

Three Rivers Hospital

Board of Commissioners Regular Meeting

March 27, 2018

Minutes

The Three Rivers Hospital Board of Commissioners called a regular meeting to order at 11:18 a.m. Tuesday, March 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
Leslie McNamara, Member

Others present:

J. Scott Graham, Chief Executive Officer
Christine Smith, Assistant Chief Nursing Officer
Jennifer Best, Administrative Assistant
Nicky Markey, Director of Quality, Risk & Compliance
Christopher Majors, Business Development Coordinator
Cole Renfro, Information Technology Manager
Dr. John Maxwell, Radiologist
Dr. Jill Jenkins, ERx Group

Vision, Mission & Values

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

Agenda

S. Graham requested to add an executive session under RCW 42.30.110(g), for the purpose of discussing personnel issues. V. Orford placed the executive session after Public Comment on the agenda. He will recommend waiting until the next board meeting to make a decision. C. Thomas motioned and M. Pruett seconded accepting the agenda as official. Motion passed unanimously.

Review of Previous Minutes

L. McNamara motioned and C. Thomas seconded to approve the minutes from the February 27, 2018 regular meeting as presented. 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/Vouchers

Payroll total:	Gross: \$529,600.51	Net: \$369,181.95
2/11/18-2/24/18	Gross: \$267,872.18	Net: \$186,289.20
2/25/18-3/10/18	Gross: \$261,728.33	Net: \$182,892.75
- Vouchers total: \$1,254,634.23

2/22/18	83684-83736	\$303,461.36
3/1/18	83737-83783	\$353,615.00
3/8/18	83784-83856	\$147,651.26
3/15/18	83857-83881	\$449,906.61
- Bad Debt: \$60,399.69 Financial Assistance: \$125,944.56

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V. Orford read the names of providers applying for medical staff privileges. They have been reviewed and approved by Medical Staff.

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

Foundation Report

C. Majors reported that the Foundation met on March 6. They are considering quotes for a few blanket warmers. Hospital staff will provide a recommendation before the Foundation decides which model to purchase. The next meeting is scheduled for 5 p.m. April 10 in the McKinley Conference Room.

Physician Report

None. C. Thomas noted that it would be nice to see some of the providers a little more often at board meetings, when possible. L. McNamara attended the March medical staff meeting. She was pleased to hear all the patient compliments, and thought the meeting overall was very productive.

Administration Report

S. Graham noted that the majority of the administrative team is at the Northwest Rural Health Conference this week in Spokane.

C. Thomas was happy to see from his report that we had three swing bed patients at one point this month.

V. Orford noted that medication errors still seem high with relation to Omnicell issues. C. Smith explained that all nurses use the Omnicell, and there has been a dramatic decrease in administering the wrong dose because of the Omnicell. Issues are related more to the ordering process and pop-ups in CPSI that aren't noticed.

Education is underway for the nurses to correct these issues. C. Thomas attends Quality Council meetings where medication errors are discussed, and many of the issues are related to human error. The more errors are reported via Quantros, the better we're able to see patterns and address them. S. Graham stated that we're seeing mostly near-misses and errors that don't reach the patient or if they do, they don't cause harm.

C. Thomas stated there is a huge difference now in the hospital's quality because of the improved data tracking and measures taken to correct issues. She gave kudos to N. Markey for her hard work.

M. Pruetz appreciates the comprehensive administration report that gives the board members time to review it over the weekend and come to the meetings better prepared.

S. Graham provided a "State of Three Rivers Hospital" report. The biggest challenge we're continuing to face is financial viability. He met with V. Orford yesterday, who asked for a more detailed description of what our Wildly Important Goal to achieve "operational break-even" really means. Operational gain indicates that we made money from operations, without considering other forms of revenue like property taxes. So, operational break-even indicates that the hospital made enough money from operations alone in order to cover the costs of doing business. V. Orford asked how operational break-even is possible when insurance companies and Medicare don't always reimburse at cost. S. Graham explained that some revenue-generating services, like surgery and ancillary departments, can offset the services that generally don't make money, such as the Emergency Room or the clinic.

S. Graham referred to the income statement in the February finance packet. We lost \$40,000 in operations that month, so we didn't achieve operational break-even. However, due to other revenue we were able to report that we made slightly over \$98,000 for the month. If we can achieve operational break-even, we can place all of the non-operating income into a cash reserve. If we could do this every month, we could have \$3 million in reserves built up in a couple of years. However, that requires a lot of discipline and we're already behind. When business picks up this summer, we'll have to continue being conservative with staffing and expenses.

