase Percentage to Total Purchases		

<b>SVMH 340B Program Purchasing and Auditing functions</b>			
<b>Steps</b>	<b>Description</b>	<b>Completed(Y/N)</b>	<b>Date</b>
1	Review 340B purchases to ensure appropriate purchase quantities are listed on corresponding wholesaler accounts		
2	Review 340B usage report criteria/programming parameters to determine accuracy of appropriate fields and data		
3	Review 340B and Prime Vendor pricing updates to verify 340B pricing and best price availability		
5	Ensure all SVMH pharmaceutical contracts loaded for each SVMH facility at the wholesaler are accurate		
6	Review & file records included in the 340B usage report to the number of records from prior periods		
7	Review and process credit/rebill submissions based on contract pricing received & missed opportunities with wholesaler		
8	Review and identify all penny buy opportunities listed on Apexus website		
9	All SVMH pharmacy purchasers to order accumulated quantities in the split billing software for penny buy items		
10	Verify wholesaler pricing for 340B, PVP and DSH contracts compared to Apexus/OPA catalog within 72 hours of notifications		
11	Notify SVMH pharmacy purchasers of any resulting credit/rebill opportunities/submissions		
12	Perform quarterly internal audit for integrity of NDC match		

13	Perform quarterly internal audit for missed pricing and contract opportunities		
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**SVMH 340B Compliance Team- Review**

Steps	Description	Completed(Y/N)	Date
1	Review OPA database for accuracy of listing information (site address, authorizing official, contact person) quarterly		
2	Review Medicare Cost Report for inclusion of eligible sites as reimbursable ("above the line")		
3	Review OPA database for accuracy of Medicaid Carve-In		
4	Review if Medicaid Carve-In is in practice per OPA listing designation		
5	Review sample of Pharmacy prescriptions (50) for 340B usage under state Medicaid billing process		
6	Review sample of Pharmacy prescriptions (50) to determine if originated from eligible 340B provider		
7	Review sample of Pharmacy prescriptions (50) to determine if originated from 340B registered facility or department		
8	Review OPA database for accuracy of all eligible SVMH contract pharmacy listings		
9	Review wholesaler purchase orders and delivery manifests to verify delivery quantities vs. ordered quantities		
10	Review any direct from manufacturer purchase invoices for 340B program pricing		
11	Identify last date OPA Annual Recertification		

**Self-Audit**

Steps	Description	Completed(Y/N)	Date
1	A designated individual or committee will perform an audit of 340B contract pharmacies purchases to verify that drugs purchased at the 340B discounted price were done so appropriately. This review occurs semi-annually.		
2	The auditing process will cover all purchases of 340B drugs verifying patient eligibility, provider eligibility, proper billing of State Medicaid for prescriptions and accurate listing with the Office of Pharmacy Affairs of all eligible sites and responsible SVMH parties.		
3	Performa interim self-checks between audits, on a random sampling of drugs in the same manner described in appendices of this document.		

**Security/HIPAA**

Steps	Description	Completed(Y/N)	Date
1	Verify there is a Business Associate Agreement between the organization and the TPA		
2	Note TPA has a signed Data Rights Agreement with the pharmacy and TPA which protects identifiable data		
3	Verify expectations of the TPA for complying with the SVMH policies and procedures and how this will be tracked and monitored.		

4	Verify the current version of the TPA redundancy, and security policy and procedures		
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**VI. EDUCATION/TRAINING**

A. N/A

**VII. REFERENCES**

A. N/A

**Attachment K**  
**CENTRAL REPOSITORY FILE FOR AUDIT PREPAREDNESS**

- I. **POLICY STATEMENT**
  - A. N/A
- II. **PURPOSE**
  - N/A
- III. **DEFINITIONS**
  - A. N/A
- IV. **GENERAL INFORMATION**
  - A. During
- V. **PROCEDURE**
  - A. HRSA recognizes that the
- VI. **EDUCATION/TRAINING**
  - A. N/A
- VII. **REFERENCES**
  - A. N/A

**Attachment K**  
**CENTRAL REPOSITORY FILE FOR AUDIT PREPAREDNESS**

**I. POLICY STATEMENT**

A. N/A

**II. PURPOSE**

N/A

**III. DEFINITIONS**

A. N/A

**IV. GENERAL INFORMATION**

A. N/A

**V. PROCEDURE**

- A central repository file (electronic and physical) will be maintained by the 340B Compliance Officer. The electronic file will be on the internal e-portal under projects and access will be granted to the Corporate Compliance Officer along with other team members.
- Copy of most recently filed Medicare Cost Report
- Copy of Statement from external Independent Auditor stating date and scope of review, but not contents- Huron Consulting or copy of contract
- Copy of executed Contract Pharmacy Service Agreements(CPSA) with any contract pharmacies
- Copy of Trial Balance from Hospital Finance Vendor used in preparation of Medicare Cost Report
- Screen shot of all entries on OPAIS database for SVMH
- Screen shot of where patient status is determined in ADT
- Current Eligible Provider List
- Screen shot of information entered in the Medicaid Exclusion File in OPAIS database.
- Copy of Executed Business Associate Agreement with TPAs and other vendors where data is shared.
- Separate Screenshot of Worksheet E, Part A, Line 33 from Medicare Cost Report showing current DSH percentage.
- Schedule of all purchasing accounts
- Results and Corrective Action Documentation of any past or ongoing HRSA audits
- Any Correspondence with OPA/HRSA in reference to activity at SVMH.
- Documentation of Internal Audits performed at SVMH and any corrective action
- Charter Document of 340B Oversight Committee
- Minutes of Oversight Committee Meetings
- Any correspondence with manufacturers regarding inquiries over 340B purchasing practices or audit inquiries.

- Salinas Valley Health District Bylaws.
- Documentation of Education endeavors by SVMH staff

