

Three Rivers Hospital

Board of Commissioners Regular Meeting
January 31, 2017 Minutes

The Three Rivers Hospital Board of Commissioners called a regular meeting to order at 11:03 a.m. Tuesday, January 31, 2017 in the McKinley Building Conference Room at 507 Hospital Way, Brewster WA 98812. The presiding officer was Vicki Orford, Chair.

A quorum was present, including:

Vicki Orford, Chair
Mike Pruett, Vice Chair
Tracy Shrable, Secretary (present at 11:06 a.m.)
Cherri Thomas, Member (via phone)

Others present:

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
Nicky Markey, Director of Quality, Risk, Compliance and Health Information Management
Cole Renfroe, Information Technology Manager
Christine Smith, ER Team Leader
Yuni Dominguez

Vision, Mission & Values

Everyone took turns reading the vision, mission and values statements.

Agenda

C. Thomas motioned and M. Pruett seconded to accept the agenda as official. Motion passed.

Minutes from Previous Meeting

M. Pruett motioned and V. Orford stepped down from board chair to second accepting the minutes as presented. Motion passed unanimously.

Consent Items

V. Orford noted the payroll and vouchers as listed on the agenda, and read the bad debt and financial assistance figures.

Payroll total:	Gross: \$946,979.15	Net: \$641,847.26
11/20/16-12/3/16	Gross: \$241,064.13	Net: \$165,090.87
12/4/16-12/17/16	Gross: \$228,878.46	Net: \$157,322.76
12/18/16-12/31/16	Gross: \$237,796.00	Net: \$158,299.69
1/1/17-1/14/17	Gross: \$239,240.56	Net: \$161,133.94
Vouchers total: \$1,859,682.94		
12/1/16 80726-80784	\$127,228.77	
12/8/16 80785-80828	\$315,695.21	
12/15/16 80829-80864	\$170,087.20	
12/22/16 80865-80921	\$314,648.28	
12/29/16 80922-80970	\$125,898.20	
1/5/17 80971-81015	\$322,510.74	

Three Rivers Hospital

Board of Commissioners Regular Meeting

January 31, 2017

Minutes

1/12/17 81016-81056 \$116,492.85

1/19/17 81057-81097 \$367,121.69

Bad Debt: \$127,047.68

Financial Assistance: \$26,361.63

V. Orford read the list of medical staff applicants. All but four providers are for tele-stroke services. M. Pruett motioned and T. Shrable seconded to accept the consent items as presented. Motion passed unanimously.

Old Business

None.

New Business

Resolution 2017-1: We are no longer in need of a separate petty cash drawer for the financial counselor because she is now located in the business office. The state auditor's office expressed an interest in seeing a resolution noting where the petty cash funds are located and their amounts. M. Pruett motioned to accept Resolution 2017-1 as presented. T. Shrable seconded. Motion passed unanimously.

Resolution 2017-2: Okanogan County sent a list of old outstanding accounts and asked for them to be canceled. Some will be reissued. T. Shrable motioned to accept Resolution 2017-2 as presented. C. Thomas seconded. Motion passed unanimously.

Bulk Computer Order Proposal: J. Munson and C. Renfro created a proposal to replace every computer in the facility older than 2013. The list includes seven desktops and five laptops. The newest computers will go to the nursing department, and their computers will be rotated to other departments in need. CDW gave the best proposal. The company offered a one-year lease option, and the computers could be kept or turned in after its useful life of three years. C. Renfro noted this will help the hospital get rid of old, failing equipment. T. Shrable asked if it would be cheaper to buy the computers or go with the one-year payments; J. Munson advised the monthly payments, and interest can be claimed on the cost report. M. Pruett motioned to accept the bulk computer order and authorize J. Munson to move forward with a purchase from CDW and VAR as proposed. C. Thomas seconded. Motion passed unanimously. M. Pruett asked what happens to the older computers; some will be transferred to other departments, and the rest will be surplus.