The leadership team conducts staffing huddles on a daily basis to review how staff will be right-sized for the day based on anticipated patient volumes. This means sending staff home when we have very few or no patients.

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Operational break-even is also discussed at these huddles. We've been able to get down to 81 FTEs from 98 FTEs at the beginning of the year by low-censusing and not filling vacated positions when possible. No layoffs have been necessary. C. Thomas asked if nursing staff has given feedback about the frequency of low-census. C. Smith explained that the nurses have mostly responded well, and some creative scheduling helps share the burden. V. Orford asked if there's a worry about losing staff; yes, which is a risk we're having to take. S. Graham said we're educating staff about storing up vacation for the slower time of year. Employees understand the stakes. A few employees pick up hours at other facilities.

L. McNamara asked how FTEs are calculated. They are calculated differently in Human Resources (the number of actual staff we have), versus Accounting/Payroll (number of hours worked). In other words, the equivalent to 81 full-time employees worked in the pay period ending before March 10. V. Orford suggested changing the HR report from "FTEs" to "number of employees" or "roster" in order to eliminate confusion. Better labor management means better cash control, but major purchases are being postponed where possible. Our new Materials Manager has been doing a great job of capturing inventory stashed away throughout the facility, so that means we'll have to spend less on supplies for a while. Accounts Payable is also being tightly controlled to preserve our cash. These are standard hospital cash management strategies.

Human Resources helped figure out a way for salaried staff to take a day off without pay, so the burden for low-census is truly shared among all departments and staff.

We hope the ER will be moved mid- to late-summer. S. Graham reviewed the office move progress to prepare for the clinic's move. The plan is to have this all completed by the end of the year, with the Business Office being moved into the current ER space.

Evident is here implementing upgrades for the Emergency Department EMR (electronic medical record), and training clinic staff for their upcoming upgrade. C. Smith reported that staff have seen the value of the changes. In the midst of everything happening within the hospital, our administration and staff are still involved regionally. Our presence in regional health care is important to having a say in the direction moving forward. He reported the various positions Administration holds on other boards, and meetings they attend.

S. Graham distributed two articles for the board to read in advance of the April 5 strategic planning retreat.

C. Thomas asked for more information about S. Graham's discussion this month with Dr. Peter Rutherford, and what our relationship is with Mid-Valley Hospital. Essentially, Dr. Rutherford feels Three Rivers would be better served focusing on urgent care. Dr. Rutherford also stated that Confluence would be willing to send us swing bed patients, but we have to do the work in establishing the program with them. In response to that feedback, we have made a change organizationally by assigning someone more aggressive to work with Confluence on this. C. Thomas asked S. Graham to keep the board updated on the swing bed progress. In working with the new Mid-Valley CEO on a regional level, he has seen the need for us to work together although there is still some competitive thinking at play. We have built a really strong relationship with North Valley Hospital.

At the strategic planning retreat, S. Graham hopes to hear from the board a vision to help Administration move forward that is flexible. C. Thomas asked if data will be provided; yes. L. McNamara asked if there are open records that would allow us to see how many of our hospital district residents travel to get care elsewhere.

S. Graham noted that data from the Washington State Hospital Association is showing that patients covered by commercial insurance are going to Confluence, while those who are private pay or have Medicare/Medicaid tend to seek care at the Critical Access Hospitals in Okanogan County. He thinks more than one strategic planning meeting may be required to get the desired outcome, to give the board time to receive and absorb data. M. Pruetz agreed.

Break

V. Orford announced a 15-minute break to get lunch at 12:36 p.m.

V. Orford reconvened the meeting at 12:53 p.m.

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Finance Report

Discussed the protocol for board meeting recordings. J. Best will research this.

S. Graham reviewed the February 2018 financials. There were over \$800,000 in deductions from revenue. We spent about \$200,000 less than budgeted. We're making some changes to try to get more cash in the door, such as contracting with a company that would work directly with private pay patients. The company would pay us up front, and if the patient defaulted on the bill the hospital would only be liable to pay back the remaining balance to the company. Confluence also uses this method. L. McNamara asked if the patient has to agree to it; yes, and there will be some screening that takes place so we don't offer it to patients who are likely to default. Accounts Receivable has been able to collect more recently.