**VI. EDUCATION/TRAINING**

A. N/A

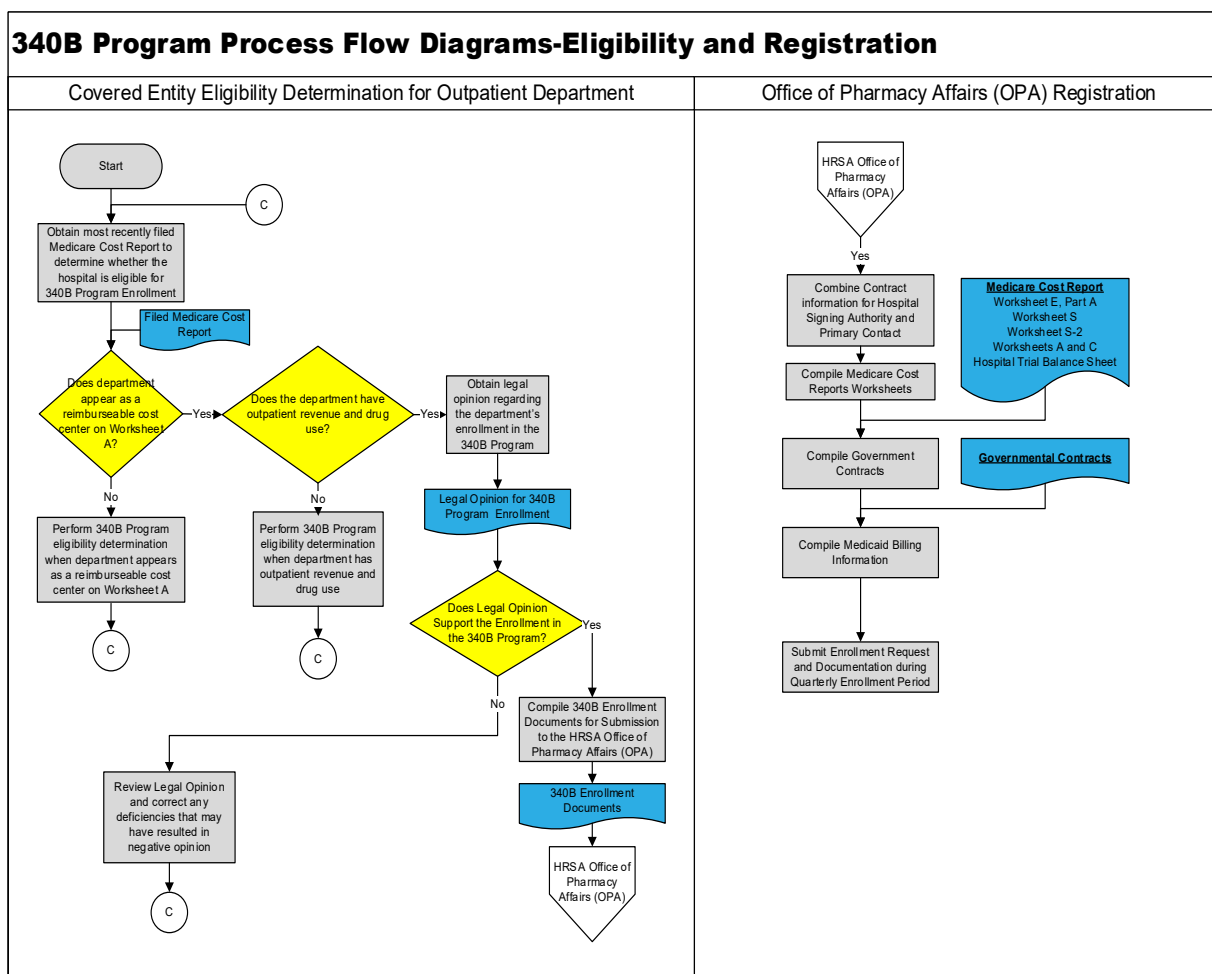
**VII. REFERENCES**

A. N/A

## Attachment L APPENDICES

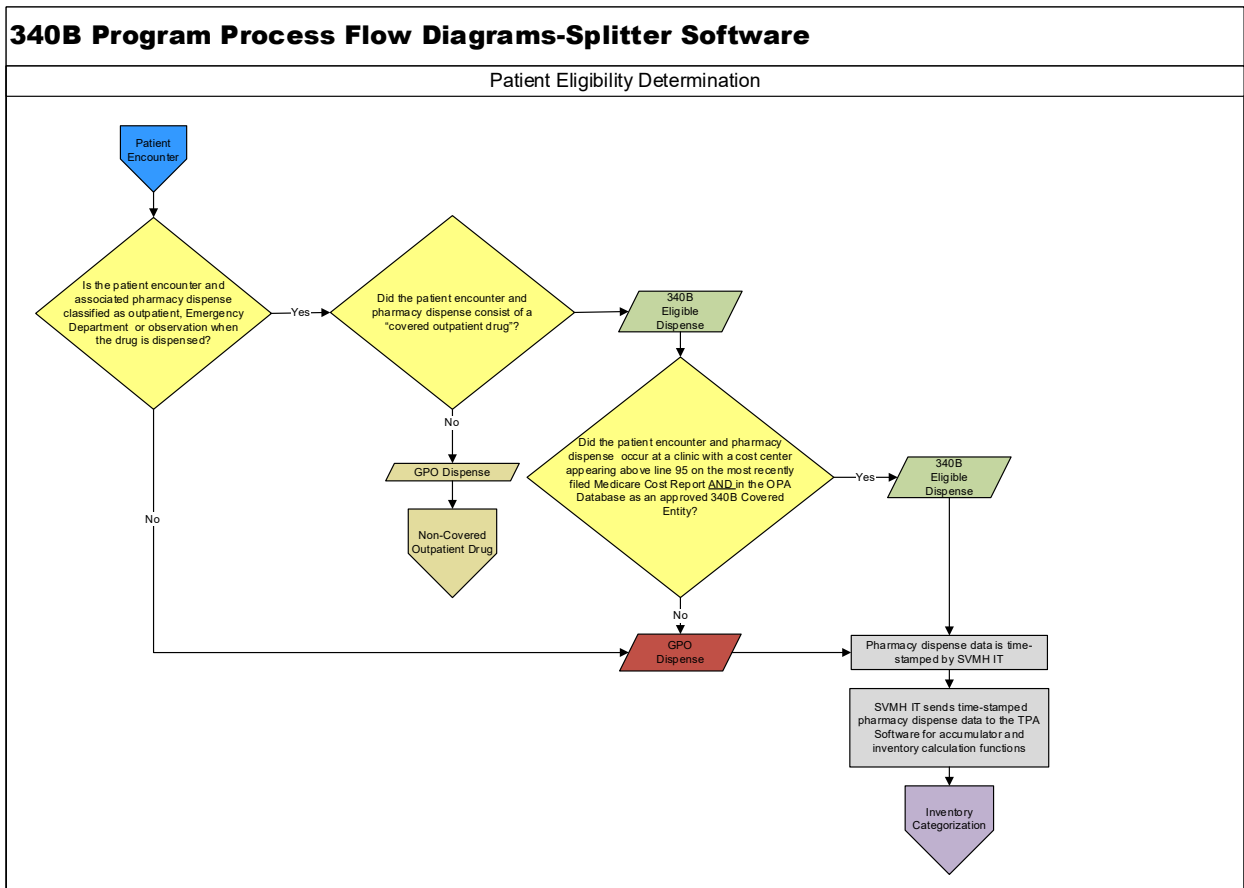
- A. Process Flow Diagrams-Eligibility and Registration
- B. Process Flow Diagrams-Splitter Software (Split Billing)
- C. 340B Program Process Flow Diagrams-Contract Pharmacy
- D. Instructions for SVMH Utilization and Accumulator Reports
- E. Oversight Committee Charter Document

### Appendix A Process Flow Diagrams-Eligibility and Registration



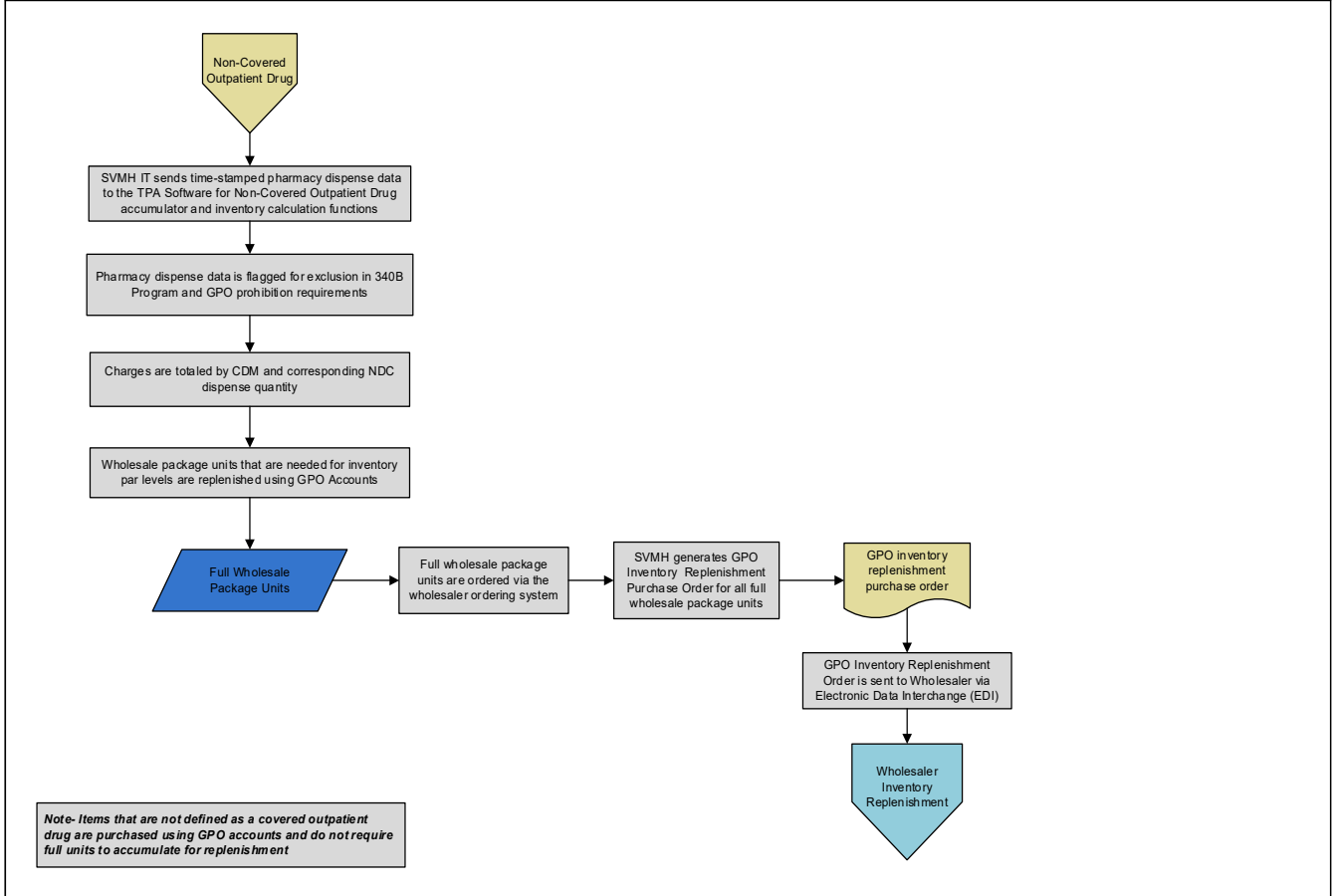


## Appendix B Process Flow Diagrams-Splitter Software (Split Billing)



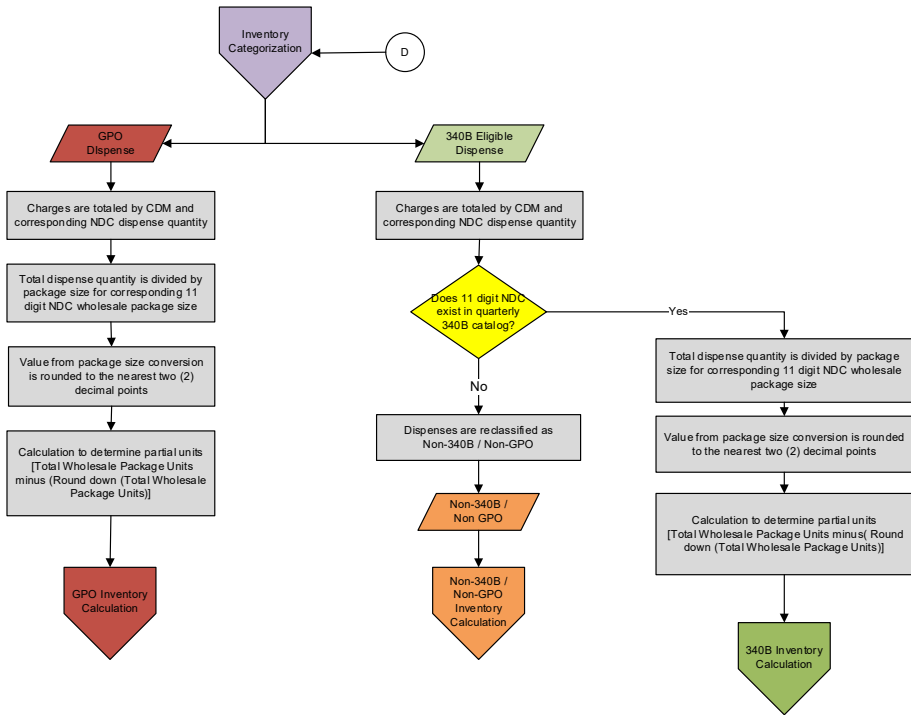
# 340B Program Process Flow Diagrams-Splitter Software