Server Proposal: We have a big need for servers, and they were built into this year's budget. CDW sent us a quote to finance two servers at a total of \$50,000. Virtunet also offered a quote for \$25,490. C. Renfro said two of our six servers are failing due to age and need to be replaced. This is the first step in a larger project, which is virtualizing our IT infrastructure. This would result in lower costs for hardware, improve performance on the server level, increase security and data retention, and enable IT to better manage issues such as ransomware attacks and data loss. C. Thomas asked if there will be a standard desktop; yes. Two servers have both failed once, and now they're backing each other up but it has cost us about \$16,000 in data recovery over the last two years. C. Thomas asked how long the server space will last until we have to expand it or purchase another SAN; he will find out, but the actual usable space he discussed with the vendor is 6 terabytes. C. Thomas asked if this will affect CPSI. If we purchase these servers, we could then buy a less expensive CPSI license. J. Munson noted that we do have to pay sales tax, contrary to what the quote says. C. Thomas thinks this is a great direction to take. M. Pruett asked if other local facilities have virtualized CPSI using this software with success; yes. Once virtualization is complete, if employees take home laptops they could access Windows, but they'd need to log in to the server to access hospital documents and patient files. It

Three Rivers Hospital

Board of Commissioners Regular Meeting

January 31, 2017

Minutes

would add an extra step in protecting patient information in case a laptop is lost or stolen.

C. Thomas asked to have information about the actual storage space of the new servers before voting on the proposal. The vote was postponed until later in the meeting.

2017 Board Officer Election

M. Pruett would like to stay on as vice chair and nominated V. Orford to continue as chair. T. Shrable and C. Thomas agreed. V. Orford agreed to serve as chair for one more year. M. Pruett motioned that the board officers remain as they were in 2016 for the 2017 session, with himself as vice chair and T. Shrable as secretary. T. Shrable seconded. Motion passed unanimously.

2017 Committee Appointments

T. Shrable and V. Orford are currently on the Finance Committee, and V. Orford attends the Medical Staff meetings. C. Thomas sits on Quality Council, and M. Pruett serves on the Building & Planning Committee.

M. Pruett recommended everyone remain on their committees given all of the projects the hospital has going, noting that the board members can continue using their experience on those committees. T. Shrable motioned the committee appointments remain as they were in 2016. C. Thomas seconded. Motion passed unanimously.

Physician Report

None. M. Neddo noted that Dr. Miller has started treating orthopedics patients in the clinic. There haven't been any other significant updates in medical staff news since the last board meeting, as the last med staff meeting was canceled. Dr. Miller is fitting in well and is anxious to meet with other regional providers. M. Pruett asked for the board members to be notified of any welcome gatherings for Dr. Miller and meetings with providers up in the Methow Valley.

Finance Report

December financials were not available in January due to wrapping up the year-end financials. In November, patient volumes were still down while laboratory and radiology continued to perform well. Professional fees continued to be over budget due to the need for locums in some departments where we were short-staffed.

M. Pruett asked about the state financial audit results. In the 2014 state audit we had a financial condition finding, and in the 2015 audit the state dropped the finding to a management letter because our financial condition had improved and the warrants balance had come down considerably. There were no findings, but three minor exit items that we were recommended to improve. They have all already been addressed.

J. Munson is pleased about the management letter because it shows the work the hospital has done in implementing and following an action plan.

Dingus, Zarecor & Associates is on-site to do preliminary work for the 2016 financial statement audit. M. Pruett asked about year-end projections; as of today, she has calculated a \$101,000 loss for the year. V. Orford thinks it's a better than expected considering the hospital lost orthopedic services for about half the year. Warrants as of today were \$583,000, which J. Munson is expecting to creep up before more revenue starts coming back in from orthopedics. T. Shrable asked what other local hospital pharmacies are doing to comply with the 340B Drug Discount Program, which involves selling medications to local pharmacies. J. Munson noted that we're looking into the options. T. Shrable and V. Orford would like to be kept in the loop.

Server Proposal - Continued

C. Renfroe spoke to Virtunet and noted there was a small miscommunication that led to the 700GB SAN appliance being proposed. It's not expandable, but is large enough for our needs currently.

C. Thomas asked what the cost would be for a SAN with 6 terabytes to get us to our goal; about \$40,000.

Three Rivers Hospital

Board of Commissioners Regular Meeting

January 31, 2017

Minutes

M. Pruett asked if the hospital and board can continue to explore finance packages; yes. C. Thomas asked if the 700GB SAN will relieve some of the concerns about server issues; yes.

C. Thomas agreed that the hospital needs to move toward virtualizing. V. Orford said this isn't the big step toward resolving issues that she'd hoped, but C. Thomas said it's a building block. T. Shrable hopes we'll be in a better financial position to tackle the rest of the project next year. J. Munson asked for approval to negotiate financing in addition to approval of the proposal. The board is in favor of the shorter-term payment plan.

M. Pruett motioned to direct administration to move forward with the server proposal as presented, with whichever financing decision they determine to be best. C. Thomas seconded. Motion passed unanimously.

