

Three Rivers Hospital

Board of Commissioners Regular Meeting

April 25, 2017

Minutes

The Three Rivers Hospital Board of Commissioners called a regular meeting to order at 11:02 a.m. Tuesday, April 25, 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 (via phone)
Tracy Shrable, Secretary (arrived at 11:10 a.m.)
Cherri Thomas, Board Member

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
Nicky Markey, Director of Health Information, Quality, Compliance & Risk
Tina Smith, Assistant Chief Nursing Officer
Christopher Majors, Business Development Coordinator
Dr. Jill Jenkins, ERx Group
Dr. Gordon Tagge, General Surgery
Dan Webster, Three Rivers Hospital Foundation
Shar Sheaffer, Dingus, Zarecor & Associates
Lois Davies, Pateros School District

Vision, Mission & Values

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

Agenda

Shar Sheaffer of Dingus, Zarecor & Associates (DZA) is on hand to deliver an annual financial audit report to the board. V. Orford added the DZA presentation to the agenda below item F, the Foundation report.

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

Minutes from Previous Meeting

C. Thomas motioned and M. Pruett seconded to accept the March 28, 2017 meeting minutes as presented. Motion passed unanimously.

Consent Items

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

Payroll/Vouchers

- | | | |
|---------------------|---------------------|-------------------|
| a. Payroll total: | Gross: \$498,138.57 | Net: \$337,116.10 |
| 3/12/17-3/25/17 | Gross: \$243,086.39 | Net: \$167,985.12 |
| 3/26/17-4/8/17 | Gross: \$255,052.18 | Net: \$169,130.98 |
| b. Vouchers total: | \$1,229,079.99 | |
| 3/23/17 81434-81504 | \$154,059.04 | |

Three Rivers Hospital

Board of Commissioners Regular Meeting

April 25, 2017

Minutes

3/30/17 81505-81543 \$338,465.38

4/6/17 81544-81614 \$241,309.33

4/13/17 81615-81652 \$404,244.10

4/20/17 81653-81691 \$91,002.14

c. Bad Debt: \$12,054.31 Financial Assistance: \$103,710.33

V. Orford read the list of providers applying for medical staff privileges.

C. Thomas motioned and T. Shrable seconded to approve the consent items as presented. Motion passed unanimously.

Foundation Report

Dan Webster, president of the Three Rivers Hospital Foundation, reported that the Foundation board members are working on scheduling a meeting to discuss how to grow membership and define projects. V. Orford asked if the Foundation will be able to meet once a month; D. Webster would like to meet monthly to start. He thinks there are a lot of good things happening at the hospital that could use the Foundation's help. V. Orford would like to have a regular report to the board each month to keep communication open.

S. Graham encouraged everyone to donate to the Foundation, and it's tax-deductible. Donations can be mailed to PO Box 455 in Brewster.

DZA Financial Audit Report

S. Sheaffer presented the hospital's annual financial audit. The hospital passed its audit for the year ending December 31, 2016. She reviewed the basic financial statements. Three Rivers had paid off \$1 million in warrants last year, and she said the hospital should be proud of itself for that achievement.

The administration has done a lot of work to decrease expenses, and the focus is shifting to growing revenue.

There was a small loss in 2016, subsidized by property tax revenues. The goal is to break even operationally.

S. Sheaffer reviewed the financial indicators. The total margin for the year declined, mainly due to the operating margin (which doesn't account for tax revenue). She advised the hospital to build up 90 days' cash on hand once warrants are paid off.

Looking over a five-year period, the hospital should have a goal of purchasing equipment faster than it depreciates. She thinks the hospital is doing well in that area. The amount of debt appears to be on the higher end, but in general the hospital is in a good position to take on additional debt, especially as it continues paying down warrants.

Three Rivers is just as likely, if not more so, to work with patients to provide financial assistance than to write off bad debt. In 2016 there were three fewer full-time equivalent (FTE) employees. The revenue per FTE has held fairly stable, which is a measure of efficiency. S. Graham asked if there's data from other facilities that we can compare ourselves to; not in this report, but S. Sheaffer could provide some data. Dr. Tagge asked how our charity care figures compare to other hospitals; S. Sheaffer typically sees 1-2% charity care at other facilities.

