

Three Rivers Hospital

Board of Commissioners Regular Meeting

March 31, 2015

Minutes

The Three Rivers Hospital Board of Commissioners called a regular meeting to order at 8:09 a.m. Tuesday, March 31, 2015 in the Hillcrest Commons Area, 415 Hospital Way, Brewster, WA 98812. The presiding officer was Vicki Orford, Chair.

A quorum was present, including:

Vicki Orford, Chair
Jerry Tretwold, Vice Chair
Tracy Shrable, Secretary Arrived at 8:12 a.m.

Others present:

J. Scott Graham, Chief Executive Officer
Melanie Neddo, Chief Operating Officer
Jennifer Munson, Chief Financial Officer
Gretchen Aguilar, Chief Nursing Officer
Anita Fisk, Director of Human Resources
Jennifer Marshall, Administrative Assistant
Ty Witt, M.D.
Eric Haeger, M.D.
Joel Deming, PA-C
April Vanscoy, anesthesia

Vision, Mission & Values

Board members read the mission, vision, and values statements.

Agenda

V. Orford added Coast to Coast under old business. Under new business, the following items were added: Okanogan CHI, strategic planning retreat, and the Critical Access Hospital conference. J. Tretwold motioned and T. Shrable seconded to accept the agenda as official. Motion passed unanimously.

Previous Meeting Minutes

T. Shrable motioned and J. Tretwold seconded approving the February 24, 2015 minutes as presented. Motion passed unanimously.

Consent Items

V. Orford noted payroll and voucher figures as presented on the agenda, and read the bad debt and charity care figures.

1. Payroll/Vouchers

a. Payroll total:	Gross: \$493,661.96	Net: \$339,723.44	
2/15/15-2/28/15	Gross: \$244,287.44	Net: \$166,969.25	Employees: 106
3/1/15-3/14/15	Gross: \$249,374.52	Net: \$172,754.19	Employees: 108
b. Vouchers total: \$966,181.10			
2/26/15	75680-75710	\$27,135.21	
3/5/15	75711-75740	\$364,434.39	
3/12/15	75741-75823	\$197,896.80	
3/19/15	75824-75857	\$376,714.70	

2. Bad Debt: \$30,152.37 Charity Care: \$65,726.96

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V. Orford asked why relatively new bills are being written off. J. Munson said they were screened previously. T. Shrable asked if we offer a special rate for payment made on the same day of service. The hospital does offer a discount. J. Tretwold motioned and T. Shrable seconded to accept the consent items as presented. Motion passed unanimously.

Old Business

Resolution 2015-3: The board must ratify the purchase of a CT scanner before Foster Pepper can issue their legal opinion on it. Any changes to the contract would likely be minor. T. Shrable motioned and J. Tretwold seconded to accept the resolution. Motion passed unanimously.

Summary of care exclusion report: M. Neddo has found some exclusions for facilities with less than 100 discharges, but they don't apply to Three Rivers Hospital. The staff will keep looking.

Coast to Coast: The physicians and ER providers would like to present an alternative plan for the board to consider. J. Deming said they're still working on the proposal. T. Shrable thinks the board should be fair and listen to all options. S. Graham noted that the board has already given him the authority to sign the contract, but the administration has been allowing time for feedback and can wait another week. J. Marshall is scheduling a lunch meeting for the physicians to discuss Coast to Coast with S. Graham and M. Neddo. The board agreed to hold a special meeting the following week.

New Business

Okanogan CHI: J. Tretwold discussed the organization, which includes Okanogan, Grant, Chelan, and Douglas counties. They have stakeholders all over the region. He reviewed the structure of the organization. This group was born from the governor's call for the innovation of health care delivery. This group is trying to come up with a way to innovate locally.

Strategic planning retreat: V. Orford explained that the April 9 retreat is being rescheduled to May 14 to get more provider involvement. J. Tretwold thinks rescheduling the retreat would be a mistake because hospital business can't be delayed.

Critical Access Hospital conference: V. Orford and M. Neddo attended the Critical Access Hospital and Rural Health conferences in Spokane on March 17-19. The primary need in our state is mental health and substance abuse. The second is access to health needs and obesity. She reviewed several recommendations from the seminars she attended, such as including Population Health on board meeting agendas and inviting schools, law enforcement, and cities to participate in board retreats. V. Orford suggested also inviting three physicians in the Methow Valley who do home visits, as well as Room One. M. Neddo thought the presentation about Republic Hospital was interesting regarding how devastating closing the hospital would be. Rural hospitals are important to small communities.

Finance Report

J. Munson reviewed the February finance packet. See attached. There were about 88 FTEs, and wages and benefits were down. With the volumes we had, the labor could have been a little lower but it's an improvement. There was a loss of \$270,000 for the month. Registered warrants are at \$1.914 million as of this morning. Accounts receivable has decreased to 63.6 days, which is good.

There's a typo on Page 8 of the finance packet. Under inpatient revenue, the first sentence should say overall inpatient revenues were below projections, not "above below."

