

Three Rivers Hospital

Board of Commissioners Regular Meeting

February 27, 2018

Minutes

The Three Rivers Hospital Board of Commissioners called a regular meeting to order at 11:16 a.m. Tuesday, February 27, 2018 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
Cherri Thomas, Member (via phone)
Leslie McNamara, Member

Others present:

J. Scott Graham, Chief Executive Officer
Melanie Neddo, Chief Operating Officer
Gretchen Aguilar, Chief Nursing Officer
Jennifer Munson, Chief Financial Officer
Anita Fisk, Director of Human Resources
Jennifer Best, Administrative Assistant
Christine Smith, Assistant Chief Nursing Officer
Nicky Markey, Director of Quality, Risk & Compliance
Christopher Majors, Business Development Coordinator
Kevin Walker, Pharmacist
Cole Renfroe, Information Technology Manager

Vision, Mission & Values

The board members took turns reading the vision, mission, and values statements.

Agenda

An executive session was added under New Business to discuss personnel, pursuant to RCW 42.30.110(g). T. Shrable motioned and L. McNamara seconded to accept the agenda as amended. Motion passed unanimously.

Review of Previous Minutes

Pruett motioned and C. Thomas seconded to approve the minutes as presented from the January 30, 2018 regular meeting. Motion passed unanimously.

Consent Items

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

- Payroll total: Gross: \$568,677.21 Net: \$398,340.55
 - 1/14/18-1/27/18 Gross: \$286,833.60 Net: \$199,321.92
 - 1/28/18-2/10/18 Gross: \$281,843.61 Net: \$199,018.63
- Vouchers total: \$1,038,065.38
 - 1/25/18 83592-83608 \$176,523.96
 - 2/1/18 83609-83621 \$312,598.79
 - 2/8/18 83622-83661 \$183,293.30
 - 2/15/18 83662-83683 \$365,649.33
- Bad Debt: \$32,308.45 Financial Assistance: \$42,921.36

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Under Med Staff Applications, V. Orford announced that Anthony Harward, CRNA, is seeking reapplication. M. Pruett asked why bad debt appears to be higher; J. Munson said it's a fairly small amount and only about \$5,000 higher than January.

Foundation Report

President Dan Webster reached out to J. Best to set up their next meeting, which is scheduled for March 6 at 5 p.m. The Foundation has requested quotes for a blanket warmer, and J. Best is getting help with that from Materials Manager Rosie Poole.

Physician Report

No physicians in attendance. L. McNamara attended the February meeting and appreciated the financial report given by S. Graham. She was very impressed with the discussion and ideas brought forth. She was happy to hear from so many people who want to help the hospital succeed.

V. Orford asked if medical staff selected a new director; they opted to remain with Dr. Gordon Tagge. Dr. James Wallace has expressed interest in filling that role in the future.

The medical staff also reviewed cases brought forth by Dr. Kerr, and there were some new appointments to committee oversight for the ER. Dr. Huffman was appointed to ER Committee Chair. They also discussed requiring surgical patients to quit smoking for a length of time before the procedure, as it inhibits bone healing.

Administration Report

S. Graham asked if the board had any questions about the report. L. McNamara asked about the outdated scope equipment. S. Graham heard from one of our providers that we could do more colonoscopies with newer equipment. This will likely become a more immediate expense as we continue recruiting for a second general surgeon. V. Orford asked for a cost estimate; they're about \$60,000, excluding a piece called the tower that costs more. The recruiter from Merritt Hawkins has done site visits at Three Rivers as well as North Valley Hospital to gather information for recruiting. The general surgeon would work half-time at North Valley, and half-time here. S. Graham has asked Dr. Tagge for some ideas for new equipment, and we'll ask the new general surgeon as well. This will eventually need board approval.