C. Thomas motioned and T. Shrable seconded accepting the finance report as presented. Motion passed unanimously.

Administration Report

M. Neddo noted that volumes and revenues have been down, but staff has done a good job helping hold warrants fairly steady by managing labor well and keeping expenses under control. There have been zero patient falls since July, a wonderful accomplishment. The number of patients who left without being seen has declined considerably thanks to better communication with patients and helping them feel more comfortable in the waiting room. There's still some work to do on improving medication events. More babies were delivered in 2016 than the year before, and there have been more surgeries since orthopedics started back up.

The USDA gave their approval for guaranteeing the Coastal Bank loan. Administration is hoping the loan will close in the next couple of weeks, which may require a special board meeting to approve.

We have received new beds in the patient rooms, as well as new curtains that meet fire-resistant requirements. The rooms are slated to be repainted as well, but the difference already is impressive. V. Orford asked if Stryker would give the old beds to an undeveloped country; M. Neddo isn't sure.

There was an all-staff meeting last week and it was great to see all of the staff recognition. Jan May retired after about 30 years of dedicated employment, and a new CRNA is expected to arrive soon. Work continues on refining the strategic plan. We're gearing up for a very busy February; M. Neddo outlined some of the projects. PolicyStat will be implemented in February, along with eScribe and tele-stroke. Orthopedics will be expanded in other areas through interlocal agreements, such as North Valley Hospital and the Methow Valley. Interviews are set up this week for the Business Development Coordinator, and we've received some good applicants.

V. Orford asked how many applicants; about nine or ten, and four are very qualified.

M. Pruett thinks this administration report has started to reflect the priorities that were identified during the last strategic planning retreat. He asked for a status report on ERx. Dr. Huffman is here most days out of the month, and staff and patients love him. Fixing the Medication Review process in the ER has been a huge win for us and for them. Providers are very happy, as it results in patients being able to get their treatment quicker. Dr. Jenkins is very involved and has a lot of ideas, which is greatly appreciated.

M. Pruett hopes the increase in births here last year helps keep OB up to par with the rest of our services. He would like to be kept informed of any legislative visits and is interested in traveling with the administration.

V. Orford asked about the Three Rivers Hospital Foundation. The hospital reaches out to the foundation president every week without success. Administration spoke to our attorney about other options. J. Munson noted we do have a donation policy. If citizens donate to the hospital it is tracked separately to be used however the donor intended, unless it's a general donation. C. Thomas has been very upset about the lack of an active Foundation. Administration is limited in what it can do since the Foundation operates independently from the hospital. M. Neddo reviewed the efforts made by administration and board members to communicate with the Foundation and provide support. The board directed administration to present a plan at the next board meeting for a resolution to this issue.

Three Rivers Hospital

Board of Commissioners Regular Meeting
January 31, 2017 Minutes

C. Thomas asked about outreach for the swing bed program to improve census. M. Neddo explained that physical therapy availability is limited, and the position has been posted for months. Some of the work involved is telling a compelling story to sell the swing bed program, which will be part of marketing efforts. C. Thomas asked for the status of moving the clinic into Hillcrest. M. Neddo hopes to see the Rural Health Clinic program representative here on-site within the next few weeks to look at the building and determine what would need to happen. The county building inspector has signed off on the move, but the RHC program hasn't had a chance yet to see the property.

Board Education

M. Pruett asked to postpone his education to February, as he left his planned materials behind at home today. He did stress the importance of board members to let their voices be heard by state and federal representatives, particularly regarding health care issues and the Affordable Care Act.

Public Comment

M. Pruett requested name plates for the board members, including what town they're from so people attending board meetings know how the members represent the hospital district. V. Orford introduced Yuni Dominguez, who works at North Cascades Bank and is possibly interested in the vacant board position.

Upcoming Meetings and Events

V. Orford read the list of meetings as listed on the agenda.

Meeting Discussion

M. Pruett thinks the board had a good meeting, and very important items were able to be addressed with good presentations. T. Shrable thinks their time was used well and administration and staff gave complete and informative responses. V. Orford asked the following questions:
Did the board have any moments of perception of conflict of interest? No.
Did the meeting run too long? M. Pruett said no; T. Shrable said a lot of ground was covered. C. Thomas thought the length of the meeting was fine.
Did everybody enjoy the meeting? M. Pruett thinks the meetings have greatly improved over the last few years.

Adjournment

C. Thomas motioned and M. Pruett seconded to adjourn the meeting at 1:08 p.m. Motion passed unanimously.

Vicki Orford, Chair

Mike Pruett, Vice Chair

Tracy Shrable, Secretary

Cherri Thomas, Member