

Three Rivers Hospital

Board of Commissioners Regular Meeting

October 31, 2017

Minutes

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

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
Christine Smith, Assistant Chief Nursing Officer
Jennifer Best, Administrative Assistant
Nicky Markey, Director of Quality, Risk & Compliance
Christopher Majors, Business Development Coordinator
Cole Renfroe, Information Technology Manager
Gordon Tagge, M.D., General Surgery
Steven Ortolf, Three Rivers Hospital Foundation

Vision, Mission & Values

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

Agenda

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

Minutes from Previous Meeting

C. Thomas motioned and M. Pruett seconded to accept the minutes from the September 26, 2017 regular meeting and the October 24, 2017 special meeting as presented. Motion passed unanimously.

Consent Items

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

Payroll total: Gross: \$897,403.71 Net: \$617,172.92

- 9/10/17-9/23/17 Gross: \$301,038.17 Net: \$208,913.23
- 9/24/17-10/7/17 Gross: \$308,507.99 Net: \$210,018.17
- 10/8/17-10/21/17 Gross: \$287,857.55 Net: \$198,241.52

• Vouchers total: \$1,821,406.57

- 9/28/17 82714-82811 \$590,647.54
- 10/5/17 82812-82866 \$129,991.11
- 10/12/17 82867-82896 \$446,277.13
- 10/19/17 82897-82957 \$191,504.06
- 10/26/17 82958-83010 \$462,986.73

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- Bad Debt: \$83,248.46 Financial Assistance: \$101,103.04

V. Orford noted the medical staff has approved giving credentials to Barry Bacon, M.D., of ERx Group.

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

Foundation Report

Steven Ortolf, vice-president of the Three Rivers Hospital Foundation, gave a short presentation to the board. He demonstrated how to make donations to the Foundation through its website, www.threerivershospitalfoundation.org. People can make a one-time donation or a recurring monthly donation; he likes the idea of receiving smaller monthly donations rather than one large one. So far, two donors have used the website. He encouraged everyone to spread the word.

S. Ortolf's presentation reviewed ideas to help the Foundation generate more income in order to help the hospital. The Foundation hopes to give hospital employees the tools to provide the ideal patient experience and improve satisfaction. To achieve that, they plan to find strategic partners in each town and meet with various businesses and organizations. S. Ortolf thinks the Foundation would be wildly successful if they could get 20% of the total district population to donate just \$10 per month.

S. Graham appreciates S. Ortolf's passion for seeing the Foundation succeed. He stressed that whatever is given to the Foundation isn't used to fund routine hospital operations or make payroll; it's used for specific patient care needs. The Foundation's first check from the hospital employees was over \$1,000.

L. McNamara has been talking to people in the community about the Foundation. She asked if the Foundation could create business cards with contact details and information about their goals. S. Ortolf will explore that idea and bring it to the next Foundation meeting.

V. Orford thinks it's nice to see the Foundation actively moving forward and setting goals.

Physician Report

Dr. Tagge reported that the October medical staff meeting went well. He has been busy reviewing policies and procedures in PolicyStat.

S. Graham noted the administration team appreciates Dr. Tagge and Dr. Ty Witt's involvement in the Quality Council meetings. He hasn't seen such a high level of physician involvement in other facilities and thinks they deserve kudos.

Administration Report

S. Graham explained that the monthly administrative report to the board is focused on the hospital's strategic planning objectives. One of our primary objectives is marketing, ensuring the communities know about the services we provide. C. Majors has been very creative in using his photography skills and marketing background to do such a great job promoting the hospital for a relatively low cost. We're also working on developing a partnership with the Methow Arts Alliance to display local children's artwork in the hospital next year.

Quality and safety efforts were another high-focus priority in October. For the second month in a row there were no patient falls. S. Graham congratulated the nursing staff for making sure our patients are safe.

Medication errors have also seen an overall decline, despite a recent uptick. One major reason for this success is the nurses' compliance of over 90% with scanning all medications.

We also are tracking and working on improving the rates of patients who leave the ER without being seen. This is done through regularly talking to patients in the waiting room and seeing to their needs, and keeping them updated on wait times. A new task force has been meeting to determine how to reduce these occurrences. The overall organizational commitment to transparency motivates us to be even more vigilant about the quality of care we're delivering. Administration appreciates how much physicians care about improving quality and their

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active participation not only in Quality Council, but at medical staff and other committee meetings. All of this effort is positioning us well to handle the value-based reimbursement system Medicare is seeking to implement.