S. Sheaffer reported there were no disagreements between DZA and Three Rivers in the audit, and no findings. She appreciates that J. Munson is quick to make changes following DZA recommendations.

Community Health Report

V. Orford welcomed Lois Davies, superintendent of the Pateros School District. L. Davies also works with other local organizations and schools. When she first became superintendent at Pateros, one of the biggest challenges was meeting behavioral and mental health care needs for students. She feels everyone's response to the Carlton Complex Fire in 2014 led to improved communications and relations within the community. A community resource group formed as a 501(c)3, but there has been some question about where to find care for those affected by the fire. Three Rivers provides space for a counselor from Okanogan Behavioral Health Care

Three Rivers Hospital

Board of Commissioners Regular Meeting

April 25, 2017

Minutes

who will also offer care at a location in Pateros, to be determined. She thanked the hospital for being here for the community and praised the good care they've provided to her family in the past. V. Orford said the hospital is trying to help other organizations fill the needs of the communities. L. Davies will ask the school nurse to check in with the hospital about opportunities.

Physician Report

V. Orford moved up the Physician Report to accommodate Dr. Tagge's schedule. He discussed PolicyStat and whether clinical decisions belong in policies. He's working with the rest of medical staff on this. C. Thomas explained that tasks may be outlined under procedures rather than policies. V. Orford asked if there's a way to remove procedures from policies. S. Graham explained that the main push for PolicyStat recently has been to get all of the policies uploaded and accounted for in order to start reviewing them, and then we can work on separating policies from procedures. M. Neddo explained that there are protocols for best practice that we're expected to follow, so there's a fine line between protocols, procedures and policies.

Administration Report

S. Graham reviewed the highlights from the report that was shared with the board.

Marketing: Chris Majors has hit the ground running and is using his skills to really boost our online presence.

We feel strongly that these efforts will be a great way to keep the community informed and encourage them to seek care here more often. Right now, he is working on promoting surgery and other vital services.

Building improvements: The hospital is still in a holding pattern, pending approval from Okanogan County on creating an account to hold funds for a loan. In the event that the hospital is unable to move forward with capital financing, we may need to revisit how to use the additional revenue from the levy lid lift. C. Thomas noted that when the hospital pays off its warrants, the county has less say in how finances are managed.

M. Pruettt and V. Orford have both been in contact with Commissioner Andy Hover as well as Treasurer Leah McCormack. M. Pruettt thinks administration put together good information for the county, both initially and in the weeks since the March 28 meeting.

Patient volumes: There has been an increase in surgeries, and G. Aguilar hopes to reach 30 surgeries this month. C. Thomas asked if volumes increased as a result of recent road closures; Dr. Jenkins believes they did. Even with the higher volumes, we're offering great quality care and staff is stepping up and maintaining good attitudes. C. Thomas asked about swing bed progress. Today we have three swing bed patients and G. Aguilar anticipates adding two more. The inpatient census was around 10-11 patients all weekend and into Monday.

IT infrastructure: The hospital is investing in replacing equipment. One of the power supplies failed today during a generator test, so it's good to be proactive in maintaining and replacing aging equipment. There's also a big focus on improving documentation for providers and nurses. The tele-stroke robot will be here soon.

C. Thomas asked about the increase in patient falls. G. Aguilar explained that three falls all happened as a result of patients trying to use the restroom who were likely trying to hurry. There were no injuries. After analyzing the reasons behind the falls, the nursing department is taking further action to help patients safely go to the bathroom. N. Markey noted that there have been great improvements in standardizing the patient fall risk assessments, so if there is an event the cause can be quickly pinpointed and resolved.

Old Business

Board Meeting Time Change: V. Orford has heard various feedback from providers, hospital staff and the community regarding when to hold board meetings. Much of the feedback has been in support of having the meetings later in the morning or at noon. The last Tuesday of each month still works well for everyone.