Our cash balance as of today is \$73,000 in the red, due to the Medicare payment we had to make last week. However, we have more patients on the floor and hopefully five surgeries scheduled for today. L. McNamara asked why some AP is more than 90 days past due; because we haven't had the money to pay everything at once.

L. McNamara motioned to accept the February 2018 financial report as given. M. Pruett seconded. Motion passed unanimously.

Old Business

Capital Improvements Update: This was mainly covered under the Administration Report. Projects haven't stopped, but have slowed. The cost to rehabilitate the lower level of Hillcrest would be about \$100,000, and we're holding off on that. Regarding major purchases, a new firewall is needed and in the meantime IT is working on maintaining what we have so it continues to work. C. Renfroe is working on finding grants. Our Ancillary Manager, Jeremy Vandelac, obtained a grant from the state Department of Health to purchase a new hood for the laboratory. Dr. Maxwell offered to connect Administration to a grant writer he knows.

Approval of February Consent Items and January Financial Report: The board went over these things in the Consent Items portion of last month's regular meeting, but did not approve them. V. Orford noted the financial figures and the med staff application. The January finances were reviewed by the Finance Committee and the board. L. McNamara motioned and M. Pruett seconded to accept the February consent items and January financial report. Motion passed unanimously.

Board Manual: L. McNamara has been working hard on pulling together the board manual. V. Orford has looked it over, and it's going to be a great tool for current and future board members. L. McNamara asked J. Best to help her find some binders. T. Shrable would also like to have the manual in electronic format as well.

New Business

None.

S. Graham displayed metrics as of March 26, reviewing patient volumes in Acute Care, the clinic, the Emergency Department, and surgery. Radiology tests have dropped a bit. We may start seeing property tax dollars start rolling in early in April.

Board Education

V. Orford asked N. Markey to share her experience at the Medicare Quality Conference in Baltimore last month. Medicare has formed several organizations to focus on quality. N. Markey was part of a very small group of attendees from hospitals, which accounted for about 4% of the total number of attendees. The primary goal of the conference was to review the priority focuses of engaging patients more in their own health care, measures that can be taken to improve patient care, and many more topics. The big push this year by CMS is "patients over paper," an effort to help physicians have more face time with patients rather than spending the bulk of

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time completing documentation. N. Markey gave a presentation at this conference about person and family engagement. By doing this, there is a proven improvement in patient outcomes and reducing the length of stay. She discussed some of the challenges we face with having the resources to meet the requirements for participation as a small rural hospital. She explained how our board members bring forward the voice of patients as elected representatives of the hospital. She spoke to the vulnerability of rural health care and the need for support on a state and national level to keep providing services. V. Orford asked how she heard about the conference; the Washington State Hospital Association hand-selected her and sponsored her attendance and travel.

Board education next month will be requested of the administrative team members who attended the Rural Health Conference. The board had also requested a presentation on the OB program, which will be postponed.

Public Comment

None.

Executive Session

V. Orford announced an executive session for 20 minutes at 1:37 p.m. pursuant to RCW 42.30.110(g). She reiterated that no action would be taken afterward. The executive session was extended at 1:55 p.m. for 20 minutes, then extended again for 15 more minutes. V. Orford reconvened the meeting at 2:30 p.m.

Upcoming Meetings & Events

V. Orford noted the meetings as listed on the agenda. M. Pruett asked if Aero Methow has been invited to the strategic planning retreat; no, but J. Best will send an invitation to Cindy Button and other local EMS directors. He asked Administration to let him and C. Thomas know if there are meetings in the Methow Valley they might be able to attend in place of a member of the admin team.

L. McNamara asked if she needs to stand in on any committee meetings in April; no.

Board Discussion

1. Was everyone present at the start time, and prepared to begin? Yes.
2. Were all the board members actively involved? Yes.
3. Did we follow the agenda or get sidetracked? The agenda was followed; some conversations were a bit longer.
4. Did the meeting run too long? Not for what needed to be done.

Adjournment

T. Shrable motioned and C. Thomas seconded to adjourn the meeting at 2:35 p.m. Motion passed unanimously.

Vicki Orford, Chair

Mike Pruett, Vice Chair

Tracy Shrable, Secretary

Cherri Thomas, Member

Leslie McNamara, Member