## Non-Covered Outpatient Drug Inventory Categorization

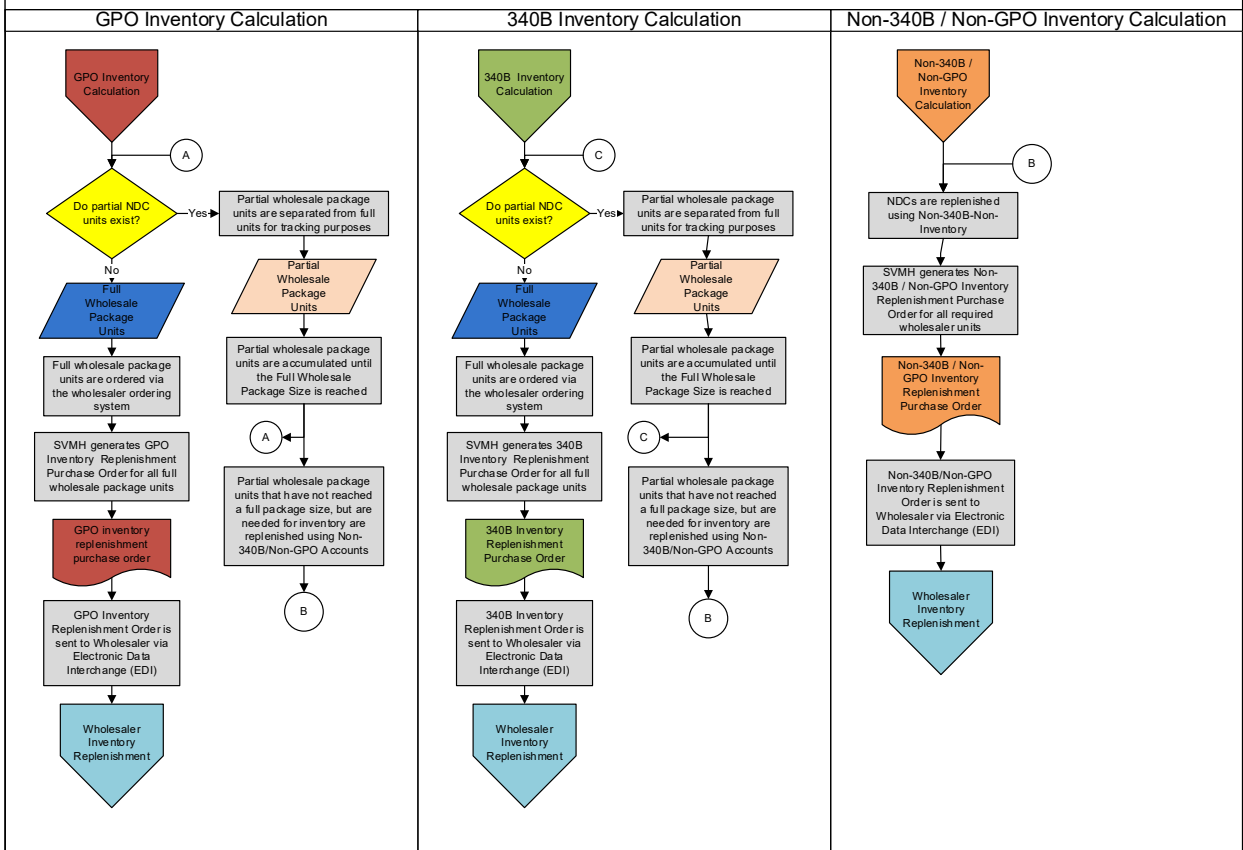


# 340B Program Process Flow Diagrams-Splitter Software

## Inventory Categorization

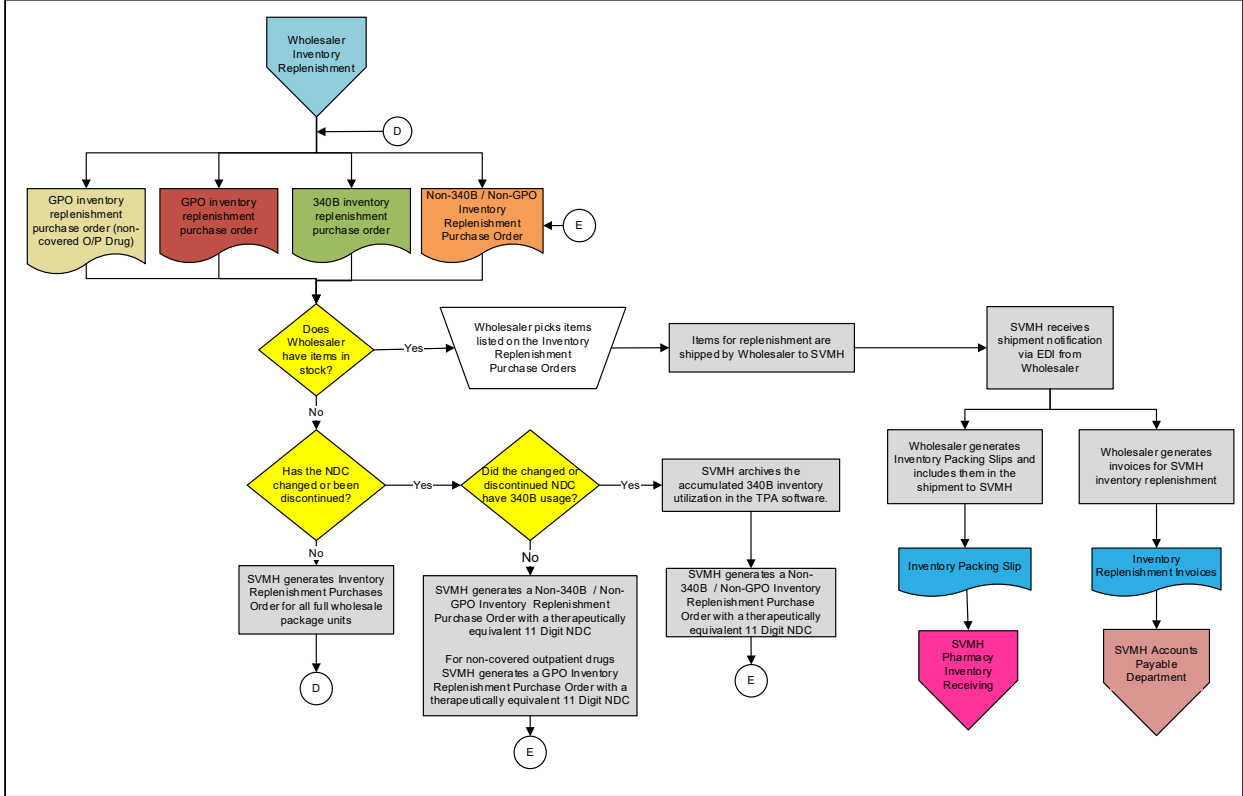


# 340B Program Process Flow Diagrams-Splitter Software

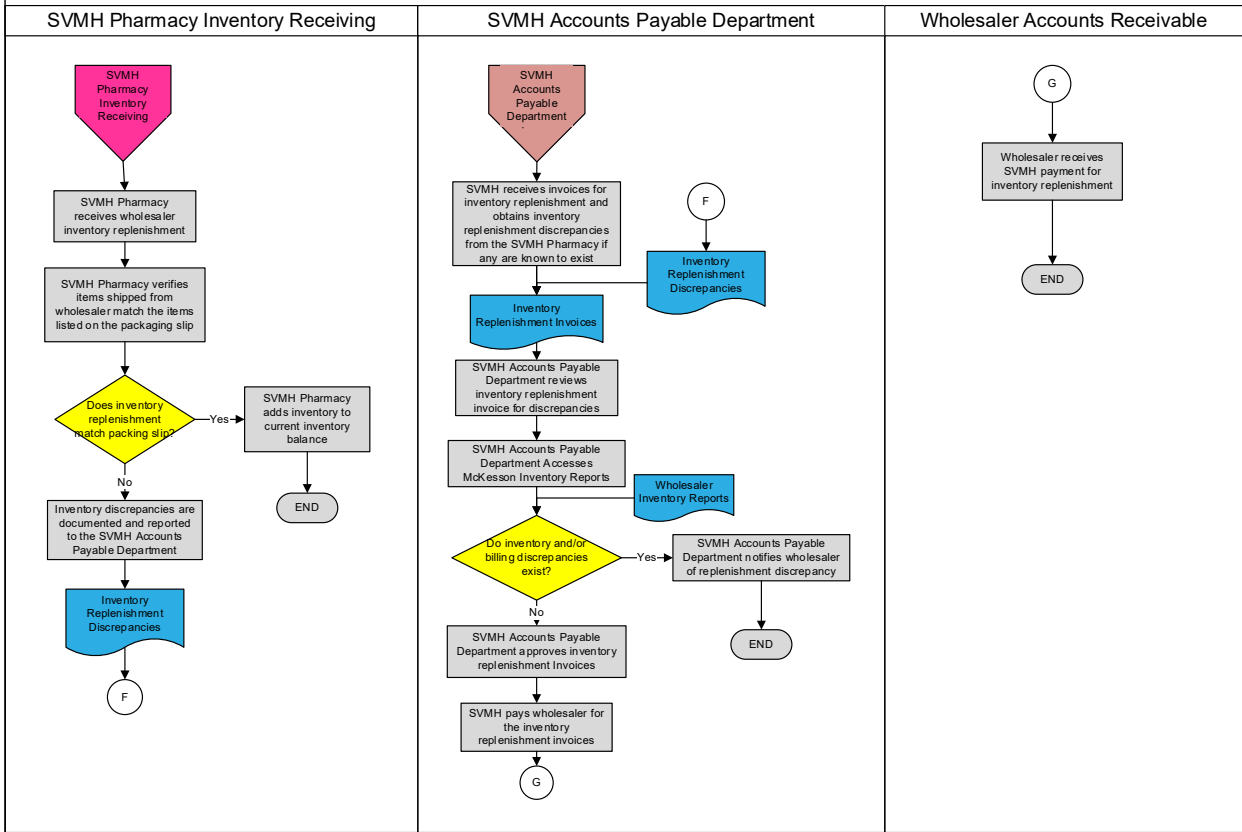