C. Thomas suggested keeping the meetings at 11 a.m. for a few more months, then revisit. T. Shrable motioned and C. Thomas seconded to continue having board meetings at 11 a.m. the last Tuesday of each month for the

Three Rivers Hospital

Board of Commissioners Regular Meeting

April 25, 2017

Minutes

foreseeable future. Motion passed.

New Business

Resolution 2017-3: Back in 2010, the board approved a small works roster process for projects that cost below \$3,000. Since then we haven't done any projects that would necessitate using it, but the capital projects planned will require the hospital to follow it. MRSC offers a program wherein they advertise projects for the hospital to draw vendor applicants, so the hospital doesn't have to advertise and go out to bid for every aspect of the capital projects.

J. Munson recommended repealing the previous resolution, 8-2000, and approving Resolution 2017-3. The language to repeal Resolution 8-2000 is included in Resolution 2017-3.

The minimum fee for MRSC is \$120 per year, based on total capital expenditures. This new resolution also authorizes her to sign the MRSC small works roster process contract. C. Thomas motioned and T. Shrable seconded to approve Resolution 2017-3 as presented. Motion passed unanimously.

Finance Report

J. Munson reviewed the March 2017 finance packet. For the third month in a row we had a positive bottom line. Inpatient revenue was slightly over budget, as well as the average daily census. Outpatient revenue was slightly under budget, partly due to the fact that revenues from orthopedic services haven't caught back up yet since they began in January. Expenses and FTEs were under budget. Professional fees were over budget due to locums needs in several departments.

C. Thomas asked for the warrants balance. We're at \$864,000 as of yesterday, and this is a payroll week.

J. Munson noted that 150-200 claims that were being held up have been resolved as of this morning. One of the largest claims was \$35,000.

She'll close out 2016's financials now that DZA has completed its audit and reported to the board, so those figures will be updated at next month's board meeting.

She and Wanda have been working with PayAssist on improving patients' statements to help clear up confusion. We're expecting a \$151,000 payment for completing Meaningful Use.

M. Pruettt thanked J. Munson for all her work in providing information to the county commissioners and treasurer. She and S. Graham did a nice job focusing on our warrants reduction and providing a conservative timeline. He asked them to share the information with the rest of the board.

S. Graham pointed out that the hospital is about \$200,000 to the better compared to the same time last year.

Board Education

V. Orford led an activity in which each board member was asked to name the organizations and agencies Three Rivers is accountable to. They included local, state and federal offices, as well as hospital district residents, visitors, hospital staff and providers, and other local emergency services.

Public Comment

None.

Upcoming Meetings & Events

V. Orford read the meetings and events as listed on the agenda.

Executive Session

V. Orford announced the board would adjourn to executive session at 1:15 p.m., following a five-minute break. The purpose was in accordance with RCW 42.30.110(g), to review the performance of a public employee. The

Three Rivers Hospital

Board of Commissioners Regular Meeting

April 25, 2017

Minutes

executive session will last 45 minutes, and action will be taken afterward.

V. Orford reconvened the public meeting at 2:02 p.m.

She announced that the board would like to offer a five-year contract renewal to S. Graham. The board will ask the hospital's attorney to review the contract and will vote at a later date if needed to ratify the contract.

Board Discussion

1. Did we use our meeting time effectively? Yes.
2. Did the board have any moments of perception of conflict of interest? No.
3. Did the meeting run too long? It was long, but there was a full agenda.
4. Did everybody enjoy the meeting? Yes. C. Thomas suggested incorporating a break into meetings, particularly the longer ones. She also noted having trouble connecting to the WiFi. S. Graham will ask IT Manager Cole Renfroe to attend the next board meeting to help troubleshoot.

Adjournment

T. Shrable motioned and C. Thomas seconded adjourning the meeting at 2:08 p.m. Motion passed unanimously.

Vicki Orford, Chair

Mike Pruett, Vice Chair

Tracy Shrable, Secretary

Cherri Thomas, Member