S. Graham reviewed the history of lower patient volumes since November that has led to our current financial position. The Okanogan County Treasurer's Office had laid out a plan for us in writing to carry through the end of this year, but when we returned to them after about seven months of not using warrants they were not receptive and indicated we would need to go present a plan to the county Finance Committee if we want to return to warrants briefly. We have been using Coastal Bank funding, which they anticipated as a possibility, and to pay that back we're taking more cost-cutting measures to control costs. The managers meet daily to review the expected patient volumes and adjust staff accordingly, and staff have been understanding of this necessity. We'll be able to manage through this period, and volumes are starting to pick up again as we move into spring. The short-term view is we'll get through this, but long-term we're focusing more sharply on increasing productivity, managing labor costs, and working on building up volumes as much as possible. We need to hit operational break-even every month, and to do that we'll need to steadily have about 85 FTEs. We don't want to do a layoff, so we've been keeping FTEs low by not filling positions unless critical, and practicing low census, which is sending staff home when we aren't busy. Leadership is working with staff to show them how to work to their capacity, so we don't have to call in more staff during busy times. If we can reach operational break-even every month, we could put all property tax revenues into savings. S. Graham estimated we would need to accomplish this for three years straight to build up \$3 million in cash reserves. At the next board strategic planning retreat, S. Graham would like to drill down deeper into all of this to re-look at our focus for the next five years or so. Our goal is to not be in this same situation next year.

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C. Thomas asked why the county didn't communicate to us that they wouldn't allow us to continue using warrants. S. Graham thinks the Treasurer's Office was hoping that we were fully out of warrants, but he doesn't know why there was no communication from them. County Treasurer Leah McCormack had said all the counties were directed by the state auditor to get out of the warrants business.

L. McNamara was somewhat pleased to note there were only nine medication errors last month out of about 2,500 medications dispensed. She acknowledged Three Rivers' target of zero medication errors and the efforts staff is making to reduce errors through process improvements.

L. McNamara asked about the process for sending and gathering surveys from patients, since we receive so little. The surveys are sent out around the time the patient receives their hospital bill and have had some time to recuperate, to get a more accurate picture of their experience here. There are also other methods of gathering patient feedback, such as Quantros. We have work to do, but overall S. Graham has seen more positive than negative. In general, our staff work really hard to provide the ideal patient experience. When there are problems, 90% of the time it's due to factors outside the control of staff. M. Neddo agreed, and noted that sometimes a department that received great scores one month will see a decline the next month if a patient had a bad experience. This allows us a chance to make changes to how we provide care and services in order to meet or surpass the patients' expectations. She said it takes some time, a period of at least a few months, to gather enough data in order to gauge patterns and make improvements.

S. Graham added that there should be discussion about service lines at the strategic planning retreat. He'd also like to invite providers to get their engagement.

V. Orford asked about S. Graham's discussions recently with Dr. Ann Diamond. She is running as an Independent for the state Legislature and has reached out to him to better understand rural health care issues.

Break

V. Orford announced a 15-minute break at 12:15 p.m.

V. Orford reconvened the meeting at 12:31 p.m.

Finance Report

J. Munson hasn't entered the budget fully into CPSI for 2018 because Administration is looking at bringing a revised budget back to the board. That's why there are some zeros on Page 6 of the January finance report. Volumes in January were lower than budgeted, although higher than what we saw in November and December. Inpatient and outpatient revenue was under budget, largely due to the lack of surgeries. However, most of our ancillary services are up compared to last year. Professional fees are over budget and we have some locum costs. She plans to review the phone bill to ensure they're all hospital-related calls. We received about \$10,000 last month from the AZ Wells Foundation. We received about \$134,000 from DSHS. After today's deposit of about \$196,000, we'll be at about the zero mark.

J. Munson has been communicating with Blue Cross about their refusal to cover Remicade infusions, and after an extended struggle they've agreed to start paying our claims. We have about \$200,000 in unpaid claims, and our Blue Cross representative is trying to push through payment by next week.

There are three payments left to Medicare from what was owed at the end of 2017. The payments were adjusted from \$127,000 to \$108,000. She anticipates completing and submitting the annual cost report before the final payback date in May, and she hopes there will be a further reduction based on November and December financials.

J. Munson and Health Information Manager Jamie Boyer have drafted a brochure on financial wellness, and we're looking at offering a discount to private pay patients who can pay their bills in full by May 31. J. Boyer reached out to Health First Financial, a company that would finance the private pay balances. After care, the patient would reach out to Health First to make payment arrangements, and Health First would give Three Rivers the money up-front. If the patient fails to pay them, the hospital would have to give back some of the

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money. Health First Financial sent a contract for review today, and this could be up and running within 30 days. They'll help us promote the program. There is no extra fee to the patient if they finance up to 24 months, but beyond that they'd be charged 4% interest.

For the new lab analyzer equipment, we chose to go with LAB. J. Munson reviewed the lease terms. This will be presented to the board next month in a resolution.