# 340B Program Process Flow Diagrams-Splitter Software

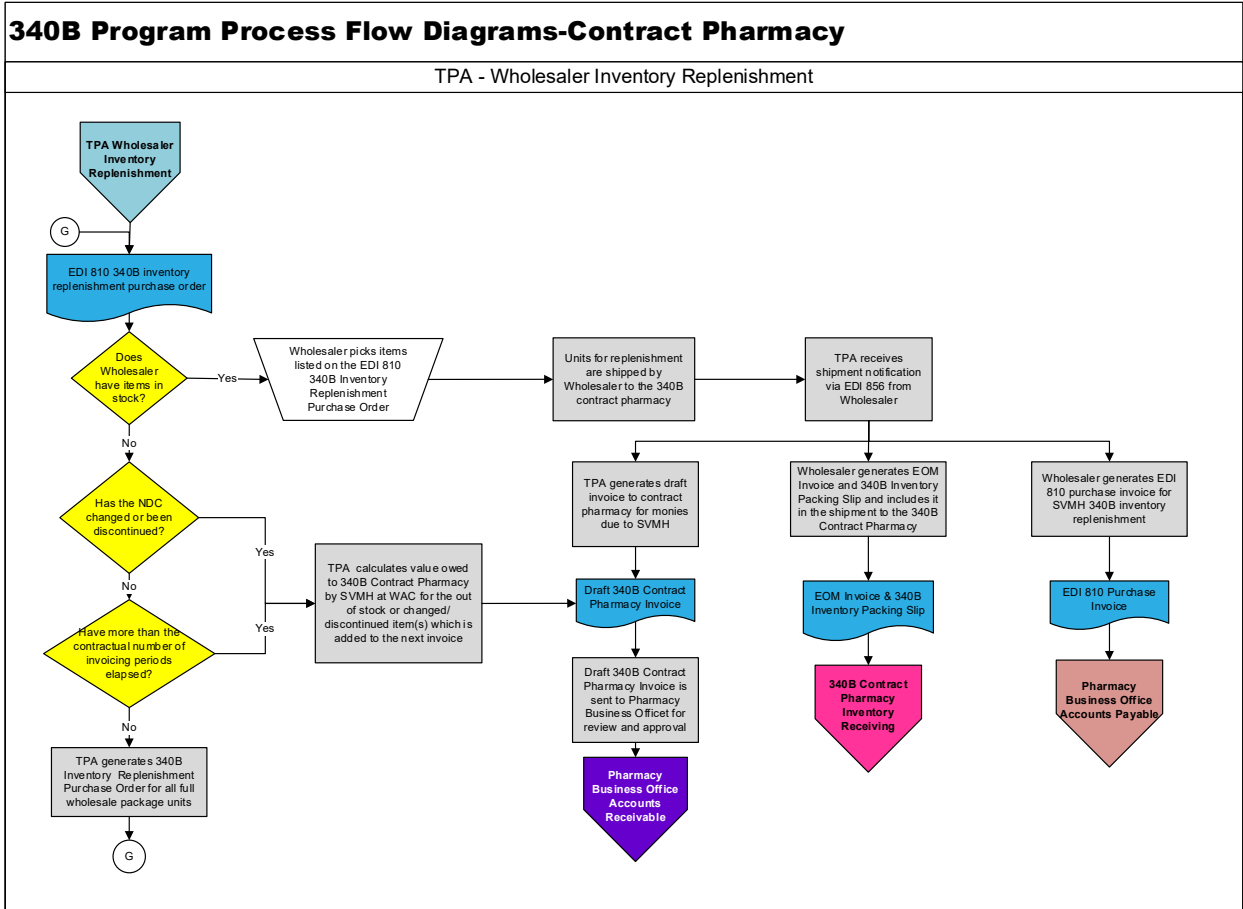
## Wholesaler Inventory Replenishment



### 340B Program Process Flow Diagrams-Splitter Software

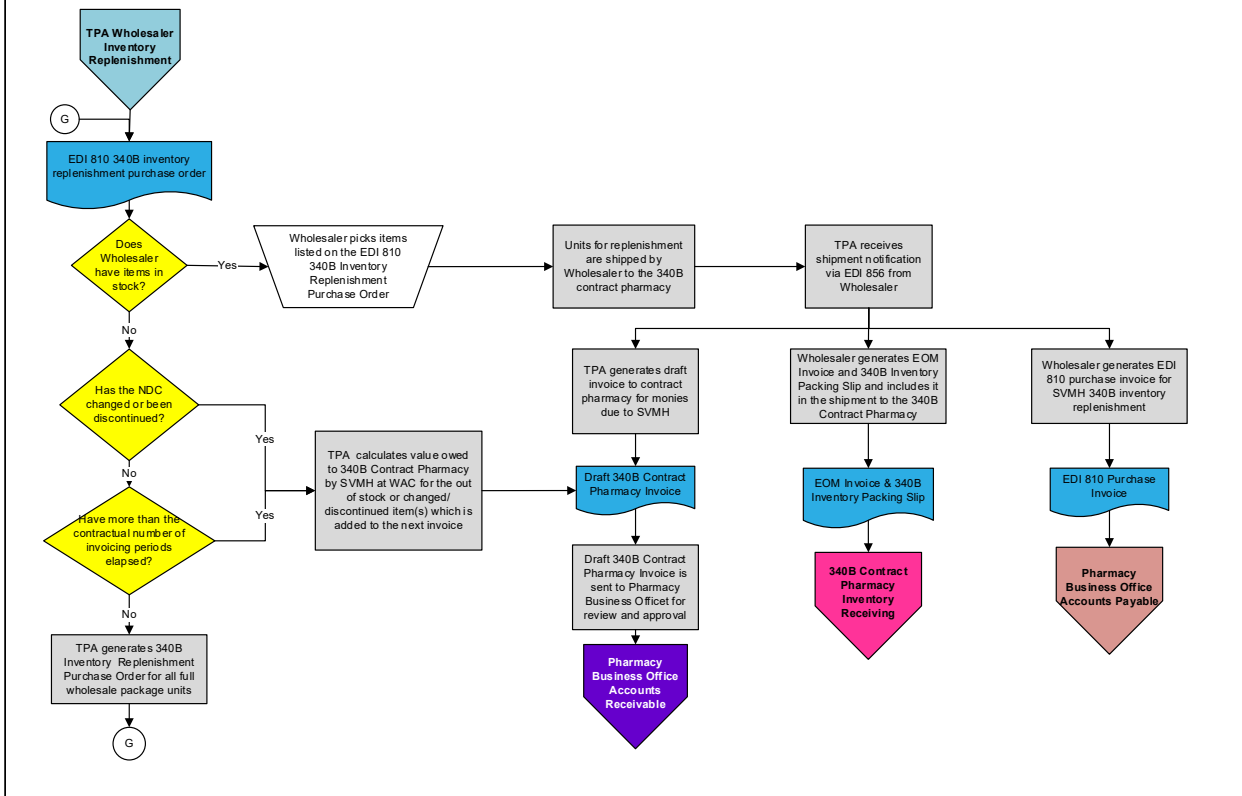


# Appendix C 340B Program Process Flow Diagrams-Contract Pharmacy



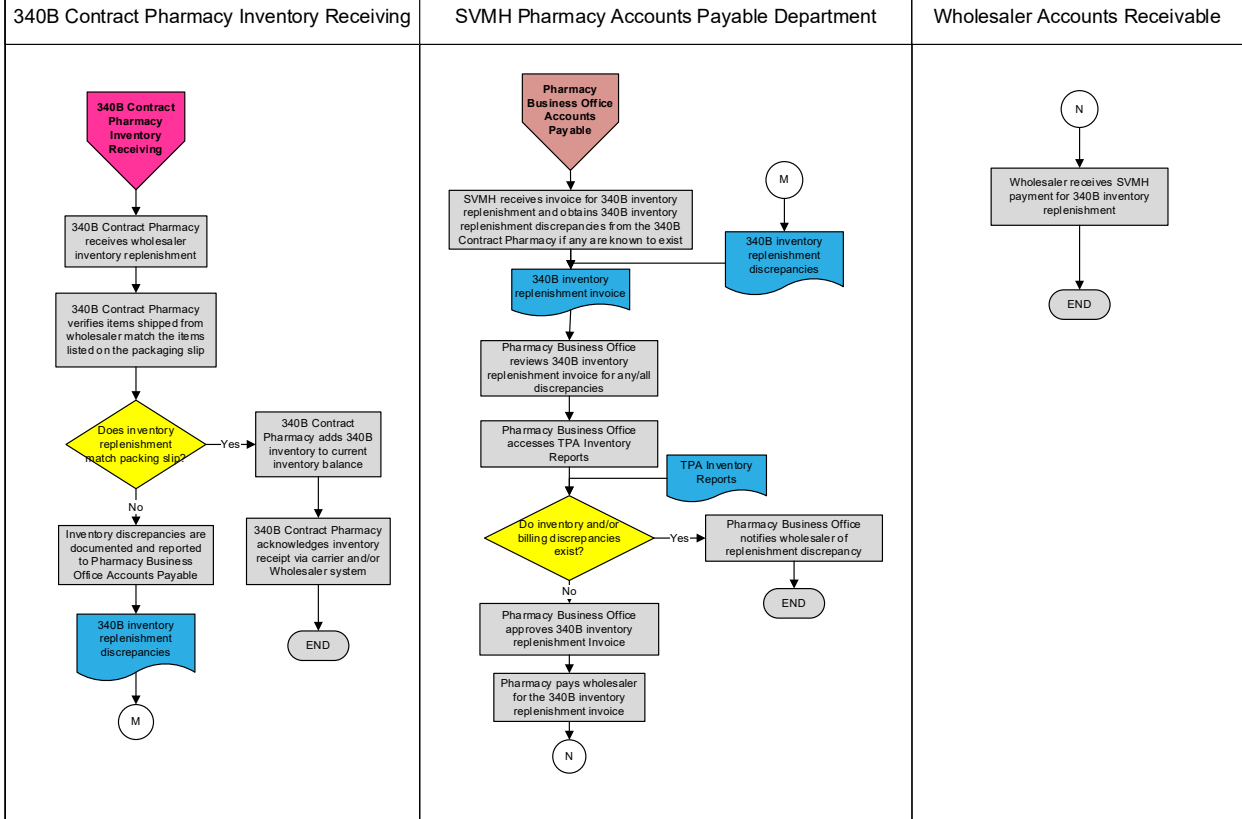
### 340B Program Process Flow Diagrams-Contract Pharmacy

