

# *Health Care Task Force*

## **CALL TO ORDER**

A Regular Meeting of the Kenai Peninsula Borough's Health Care Task Force was held on February 22, 2011, in the Borough Assembly Chambers, Soldotna, Alaska. Chair Knopp called the meeting to order at 6:00 p.m.

## **ROLL CALL**

### **There were present:**

Gary Knopp, Chair  
Duane Bannock  
Jim Golden  
Janet Hilleary  
John Hoyt  
Linda Murphy  
Tim Peterson [*arrived late*]  
Rick Ross

comprising a quorum of the Task Force.

### **Also in attendance were:**

Linda Hutchings, Alternate  
Margaret Gilman, Alternate  
Charlie Pierce, Alternate  
Johni Blankenship, Borough Clerk

## **APPROVAL OF AGENDA**

### **MOTION:**

Bannock moved to approve the agenda, seconded by Golden.

### **AGENDA APPROVED:**

Unanimous.

## **APPROVAL OF SUMMARY**

### **MOTION:**

Murphy moved to approve the January 25, 2011 meeting minutes, seconded by Bannock.

AGENDA APPROVED:

Unanimous.

## **NEW BUSINESS**

### **Presentation from Dennis McMillian from the Foraker Group regarding the future trends of the Health Care Industry**

Dennis McMillian gave a presentation regarding the future trends of non-profits and the health care industry in the State of Alaska and nationwide. He addressed the following topics:

- Alaska Non-Profits
- Composition of Alaska Public Charities
- Public Charity Revenues
- Generational Future Impacts on Board Participation
- Federal Contributions to Non-Profits
- Non-Profit Expenditures
- Health Industry Sources of Revenues

Mr. McMillian addressed the trends to expect and reviewed funding crisis (federal funding expected to decrease dramatically), “crash of the herd” (80 million baby boomers versus 44 million generation X), and new structures (top down hierarchy structure would not be used in the future). He further addressed concerns regarding workforce shortages at all health care levels, health care reform, and new structures (decentralized versus autonomy/dependence).

He reviewed other hospital structures within the State of Alaska and noted some of their concerns and some of their successes.

## **QUESTIONS FROM THE BOARD**

Bannock asked for an explanation regarding the revenues from the Federal government. Mr. McMillian indicated the non-profits in the State of Alaska currently received approximately 43 percent of their revenue from the Federal government, whereas the rest of the nation’s non-profits average approximately eight (8) percent of their revenues from the Federal government. He further explained the revenues from the Federal government would be declining rapidly in light of the current atmosphere in D.C.

Pierce asked Mr. McMillian to further explain how the future structure of reimbursements from insurance companies to the health care industry could possibly impact our hospital. Mr. McMillian indicated redundant systems, smaller population and diversity of demographics within the state make the same health care in Alaska more expensive than it would be in other states.

Ross asked Mr. McMillian to explain why physicians were no longer interested in becoming independent practitioners and appear to prefer to be part of a hospital. Mr. McMillian explained his belief that it was a generational phenomenon and would continue in the future.

Knopp asked where the money is made in the health care industry. Mr. McMillian stated he did not explain the dynamics of it himself; however, he felt there would be more money made in for profit entities than in non-profit entities, simply because of the nature of the business model.

## **PUBLIC COMMENTS**

Chairman Knopp called for public comment period.

The following people addressed to board regarding hospital governance and asked questions of Mr. McMillian:

**Brenda Trefren**, Soldotna

**Ray Southwell**, Nikiski

**Melinda Easton**, Kenai

**Dr. Nels Anderson**, Soldotna

**Dr. John Bramante**, Soldotna

**Diane MacRae**, Kasilof

**Bob Letson**, Homer

**Rebecca Kirchgassner**, Soldotna

There being no one else who wished to speak, the public comment period was closed.

Craig Chapman, KPB Finance Director and Colette Thompson, Borough Attorney, summarized their findings regarding the health care industry while attending a health care related conference in Arizona as follows:

- Core Services
- Expansion or Status Quo
- Reduction in Revenues
- Free Standing vs. System
- Bundles Payments
- Accountable Care Organizations
- Governance
- Board Responsibilities

Ms. Thompson stated the conference did support the direction the CPGH, Inc. board had already taken.

## **TASK FORCE MEMBER COMMENTS**

Hutchings thanked Mr. McMillian for his presentation.

Golden stated the evening presented more questions for him than answers and thanked everyone for their participation.

Bannock thanked everyone for their participation and reiterated the task of the Task Force.

Gilman stated that she realized that doing nothing was not an option.

Hilleary thanked everyone for their participation.

Pierce reiterated some of the options available to the task force and realized change was not easy; however, it was inevitable. He indicated that expansion of the hospital was good for the community's bottom line.

Murphy stated that she had come full circle on her beliefs regarding the hospital ownership and indicated that it was obvious that the hospital had to change the way they were operating and governed.

Knopp thanked Mr. McMillian for his presentation and also indicated he had a much better understanding as to why the CPGH, Inc. board gave the recommendation that they did.

## **NOTICE OF NEXT MEETING**

The next meeting of the Health Care Task Force was set for Tuesday, April 12, 2011 at 6:00 p.m. in the George A. Navarre Borough Administration Building, Assembly Chambers.

## **ADJOURNMENT**

With no further business to come before the Task Force, Chairman Knopp adjourned the meeting at 8:20 p.m.

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Johni Blankenship, Borough Clerk

Approved by Task Force \_\_\_\_\_