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J. Tretwold asked where workers' compensation money goes. It offsets the expense in the general fund. Any cash the hospital receives, unless the funding is earmarked for something specific, is deposited into the general fund. Three Rivers got a dividend in November for unemployment, and another this month for workers' compensation. The hospital pays \$20,000-25,000 per month for both. J. Tretwold asked who manages employee injuries in-house. Human Resources takes care of that.

The largest amount of bad debt sometimes comes from ER patients, and sometimes comes from day care and medical/surgical. Staff follows EMTALA carefully and make sure they don't push patients to the clinic when they want to be seen in the ER.

Accounts receivable was at \$3.259 million, or 56 days, as of this morning. Revenue as of this morning is about \$400,000 under budget for the month. March had 88 inpatient days and an average daily census of 2.4. Accounts receivable has about 12.5 unbilled days, partly due to surgeries last Friday.

DZA was on-site for a week this month. The auditors gave mostly positive feedback during the preliminary exit interview.

J. Munson shared cash flow projections for the rest of the year. Administration met last week with Brad Berg of Foster Pepper to discuss bond and levy options. That route would be difficult because of the hospital's cash position. The only way to make a difference in the warrants balance with volumes remaining low would be to cut \$100,000 from expenses each month, or \$1.2 million per year, which is significant for a rural hospital. Three Rivers needs to be able to invest more into facility improvements to draw in patients and increase reimbursements. Moving the ER is also planned, when the money is available to do so. It's time to go to the community and explain what needs to be done. V. Orford asked for a few options to be presented either at the special meeting or the next regular meeting. S. Graham thinks a business plan is needed as well to present to a potential investor for funding. Administration and the board want to be sure they're making the best decision for everybody.

T. Shrable asked how much the hospital would borrow. With a \$5 million bond, the hospital could pay off warrants and still have capital for improvements, but creditworthiness may impact this option.

J. Tretwold asked if \$100,000 per month is the right number. J. Munson said yes, but revenues can't drop any further than they have. The hospital has been losing about \$100,000 per month. J. Tretwold thinks it would be difficult to pass something in an election. He motioned that J. Munson present a plan to cut \$100,000 per month in the special meeting. She stated she'll need at least two weeks to come up with good numbers. T. Shrable noted the board would need time to review the proposed cuts to make sure they're making all the right decisions. V. Orford didn't see the need for a motion. The board has to consider everything, which is what the administration has already been doing. S. Graham stated the proposal will be comprehensive, thoughtful, and humane. The board shared its support of what administration is doing. J. Tretwold's motion died for lack of a second.

Foundation Report

None.

Physician Report

T. Witt was unable to attend the last medical staff meeting. Much of the meeting was comprised of a Coast to Coast presentation and discussion.

Administration Report

S. Graham reviewed patient and procedure volumes. Clinic numbers have gone up, but are still half of budget. Lab numbers are up, although there has been a downturn in March. Surgeries are down; there were 35, which was short of the goal of 50. Radiology tests are trending downward. ER visits are up a bit from October and November, but still short of the budgeted 12 visits per day. Daily revenues are also

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trending downward. Inpatient census is below target. T. Witt asked why volumes are down – are people going elsewhere for health care, or are the healthy initiatives working? S. Graham thinks people are waiting longer to seek treatment, and the mild winter weather may have impacted illnesses and travel. S. Graham reviewed the labor ratio graph. Even when there are no patients, the hospital needs a certain number of staff to keep the doors open. J. Tretwold complimented the staff on their efforts in keeping the campus clean, providing good customer service, and doing community outreach. T. Witt asked if the hospital has health care contracts with any major employers. The hospital holds a contract with Chief Joseph Dam. Janet Hanke has reached out to Wells Dam and Gebbers Farms to determine if Three Rivers can meet their needs as well. V. Orford asked if the hospital can do something similar with schools or municipal governments. T. Witt volunteered to speak to different groups about health issues and services. Michele Hansen has done that a few times.

ICD 10 Preparation Update

Staff are dual-coding all ER, inpatient and outpatient visits. They'll begin additional training on April 15. The coders will be doing intense training; other staff will be doing moderate and general training.

Board Education

Credentialing Coordinator Sonia Ruiz explained the credentialing and privileging process.

Public Comment

None.

Upcoming Meetings

V. Orford reviewed the list of meetings on the agenda.

J. Marshall recommended that the special board meeting be held at the end of next week because a legal notice needs to be placed in the Methow Valley News. The board agreed to set the meeting for 8 a.m. on April 9, 2015, in the Hillcrest Administration Building Commons Area, to discuss ER department staffing contracts.

Adjournment

J. Tretwold motioned to adjourn the meeting at 10:06 a.m. T. Shrable seconded. Motion passed unanimously.

Vicki Orford, Chair

Jerry Tretwold, Vice-Chair

ABSENT WITH PERMISSION

Tracy Shrable, Secretary

Mike Pruett, Member

ABSENT WITH PERMISSION

Cherri Thomas, Member