#### TPA - Wholesaler Inventory Replenishment



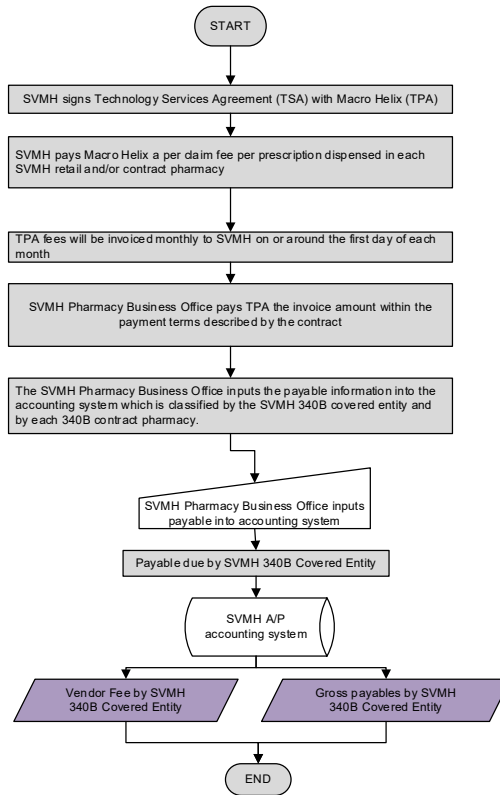


### 340B Program Process Flow Diagrams-Contract Pharmacy



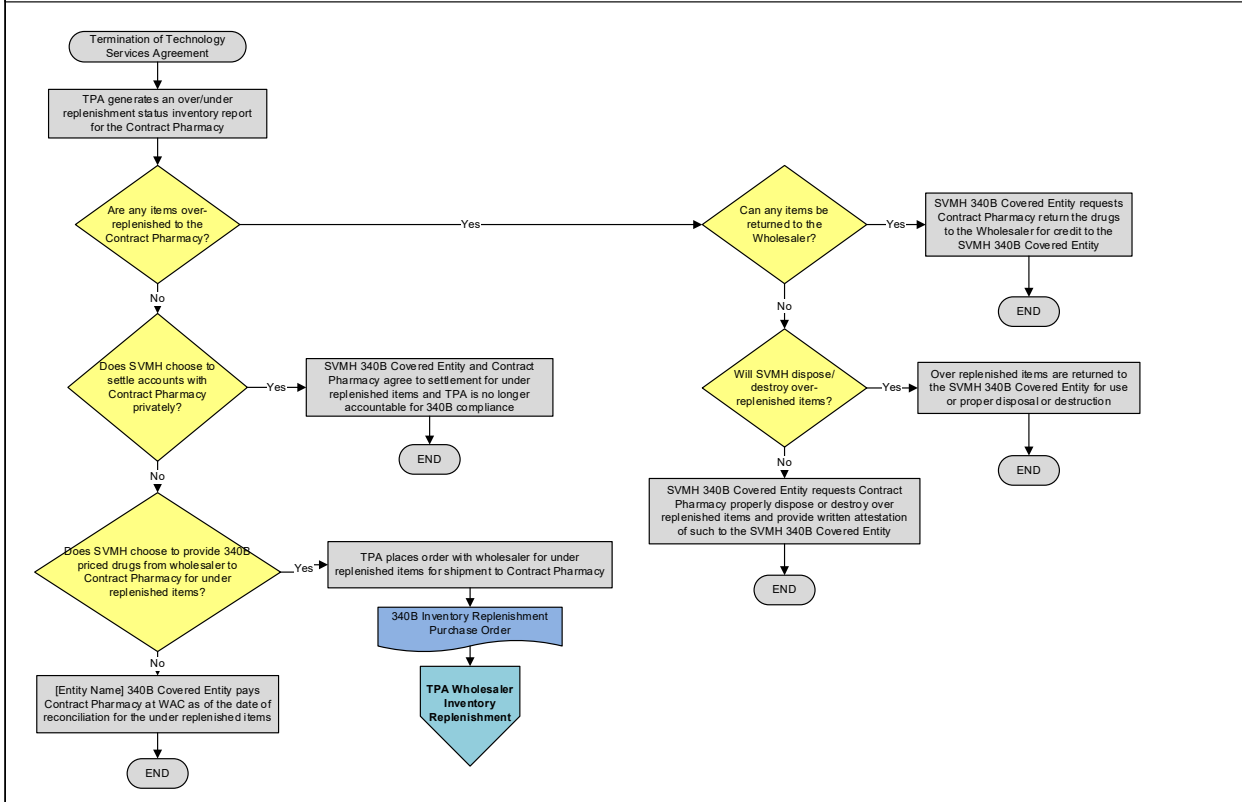
### 340B Program Process Flow Diagrams-Contract Pharmacy

#### SVMH Accounts Payable to Third Party Administrators

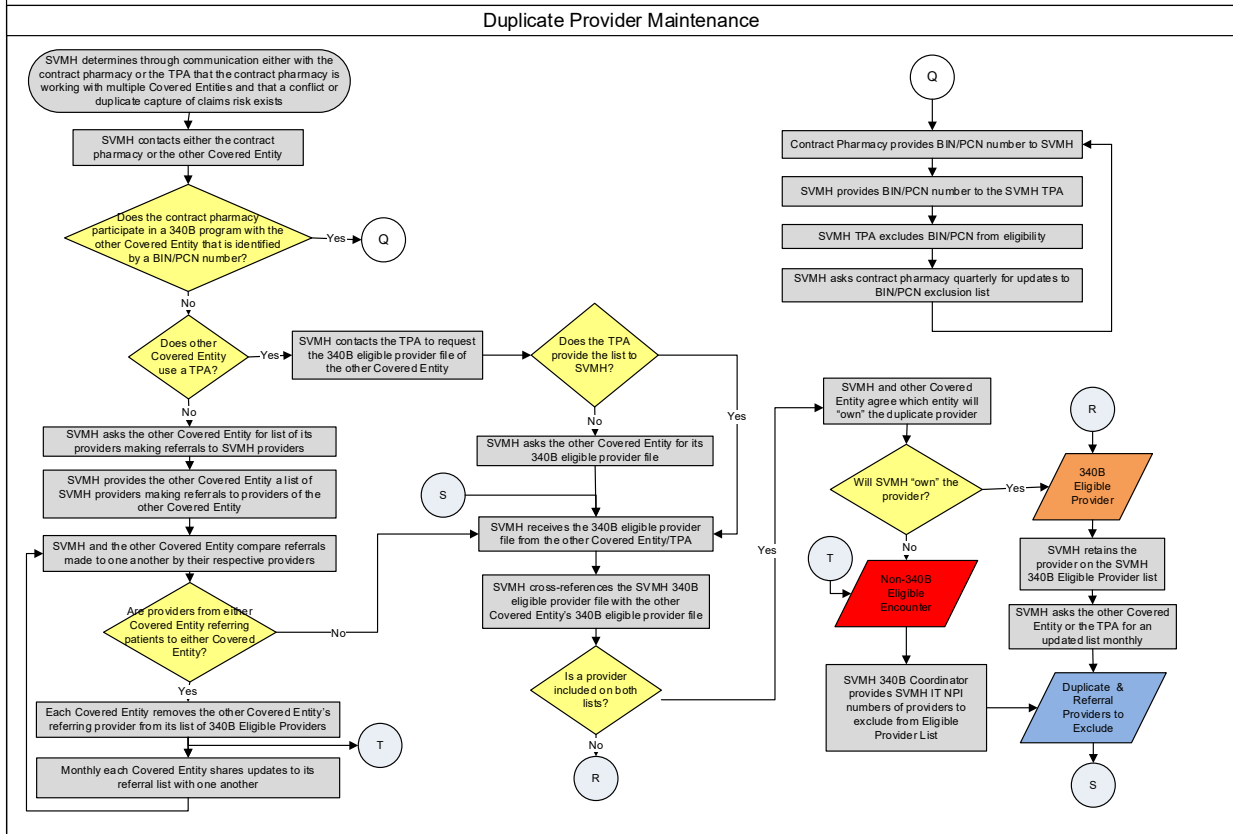


# 340B Program Process Flow Diagrams-Contract Pharmacy

## TPA-Close Out Reconciliation



## 340B Program Process Flow Diagrams-Contract Pharmacy



## Appendix D Instructions for SVMH Utilization and Accumulator Reports

### Hospital Utilization Report & Retail Manager Utilization Report

- 1 Login to Macro Helix and Select PID
- 2 Go to the Data Review Tab and Click on Utilization Manager
  - o NOTE – user access of consultant or higher needed to access report
- 3 Type in Start and End Date for report and click refresh
- 4 Once report has populated, click on excel icon and select Export Entire Report
- 5 Report should begin downloading.

### Accumulator report

- 1 Login to Macro Helix and Select PID
- 2 Go to Overview Tab and select Pharmacy Accumulations
- 3 Click on partial tab and hit Refresh
  - o An error message will pop up stating that description is needed in search field. Disregard error message
- 4 Once data has refreshed, click on excel icon and select "Entire Report – CSV"
- 5 Report should begin downloading

## Board Paper: Personnel, Pension and Investment Committee

Agenda Item: **Consider Recommendation for Board Approval of Findings Supporting Recruitment of Radiologists, and Approval of Contract Terms for Radiology Services with Salinas Valley Medical Clinic**

Executive Sponsor: Allen Radner, MD, Chief Medical Officer  
Stacey Callahan, Physician Services Coordinator

Date: December 7, 2022

### Executive Summary

Salinas Valley Memorial Healthcare System (SVMHS) is presently operating under a group Professional Services Agreement with Salinas Valley Radiologists, Inc. (SVR) to provide diagnostic, interventional, and mammography radiology services at Salinas Valley Memorial Hospital (SVMH) and at Salinas Valley Medical Clinic (SVMC). The agreement will expire on December 16, 2022, at 12:00 am. Five of the SVR radiologists have contracted with SVMHS to provide radiology services under individual Professional Services Agreements (PSAs) through SVMC. SVMC has recruited additional diagnostic radiologists to provide necessary coverage at SVMH and SVMC.

Physician Name	Contract Type	FTE Status	Recruitment Incentive
Paul Kamin, MD	W-2	1.0	\$30,000
Patrick Browning, MD	W-2	1.0	\$70,000

### Contract Terms and Conditions

The essential terms and conditions for the Agreements for Dr. Kamin and Dr. Browning are as follows:

#### 1. PSA Terms and Conditions

- W-2 Reporting. Each Professional Services Agreement (PSA) with the radiologists provides W-2 relationship for IRS reporting requirements.
- Compensation. Base compensation is five hundred fifty thousand dollars (\$550,000) per year in addition to fair market value productivity income based on Medical Group Management Association (MGMA) Median for Western Region wRVU compensation for additional diagnostic radiology services.
- Access to SVMHS Health Plan. Physician premium is projected based on fifteen percent (15%) of SVMHS cost for coverage.
- Access to SVMHS 403(b) and 457 Retirement Plans. SVMHS will make a five percent (5%) base contribution to the 403b plan that vests after three years. Based on federal contribution limits this contribution is capped at sixteen thousand five hundred (\$16,500) annually.
- Continuing Medical Education (CME). One (1) week off for Continuing Medical Education (CME) and a two thousand four hundred dollar (\$2,400) annual stipend for CME.
- Professional Liability Insurance. The Radiologists will receive an occurrence based professional liability policy through BETA Healthcare Group.

## 2. Recruitment Agreements

- Recruitment incentives which will be structured as a forgivable loans over two years of service.

### Meeting our Mission, Vision, Goals

#### Strategic Plan Alignment:

The addition of Dr. Kamin and Dr. Browning to the SVMC radiology program is aligned with SVMHS' strategic priorities for service and growth pillars. SVMHS continues to develop its infrastructure that engages our physicians in a meaningful way, promotes efficiencies in care delivery and creates opportunities for expansion of services. This investment provides a platform for growth that can be developed to better meet the needs of our hospital and clinic patients.

#### Pillar/Goal Alignment:

Service    People    Quality    Finance    Growth    Community

### Financial/Quality/Safety/Regulatory Implications

The compensation proposed in these radiology agreements have been reviewed by independent valuation and compensation consulting firms to confirm that the terms contemplated are fair market value and commercially reasonable.