J. Munson has been working on different budgets with varying scenarios for the administrative team, factoring in the drop in orthopedic surgery revenues with the passing of Dr. Lamberton. Discussed the multiple scenarios and calculations to get the hospital to at least operational break-even. If we make no changes, J. Munson stated we will have an operating loss for the year.

J. Munson reached out to Quorum Health Resources about doing a productivity study. They would give us access to a program called Vantage, which is a daily staffing monitoring tool.

Dingus, Zarecor and Associates is on-site this week doing field work for the 2017 cost report.

Old Business

Capital Improvements Update: We're in a holding pattern until we get the cash situation under control. The Department of Health plan of correction also needs to be finished. Our plan is to go forward with the moves. As soon as the clinic moves, McKinstry can come in to do what it needs to do for moving the ER. M. Pruett asked if some clinic rooms will still go in downstairs in Hillcrest House; not at this time. For now, the exam rooms will be in the upstairs level of Hillcrest where administration currently is. The new Evident upgrades are underway, and staff and providers are in the midst of training. We're looking forward to getting the Business Intelligence Module up and running, which will help us get a better handle on financials on a daily and weekly basis.

Board Bylaws: Foster Pepper attorney Brad Berg reviewed the board bylaws. He mostly made formatting changes to bring the bylaws up to current standards. Clarifications provided include: A majority of the board must approve bylaws changes, not just a quorum; terms of appointed board members and the process of election; all commissioners may attend board meetings via phone, but a conference phone in a conference room must be set up so members of the public can come listen to the meeting; there is no Treasurer in public hospitals because the county treasurer serves as treasurer of the district; board meeting agendas must be posted at least 24 hours in advance, including online; only employees or agents of the district may be indemnified for a business reason. C. Thomas asked about a sentence in the section about volunteers; the entire sentence should have been stricken.

L. McNamara motioned and C. Thomas seconded to accept the board bylaws as amended, with the correction made to the Article 10 sentence. Motion passed unanimously.

Board Manual: L. McNamara is waiting for the revised bylaws, revised budget, and strategic plan to complete it.

Board Retreat: The board agreed to meet at 9 a.m. Thursday, April 19, likely at the Twisp Education Station.

New Business

Resolution 2018-3 Cancellation of Warrants: These are checks we issued that haven't been cashed in over a year. We do try to reach out to the recipients again, and if they aren't claimed those funds are turned over to the state. L. McNamara motioned and T. Shrable seconded to approve Resolution 2018-3 as presented. Motion passed unanimously.

Executive Session

V. Orford announced an executive session at 1:33 p.m., for the purposes of discussing personnel under RCW 42.30.110(g). The executive session was to last 15 minutes, with no action taken afterward.

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V. Orford reconvened the meeting at 1:48 p.m.

Board Education

None. V. Orford asked about N. Markey's trip to Baltimore this month that was sponsored by the Washington State Hospital Association. N. Markey provided a quick description of her trip, the purpose of which was to share the perspective of quality control in a rural hospital. Most facilities in attendance were much larger than Three Rivers Hospital.

Public Comment

L. McNamara heard from a resident who got a mammogram in Wenatchee because she was afraid her doctor wouldn't accept our test results. M. Neddo stated that all of our mammograms are sent to a physician who works for Confluence Health, Dr. Strand. She reads and interprets all of our studies. S. Graham added that our mammogram machine was purchased at the recommendation of Dr. Strand.

Upcoming Meetings and Events

V. Orford noted the meetings as listed on the agenda.

Board Discussion

V. Orford asked board members to answer the following questions:

1. Did you enjoy this meeting? Yes, although there was some serious stuff to ponder.
2. Did we have any moments of the "perception" of conflict of interest? No.
3. Did we use the meeting time effectively? Yes.
4. What is one thing you would change about this meeting? Nothing.

V. Orford asked if the rest of the board finds this time during the meeting valuable. Yes; it's good to reflect on the meetings at the end. More often than not, they find themselves taking too long on one topic or getting derailed, but they're getting better at reining that in.

Adjournment

T. Shrable motioned and M. Pruett seconded to adjourn the meeting at 1:56 p.m. Motion passed unanimously.

Vicki Orford, Chair

Mike Pruett, Vice Chair

Tracy Shrable, Secretary

Cherri Thomas, Member

Leslie McNamara, Member