### Recommendations

Administration recommends that the Board make the following findings:

- **The recruitment of Radiologists to Salinas Valley Medical Clinic is in the best interest of the public health of the communities served by the District, and**
- **The recruitment benefits and incentives the hospital proposes for these recruitments are necessary in order to relocate and attract appropriately qualified physicians to practice in the communities served by the District.**

Administration also requests the approval of the contract terms for the following:

- **Professional Services Agreement between Salinas Valley Memorial Healthcare System and the two (2) physicians listed in the table above, contracted under a W-2 based professional services agreement**
- **Recruitment Agreement between Salinas Valley Memorial Healthcare System and the two (2) physicians listed in the table above with dollar amounts in the recruitment incentive column.**

### Attachments

- Curricula Vitae for Paul Kamin, MD and Patrick Browning, MD

Curriculum Vitae

Paul Kamin, MD

**Post Graduate Education:**

Fellowship	Interventional Radiology University of Texas – M.D. Anderson Hospital Houston, TX	1978 – 1979
Residency	Diagnostic Radiology Stanford Medical Center Palo Alto, CA	1975 – 1978
Internship	Internal Medicine University of California Medical Center Los Angeles, CA	1972 – 1973

**Education:**

M.D.	Georgetown University Washington, DC	1972
B.S. – Psychology	University of Florida Gainesville, FL	1968

## **Certification and Licensure:**

- State License – California
- DEA license
- Certified American Board of Radiology, 1978
- CAQ – Interventional Radiology, 1997

## **Work Experience:**

### Bay Area Hospital

Staff Radiologist/Interventional Radiologist

Coos Bay, Oregon

2005-2022

### California Hospital

Staff Radiologist/Interventional Radiologist

Los Angeles California

2003 – 2005

### Memrad Medical Group

**1990 -2003**

1. Staff Radiologist/Interventional Radiologist

Orange Coast Memorial Medical Center – Talbert Avenue  
Fountain Valley, CA

2001 - 2002

2. Staff Radiologist/Interventional Radiologist

Little Company of Mary Hospital Center  
Torrance, California

2000 – 2001

3. Staff Radiologist/Interventional Radiologist

Los Alamitos Medical Center  
Long Beach, CA

1993 -2000

4. Staff Radiologist/Interventional

Long Beach Memorial Medical Center  
Long Beach, CA

1990 – 1993

### Staff Radiologist/Interventional Radiologist

1982 – 1990

Lakewood Regional Medical Center

Long Beach, CA

### Staff Radiologist / Interventional Radiologist

1980 -1982



Staub Clinic and Hospital

Honolulu, Hawaii

**Administrative Experience:**

Medical Director, Lakewood Hospital	1988-1989
Chief of Staff	1990
Medical Director, Los Alamitos Medical Center	1993 – 2000
Medical Director, Little Company of Mary Medical Center	2000 – 2001
Medical Director Orange Coast Medical Center	2001 – 2003
President, Memrad Medical	1996 – 2002

**Society Memberships:**

Society of Interventional (RSNA)

Society of Interventional Radiology (SIR)

# **CURRICULUM VITAE**

## **PATRICK DAVID BROWNING, MD, MA, MSL**

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### **EDUCATION**

**University of the Pacific, McGeorge School of Law** - *Master of Science in Law*  
Health Law and Contracts Emphasis (2016)

**Stanford University School of Medicine** - *Body Imaging Fellowship*  
Department of Radiology, Stanford University Hospital (1995)

**University of California Davis Medical Center**, Sacramento - *Radiology Residency*  
Department of Diagnostic Radiology (1994)

**Kaiser Permanente Medical Center** - Oakland, California – *Internship* (1990)

**University of California, Davis, School of Medicine** - *Doctor of Medicine* (1989)

**University of California, San Francisco**, History of Medicine - *Master of Arts*  
Department of the History of Medicine, Parnassus Campus (1985)

**University of California Davis**, Medieval History, - *Bachelor of Arts*  
College of Letters and Sciences, History Department (1982)

### **PROFESSIONAL**

- 7/20 – present Chief Medical Officer, RadSite
- 6/20 – present Chief Medical Officer, ScanMed/Bot AI
- 4/20 – present Medical Director, Northern CA, Open Systems Imaging
- 8/16 – present Associate Professor, UOP McGeorge Physician Assistant Program
- 1/15 – present Chief Medical Officer (Global), RadLogics, Inc
- 8/14 – present Founder, CEO, Contrast Resolution Consulting
- 6/18 – 1/20 VP & Medical Director, Specialty Services, Magellan Health
- 4/14 – 3/20 Radiologist, Sutter Imaging, Sutter Medical Group
- 1/10 – 4/14 Chief, Division of Medical Imaging, Sutter Sacramento Sierra Region
- 12/02 – 6/20 Volunteer Faculty, U.C. Davis Medical Center, Radiology
- 2008 – 2010 Bayer National Speaker Bureau
- 4/02 – 3/10 Radiologist, Partner, Radiology Chief, RRMG, Santa Rosa, CA
- 12/06 – 12/08 Faculty, Bayer/Berlex Business IQ Seminars
- 6/00 – 3/02 Radiologist, Advanced Radiology PC, Jackson TN
- 12/95 – 6/00 Radiology Director, Sutter North Medical Found., Marysville CA

### **MEMBERSHIPS & LICENSURE**

- Active CA license
- American College of Radiology, Radiological Society of North America, American Roentgen Ray Society, California Radiological Society, American & California Medical Associations, UOP McGeorge Alumni Board, UOP Master PA program Steering Committee, Davis Art Center board

### **INTERESTS**

- Business, cultural, and economic dynamics of radiology, medical history, imaging AI, sports (soccer, SCUBA, golf, tennis, snowboarding), foreign languages (German, French)

## **ACADEMIC HONORS**

### Professional

1996-present Manuscript reviewer - American Journal of Radiology

### Residency

1995 Diplomate - American Board of Radiology

### Medical

1988 U.C.D.M.C. Special Care Recognition Award Recipient

### Graduate

2016 Phi Kappa Phi Honor Society

1982-85 U.C. Regents Health Sciences Grant Recipient

1985-86 Marin Educational Foundation Scholarship Recipient

### Undergraduate

1982 Commencement Speaker - University of California, Davis, College of Letters and Sciences

1981 Outstanding Senior Award, University of California, Davis

1980 Founding President, Omega Omega Chapter of Phi Alpha Theta, National History Honor Society, University of California, Davis

## **LIST OF PUBLICATIONS**

1. Brown, Matthew, Patrick Browning MD MS MSL, et al. Integration of Chest CT CAD into the Clinical Workflow and Impact on Radiologist Efficiency, Academic Radiology, Volume 26, Issue 5, 626 – 631, May 2019
2. Browning PD, CT and MR Angiography - A Primer. Sonoma Medicine, 54(1):21-24, 2003
3. Browning PD. Carpal Tunnel Syndrome. Emedicine Online Textbook, Radiology Section. 2002
4. Alagappan R, Browning PD, Laorr A, McGahan JP. The distal lateral ventricular atrium: Reevaluation of normal range. Radiology 193(2):405-408, 1994
5. Browning PD, Laorr A, McGahan JP, Krasny RS, Cronan M. Proximal fetal cerebral ventricle: Description of US technique and initial results. Radiology 192:337-341, 1994
6. McGahan JP, Wisner E, Griffey SM, Brock JM, Browning PD. Refinement of a technique for thermocholecystectomy in an animal model. Investigative Radiology 29(3):355-360, 1994
7. Queralt JA, Browning P, McGahan JP, Ablin DS. Infundibulopelvic stenosis: A sonographic diagnostic dilemma. Journal of Ultrasound in Medicine 12:767-769, 1994
8. Browning PD, McGahan JP, Gerscovich EO. Percutaneous cholecystostomy for suspected acute cholecystitis in the hospitalized patient. Journal of Vascular and Interventional Radiology 4:531-538, 1993
9. McGahan JP, Brock JM, Griffey SM, Browning PD. A new method for thermocholecystectomy: Initial experience and comparison with other techniques. Investigative Radiology 27:947-953, 1992
10. McGahan JP, Brock JM, Tesluk H, Gu W-Z, Schneider P, Browning PD. Hepatic ablation with use of radio-frequency electrocautery in the animal model. Journal of Vascular and Interventional Radiology 3:291-297, 1992
11. McGahan JP, Browning PD, Brock JM, Tesluk H. Hepatic ablation using radio frequency electrocautery. Investigative Radiology 25(3):267-70, 1990

**RECENT & UPCOMING LECTURES AND PAPER PRESENTATIONS**

1. "Care Transitions" Panel Participant, State of Reform Conference, Seattle WA, January 9, 2020
2. "Cloud-based Analytics to Enhance the Wisdom of Radiologists" American College of Radiology 2016 Intersociety Summer Conference, Olympic Valley, CA August 5, 2016
3. "Effectively Combining Radiology and General Healthcare Enterprises: Observations and Experience" ACPE Annual Meeting, Las Vegas NV, April 19, 2015
4. "Analytics and Radiologists: How to Mix Oil and Water" 1st annual Montage User Conference, Philadelphia PA, October 10, 2014
5. "Eovist Imaging Insights", Sutter Health Systems Conference, Sacramento, CA, June 16, 2010
6. "Redefining Liver Imaging" Sonoma County, Radiologists and MRI Technologists, late 2009, Site & Date TBD
7. "CT Scanning: Overview & Applications" Sutter Community Hospital, Santa Rosa CA, November 18, 2009
8. "CT Scanning: Overview & Applications" Petaluma Valley Hospital, Santa Rosa CA, October 26, 2009
9. "Trends and Upcoming Changes in Radiology" Berlex Business IQ Conference, San Francisco, CA June 1, 2006; Seattle, WA October 12, 2006
10. "Non-Invasive Coronary and Peripheral Angiography" Berlex Educational Grant Talk, Santa Rosa, CA February 2, 2006
11. "MR Angiography" Santa Rosa Memorial Hospital Grand Rounds, Santa Rosa, CA September 19, 2003
12. "Innervision Full Body Scans – Conception, Implementation, and Early Results" Rohnert Park Chamber of Commerce, Rohnert Park, CA February 5, 2003
13. "Body MRI – An Overview for the Technologist" Tennessee State Radiology Technologist Meeting, Memphis, TN October 19, 2001
14. "Vascular MRI – An Overview for the Technologist" Tennessee State Radiology Technologist Meeting, Memphis, TN October 19, 2001
15. "Advanced Body MRI for the Technologist" Tennessee State MRI Technologist Meeting, Nashville, TN February 10, 2001
16. "The Present and Future of Advanced Multi-Slice CT Applications" Picker Int'l. National Meeting, Temecula, CA May 11, 1999
17. "Helical CT: Concepts and Advanced Applications" Dameron Hospital Grand Rounds, Stockton, CA April 30, 1999
18. "Miraluma: How This New Modality Fits Into Modern Breast Imaging" St. Dominic's Hospital Grand Rounds, Manteca, CA February 24, 1999
19. "CT vs. MRI: A Guide for the Primary Care Physician" Sutter North Medical Foundation CME Series, Marysville, CA February 4, 1999
20. "Diagnostic Breast Imaging and Interventional Procedures" Mammography for Today's Technologist Conference, San Ramon, CA November 7, 1998
21. "Helical CT: Basic Concepts and Applications" Sutter Lakeside Hospital Grand Rounds, Lakeside, CA June 22, 1998
22. "CT Urography: Concept and Methods" Fremont-Rideout Hospital Grand Rounds, Marysville, CA May 5, 1998
23. "Advanced Imaging: Technical, Professional, and Business Considerations" Yuba College, Yuba City, CA April 24, 1998
24. "Osteoporosis: The Silent Epidemic" Sutter North Medical Foundation Community Speaker Series, Yuba City, CA April 23, 1998
25. "New Advances in Radiology". Sutter County Rotary, Yuba City, CA January 9, 1998
26. "The Early Years of Radiology Safety" South Bay Radiological Society, San Jose, CA June 6, 1995
27. "Radiology and Radiological Safety Devices - the Early Years" Radiology Grand Rounds, University of California Davis Medical Center, Sacramento, CA January 11, 1993

Medical Executive Committee Summary – December 8, 2022

**Items for Board Approval:**

**Credentials Committee**

**Initial Appointments:**

APPLICANT	SPECIALTY	DEPT	PRIVILEGES
Bui, Theresa, DO	Psychiatry	Medicine	Tele-Psychiatry:
Ganji, Shiva, MD	Internal Medicine	Medicine	Adult Hospitalist
Geller, Felix, MD	Psychiatry	Medicine	Tele-Psychiatry
Lo, Jennifer, DDS	Dentistry	Surgery	Dentistry
Markovstova, Anastasia, MD	Emergency Medicine	Emergency Medicine	Emergency Medicine
Moreno, Alvaro, MD	Psychiatry	Medicine	Tele-Psychiatry
Abdalla, Adel, MD	Radiology	Surgery	Remote Radiology
Arjuna, Sonal, MD	Radiology	Surgery	Remote Radiology
Armfield, Derek, MD	Radiology	Surgery	Remote Radiology
Bou-Assaly, Wessam, MD	Radiology	Surgery	Remote Radiology
Burton, Dennis, MD	Radiology	Surgery	Remote Radiology
Emekauwa, Chikanele, MD	Radiology	Surgery	Remote Radiology
Fernandez, James, MD	Radiology	Surgery	Remote Radiology
Gelormini, Russell, MD	Radiology	Surgery	Remote Radiology
Hays, Johnathan, MD	Radiology	Surgery	Remote Radiology To include mammography
Hedayati, Behzad, MD	Radiology	Surgery	Remote Radiology
Kurapati, Surender, MD	Radiology	Surgery	Remote Radiology
Lertdilok, Patrick, MD	Radiology	Surgery	Remote Radiology To include mammography
Lynch, Richard, DO	Radiology	Surgery	Remote Radiology
Malek, Gholamreza, MD	Radiology	Surgery	Remote Radiology
Mark, Ron, MD	Radiology	Surgery	Remote Radiology
McClellan, Roger, MD	Radiology	Surgery	Remote Radiology
McDonald, Philip, MD	Radiology	Surgery	Remote Radiology
Pham, Justin, MD	Radiology	Surgery	Remote Radiology To include mammography
Preusen, Scott, MD	Radiology	Surgery	Remote Radiology
Rivera-Morales, Roberto, MD	Radiology	Surgery	Remote Radiology
Safvi, Amjad, MD	Radiology	Surgery	Remote Radiology
Shu, Fred, MD	Radiology	Surgery	Remote Radiology
Uyesugi, Walter, DO	Radiology	Surgery	Remote Radiology
Vij, Gaurav, MD	Radiology	Surgery	Remote Radiology
Wagner, Elliott, MD	Radiology	Surgery	Remote Radiology

**Reappointments:**

APPLICANT	SPECIALTY	DEPT	PRIVILEGES
Abdo, David, DPM, MD	Podiatric Surgery	Surgery	Podiatry Category A & B
Blakemore, Tonya, MD	Pediatrics	Pediatrics	Pediatrics
Castellanos, Edgar, MD	Family Medicine	Family Medicine	Family Medicine – Active Community
Kissell, Nicolas, MD	Endocrinology	Medicine	Endocrinology General Internal Medicine
Korya, Dani, MD	Neurology	Medicine	Tele-Neurology
Lucchesi, Archama, MD	Radiology	Surgery	Remote Radiology

Moshfeghi, Darious, MD	Ophthalmology	Surgery	Remote Pediatric Ophthalmology
Ramos, David, MD	Emergency Medicine	Emergency Medicine	Emergency Medicine
Resendez, Elpidio, MD	Emergency Medicine	Emergency Medicine	Emergency Medicine
Sepulveda, Michael, MD	Adult Hospitalist/ Internal Medicine	Medicine	Hospitalist – Adult
Tardieu, Bert, MD	Orthopedic Surgery	Surgery	Orthopedic Surgery
Williams, Jason, MD	Neurology	Medicine	Tele-Neurology
Wong, Willard, MD	Orthopedic Surgery	Surgery	Orthopedic Surgery Orthopedic Spine Surgery
Yaeger, Carl, MD	Neonatology	Pediatrics	Neonatology

**Staff Status Modifications:**

NAME	SPECIALTY	STATUS
Blakemore, Tonya, MD	Pediatrics	Return from Leave of Absence 12/16/2022
Chamberlain, Brittany, MD	Family Medicine	Continuation of Provisional Status
Kaminski, Andrew MD	Emergency Medicine	Emeritus Status effective 12/06/2022
Bargo, Lonnie, MD	Remote Radiology	Resignation effective November 8, 2022.
Kurtzman, Steven, MD	Radiation Oncology	Resignation effective December 31, 2022.
Lattin, Grant, MD	Remote Radiology	Resignation effective January 31, 2023.
Moser, Evan, DO	Radiology	Resignation effective December 16, 2022.
Scott, Mary, DO	Family Medicine	Resignation effective January 1, 2023.
Wright, Alexander, MD	Remote Radiology	Resignation effective October 16, 2022.

**Other Items: (Attached)**

Dept of Pediatrics: Clinical Privileges Delineation – Remote Pediatric Intensive Care	Recommended approval of the new clinical privilege delineation for Remote Pediatric Intensive Care.
Dept of Surgery – Clinical Privileges Delineation – Remote Radiology Revisions	Recommended approval of the revision as submitted.

**Interdisciplinary Practice Committee**

**Initial Appointment:**

NAME	SPECIALTY	DEPARTMENT	SUPERVISING PHYSICIAN
Ludema, Helia PA-C	Physician Assistant Plastic and Reconstructive Surgery	Surgery	Matthew Romans, MD and Jeremy Silk, MD.

**Reappointment:**

NAME	SPECIALTY	PRIVILEGES
Allen, Kamron, PA-C	Physician Assistant	Physician Assistant Physician Assistant – Surgical Privileges
Ganzhorn, Susan, PA-C	Physician Assistant	Taylor Farms Family Health & Wellness Center Physician Assistant – Ambulatory Care

**Temporary Privileges:**

NAME	SPECIALTY	DATES
Hall, Kelly, PA-C	Physician Assistant – Surgical Assisting Cardiac Surgery	12/08/2022 – 01/08/2023

## **Informational Items:**

### **I. Committee Reports:**

#### **a. Quality and Safety:**

- Summary of Safety Events, root cause analyses and improvements
- Antibiotic Stewardship UM Report Q3 2022
- Infection Prevents/Hand Hygiene
- Environment of Care Reports
  - Security Management
  - Fire Safety
  - Employee Health
  - Laser Safety
  - Radiation Safety
  - Hazardous Materials Management
  - Active Shooter
- Disease Specific Programs Update:
  - Lung Nodule
  - Palliative Care
- Pharmacy and Therapeutics/Infection Prevention
- Pathology Diagnostic Discrepancies

#### **b. Medical Staff Excellence Committee (MSEC):**

Committee Member Appointment were approved as follows:

- Medicine Primary Care: Kelly Gram, MD
- At Large Member 1: Kelsey Gray, MD
- At Large Member 2: Eshan Labroo, MD

### **II. Other Reports:**

- a. Financial Performance Review October 2022
- b. Summary of Executive Operations Committee Meetings
- c. Summary of Medical Staff Department/Committee Meetings – November 2022
- d. Medical Staff Treasury Report November 30, 2022
- e. Medical Staff Statistics
- f. HCAHPS Update December 2, 2022



Clinical Privileges Delineation - Pediatrics

Applicant Name: \_\_\_\_\_

Effective from \_\_\_\_

Qualifications:

**Pediatrics:** To be eligible to apply for core privileges in Pediatrics, the applicant must meet the following qualifications:

- Current certification or active participation in the examination process leading to certification in Pediatrics by the American Board of Pediatrics or the American Osteopathic Board of Pediatrics
OR
• Successful completion of an ACGME or AOA accredited post-graduate training program in Pediatrics
AND
• Clinical: Documentation of the provision of inpatient care for at least 20 hospitalized pediatric/newborn patients during the past 24 months.

General Privilege Statement

Clinically privileged individuals who have been determined to meet criteria within their practice specialty are permitted to admit, evaluate, diagnose, treat and provide consultation independent of patient age, and where applicable, provide surgical and therapeutic treatment within the scope of those clinical privileges and to perform other procedures that are extensions of those same techniques and skills.

Pediatric Core Privileges

Admit, evaluate, diagnose, treat, manage and provide consultation to patients with straight forward conditions such as neonatal hyperbillirubinemia, dehydration, asthma and conditions as complex as failure to thrive as well as cardiovascular compromise including those conditions requiring stabilization and transfer.

Reappointment Criteria for Pediatric Core Privileges:

Applicants must demonstrate that they have maintained competence by providing documentation that they have successfully managed at least 20 pediatric patients (12 of which may be well newborns) within the past 24 months based on the results of ongoing professional practice evaluation and outcomes.

Requested: Remote Pediatric Intensive Care Privileges (check box if requested)
Privileges to admit, evaluate, diagnose, consult, perform history and physical exam and provide treatment or consultative services to pediatric patient in need of critical care. Privileges include high-risk, high-volume, problem-prone procedures which are commonly performed by the intensivist on the critically ill patient.

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Neonatology Core: To be eligible to apply for core privileges in Neonatology, the applicant must meet the following qualifications:

- Successful completion of an ACGME or AOA accredited fellowship in neonatal/perinatal medicine or neonatology
AND
• Document current certification or active participation in the examination process leading to certification in Neonatology by the American Board of Pediatrics Sub-Board in Neonatal/Perinatal Medicine
AND
• Document the provision of inpatient or consultative services to at least 50 NICU Patients during the past 12 months or successful completion of an ACGME or AOA accredited resident or clinical fellowship in neonatal/perinatal medicine or neonatology in the past 12 months.
AND
• Documentation of current Neonatal Resuscitation Program course completion certification (AAP/AHA)





## Clinical Privilege Delineation Diagnostic Imaging

**Applicant Name:** \_\_\_\_\_

### QUALIFICATIONS:

**Radiology: To be eligible to apply for core privileges in Diagnostic Imaging, the applicant must meet the following qualifications:**

- Current certification or active participation in the examination process leading to certification in radiology by the American Board of Radiology or the American Osteopathic Board of Radiology.

**Or**

- Successful completion of an ACGME-or AOA-accredited post-graduate training program in radiology.

**And**

- Documentation of the performance and interpretation of 500 radiologic tests or procedures commensurate with the specialty in the past 24 months.

**And**

- Physicians involved in the evaluation and management of cancer patients must be either Board Certified, in the process of becoming board certified; or demonstrate ongoing cancer-related education by documenting 12 CME hours annually.

New applicants will be required to provide documentation of the number and types of hospital cases during the past 24 months. Applicants have the burden of producing information deemed adequate by the hospital for a proper evaluation of current competence, and other qualifications and for resolving any doubts.

### **General Privilege Statement**

Clinically privileged individuals who have been determined to meet criteria within their practice specialty are permitted to admit, evaluate, diagnose, treat and provide consultation independent and where applicable, provide surgical and therapeutic treatment within the scope of those clinical privileges and to perform other procedures that are extensions of those same techniques and skills. In the event of an emergency, any credentialed individual is permitted to do everything reasonably possible regardless of department, staff status or clinical privileges, to save the life of a patient or to save a patient from serious harm as is outlined in the Medical Staff Bylaws.

### **Diagnostic Radiology Core Privileges** (required with the exception of remote services applicants)

Perform general diagnostic radiology including CR, CT, Ultrasound, Nuclear Medicine, Positron Emission Tomography (PET) and MR on patients. Core privileges also include Fluoroscopy and minor invasive procedures. The core privileges in this specialty include the procedures on the attached procedure list and such other procedures that are extensions of the same techniques and skills.

### **Remote Radiology:**

**Check if Requesting**

Includes Radiology privileges above under current contractual agreement to provide remote radiology services with the designated SVMHS Diagnostic Imaging medical group. Privileges include interpretation of diagnostic studies performed at SVMH. Studies include CR, CT, Ultrasound, Nuclear Medicine and MR. The core privileges in this specialty include the procedures on the attached procedure list and such other procedures that are extensions of the same techniques and skills. [Remote Radiology privileges include Mammography core privileges for individuals who meet qualification criteria as outlined in the Mammography Center clinical privilege delineation.](#)

**RESOLUTION NO. 2022-19  
OF THE BOARD OF DIRECTORS OF  
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**AUTHORIZING THE CORE REBRANDING OF THE DISTRICT  
FACILITIES AND SERVICE LINES TO SALINAS VALLEY HEALTH**

WHEREAS, Salinas Valley Memorial Healthcare System (“SVMHS” or “District”) is a local health care district organized and operating under the California Health Care District law (Health & Safety Code Sections 32000 et. seq.);

WHEREAS, the District is organized to provide quality healthcare to, and improve the health and well-being of the residents of the District, including the operation of an acute health care facility located in Salinas, California with various service lines;

WHEREAS, the SVMHS Board of Directors acknowledge that the organization has undergone significant transformation and growth over the past decade. In addition, dramatic shifts in the national healthcare landscape have resulted in profound changes to the healthcare delivery system locally. As such, on July 25, 2019 the SVMHS Board of Directors approved the reevaluation of the organization’s current brand to ensure that it is in alignment with the District’s business strategy;

WHEREAS, as a result of the reevaluation of the organization’s current brand, the SVMHS Board of Directors has determined that it is in the best interest of the residents of the health care district to rebrand the District’s facilities and service lines to better reflect the District’s growth and the transformation within the healthcare industry, both nationally and locally;

WHEREAS, the SVMHS Board of Directors has determined as part of the rebranding of the District’s facilities, it will be necessary to submit an application for name change to the California Department of Public Health to modify the license on the District’s acute care hospital facility to reflect the newly rebranded name;

WHEREAS, the District maintains accounts at Mechanics Bank for the deposit of funds received by the District and disbursement of funds by the District. Due to the transition involved in the rebranding of the District’s facilities and service lines, it is anticipated that payors to the District may continue to issue payments to the District in various names. The SVMHS Board of Directors desires to ensure, by virtue of this Resolution, that Mechanics Bank is authorized to continue to accept payments to the District issued in various names;

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

1. The District’s legal name shall remain Salinas Valley Memorial Healthcare System;
2. The Core Brand name of the organization shall be Salinas Valley Health, to be applied consistently throughout the organization;
3. The Salinas Valley Health naming convention shall be applied to individual facilities and existing and future service lines of the organization;

4. The facility name, as reflected on the California Department of Public Health (CDPH) Consolidated General Acute Care Hospital License, will be changed from Salinas Valley Memorial Hospital to Salinas Valley Health Medical Center effective upon approval by CDPH;
5. The District is authorized to continue to receive payments, accept deposits, and make payments under the following names:
  - Salinas Valley Memorial Healthcare System,
  - Salinas Valley Memorial Hospital,
  - Salinas Valley Health,
  - Salinas Valley Health Medical Center,
  - Salinas Valley Health Taylor Farms Family Health & Wellness Center, and
  - Taylor Farms Family Health & Wellness Center
6. The President/CEO, CFO, and the Board President of the SVMHS Board of Directors is authorized to sign any documentation with Mechanics Bank or any other federally regulated bank to effectuate said payments being received, deposited into, or made from District bank accounts;
7. The President/CEO is authorized and directed to take such other and further action necessary for the adoption of the Core Brand of the District as Salinas Valley Health, and may take any further actions as may be necessary or appropriate to implement the intent and purposes of this Resolution.

The foregoing Resolution was passed by the following vote of the Board of Directors of Salinas Valley Memorial Healthcare System at its regular meeting on December 15, 2022.

**AYES:** Board members: Cabrera, Cabrera, Carson, Hernandez Laguna, and President Rey, Jr.

**NOES:** None

**ABSTENTIONS:** None

**ABSENT:** None

## **SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

By: \_\_\_\_\_  
Victor Rey, Jr., Board President

**RESOLUTION NO. 2022-20  
OF THE BOARD OF DIRECTORS OF  
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**AUTHORIZING THE REBRANDING OF SALINAS VALLEY MEDICAL CLINICS  
CONSISTENT WITH CORE REBRANDING OF DISTRICT  
FACILITIES AND SERVICE LINES**

WHEREAS, Salinas Valley Memorial Healthcare System (“SVMHS” or “District”) is a local health care district organized and operating under the California Health Care District law (Health & Safety Code Sections 32000 et. seq.);

WHEREAS, the District is organized to provide quality healthcare to, and improve the health and well-being of the residents of the District, including the operation of an acute health care facility and ambulatory medical clinics located in Monterey County with various service lines;

WHEREAS, the SVMHS Board of Directors acknowledge that the organization has undergone significant transformation and growth over the past decade. In addition, dramatic shifts in the national healthcare landscape have resulted in profound changes to the healthcare delivery system locally. As such, on July 25, 2019 the SVMHS Board of Directors approved the reevaluation of the organization’s current brand to ensure that it is in alignment with the District’s business strategy;

WHEREAS, as a result of the reevaluation of the organization’s current brand, the SVMHS Board of Directors has determined that it is in the best interest of the residents of the healthcare district to rebrand the District’s facilities and service lines, including Salinas Valley Medical Clinics, to better reflect the District’s growth and the transformation within the healthcare industry, both nationally and locally;

WHEREAS, the District maintains accounts at 1<sup>st</sup> Capital Bank for the deposit of funds received and disbursement of funds by the District and specifically on behalf of the Salinas Valley Medical Clinics. Due to the transition involved in the rebranding of the District’s facilities and service lines, it is anticipated that payors to the District may continue to issue payments to the District in various names. The SVMHS Board of Directors desires to ensure, by virtue of this Resolution, that 1<sup>st</sup> Capital Bank is authorized to continue to accept payments to the District issued in various names;

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

1. The District’s legal name shall remain Salinas Valley Memorial Healthcare System;
2. The Core Brand name of the organization shall be Salinas Valley Health, to be applied consistently throughout the organization;
3. The Salinas Valley Health naming convention shall be applied to individual facilities and existing and future service lines of the organization;

4. The District is authorized to continue to receive payments, accept deposits, and make payments under the following names:
  - Salinas Valley Medical Clinics
  - Salinas Valley Health Clinics
6. The President/CEO, CFO, and the Board President of the SVMHS Board of Directors is authorized to sign any documentation with 1<sup>st</sup> Capital Bank, or any other federally regulated bank to effectuate said payments being received, deposited into, or made from District bank accounts;
7. The President/CEO is authorized and directed to take such other and further action necessary for the adoption of the Core Brand of the District as Salinas Valley Health, and may take any further actions as may be necessary or appropriate to implement the intent and purposes of this Resolution.

The foregoing Resolution was passed by the following vote of the Board of Directors of Salinas Valley Memorial Healthcare System at its regular meeting on December 15, 2022.

**AYES:**

**NOES:**

**ABSTENTIONS:**

**ABSENT:**

**SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

By: \_\_\_\_\_  
Victor Rey, Jr., Board President

**RESOLUTION NO. 2022-21**

**OF THE BOARD OF DIRECTORS OF  
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A  
STATE OF EMERGENCY BY GOVERNOR'S STATE OF EMERGENCY DECLARATION  
ON MARCH 4, 2020, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS  
FOR THE PERIOD DECEMBER 31, 2022 THROUGH JANUARY 30, 2023**

WHEREAS, Salinas Valley Memorial Healthcare System ("District") is a public entity and local health care district organized and operated pursuant to Division 23 of the California Health and Safety Code;

WHEREAS, the District Board of Directors is committed to preserving and nurturing public access and participation in its meetings;

WHEREAS, all meetings of the District's governing body are open and public, as required by The Ralph M. Brown Act, so that members of the public may attend, participate, and observe the District's public meetings;

WHEREAS, The Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions;

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558;

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the boundaries of the District, caused by natural, technological, or human-caused disasters;

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees;

WHEREAS, the District Board of Directors has reconsidered the state of emergency circumstances, and find that the state of emergency continues to impact the ability of the members to meet safety in person pursuant to Government Code Section 54953(e)(3) due to increasing COVID-19 case numbers and hospitalizations over the past several months;

WHEREAS, as a consequence of the local emergency, the District Board of Directors may conduct meetings without compliance with Government Code Section 54953(b)(3), as authorized by Section 54953(e), and that the District shall comply with the requirements to provide the public with access to the meetings pursuant to Section 54953(e)(2);

WHEREAS, meetings of the District Board of Directors will be available to the public via a link listed on the agenda;

NOW THEREFORE IT IS HEREBY ORDERED AND DIRECTED THAT:

1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.
2. Proclamation of Local Emergency. The District hereby proclaims that a local emergency continues to exist throughout Monterey County, and as of September 22, 2021, the Monterey County Health Department continues to recommend that physical and social distancing strategies be practiced in Monterey County, which includes remote meetings of legislative bodies, to the extent possible.
3. Ratification of Governor's Proclamation of a State of Emergency. The District hereby ratifies the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance date of March 4, 2020.
4. Remote Teleconference Meetings. The District Board of Directors is hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of The Brown Act.
5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) January 30, 2023, or (ii) such time the District adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the District may continue to meet via teleconference meeting all the requirements of Section (3)(b).

This Resolution was adopted at a duly noticed Regular Meeting of the Board of Directors of the District on December 15, 2022, by the following vote.

**AYES:**

**NOES:**

**ABSTENTIONS:**

**ABSENT:**

**SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

By: \_\_\_\_\_  
Victor Rey, Jr., Board President

*EXTENDED CLOSED SESSION*  
*(if necessary)*

*(VICTOR REY, JR.)*



# *ADJOURNMENT*

*The next Regular Meeting of the  
Board of Directors is scheduled for  
Thursday, January 26, 2023, at 4:00 p.m.*