Hospital staff is working on meeting the ideal patient experience through building improvements, to give patients a quality facility in which to be treated. Regular customer service training sessions for all staff will soon begin again. We're also being careful in selecting the right providers and staff to help grow services, from the clinic to the swing bed program. The new employment drug screening policy and program will help with that. We're moving toward a cultural shift in performance evaluations, with a desire to connect good performance to merit-based pay increases. Human Resources is also focusing on mission-based interviewing and hiring. Our vision, mission and values are discussed with all interviewees and new hires, and we're thrilled with the quality of new hires we've gotten.

To improve functionality of our Electronic Medical Record system, Evident has decided to offer an expansion to the software that will be proposed to the board. Meanwhile, our IT Department has been vigilant about securing the hospital's network, email and Internet.

Loan funds have come through, enabling us to start the process of making strategic moves and improvements to the facility for improved patient care.

V. Orford asked about the annual report being developed by C. Majors. He explained that it will likely be distributed via PDF and/or on the website. It may be too costly to mail it out to all district residents. She suggested taking hard copies to locations such as local senior centers for those who don't have computers or Internet access.

S. Graham noted the need for Spanish signage to help Hispanic patients with wayfinding.

L. McNamara appreciated the news about no patient falls. She asked how medication errors are tracked to determine why they happen. Errors are typically self-reported through electronic reporting software called Quantros. C. Smith, N. Markey and pharmacist Kevin Walker review the errors to determine the root causes.

Break

V. Orford announced a lunch break at 12:11 p.m., to be reconvened at 12:30 p.m.

V. Orford reconvened the meeting at 12:30 p.m.

Finance Report

September was a really good month. To mitigate our year-end Medicare repayment, J. Munson made a concentrated effort to capture as many expenditures as possible. To clean up the flood damage in Hillcrest House she estimated a \$28,000 expense. There were 133 patient days, an average daily census of 4.33. She has accrued \$500,000 of the estimated \$600,000 payable to Medicare. Without some of the changes she made in September, our payable would be closer to \$700,000. Based on her cost model, inpatient/outpatient reimbursement rates will drop along with swing bed rates in 2018.

The state auditors were scheduled to be on-site tomorrow, but they had to push back their visit to the week of November 6. She hopes they'll be wrapped up before Thanksgiving. Recertification for the 340B program is open, and J. Munson will take care of that. The state has not yet released funds for Meaningful Use attestation, but it has been approved. A Financial Viability Committee meeting will be held tomorrow to discuss the chargemaster review and develop a plan of correction for any recommended changes.

J. Munson has three rough drafts of the 2018 budget with different outcomes. All three versions of the budget also include wage increases, as non-union staff haven't had an adjustment since 2014. She's making some final changes to the proposed budget before it's available to the public and the board hosts a public hearing on November 14. She plans to calculate a 6% increase to the bottom line instead of a 6% increase to prices across the board. One of the draft budgets includes all requests from department managers, the second version

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includes J. Munson's changes to those requests, and the third version includes a price increase with the exception of professional fees. The first two budgets would result in a net loss for the year, and the third budget would result in a positive margin of \$50,000. She will meet with each board member in advance of the budget hearing. S. Graham asked if the new Evident contract figures have been added in to the budget; she hasn't included any debt yet.

V. Orford noted that our checks are still called warrants, despite being off of the county's registered warrants. It's more of a government term.

Old Business

Capital Improvements Update: The Building and Planning Committee will meet on Thursday to begin laying out the plan in detail for moving the ER and the clinic, as well as making repairs and upgrades as needed for those moves to be successful and compliant with state regulations. Because of the time it has taken to secure financing, McKinstry will need to conduct another construction review of the ER. M. Neddo noted that the timeline for those moves is dependent on the construction review and McKinstry's schedule. Administration shared with leadership last week that they need to start being prepared for moves and to have workspaces disrupted. Clinic Manager Michele Hansen is working on lists of equipment and supplies needed in each exam room. J. Munson is working on a draft cost report model that shows the impact of these moves to reimbursement. S. Graham shared that Dr. Lamberton feels positive about the clinic's move into Hillcrest House, and administration plans to get input from all of the providers who work there.

Resolution 2017-7 Credit Card Use Policy: The policy is on the last step of approval in PolicyStat; once it is approved, the board will be asked to consider the resolution at a future meeting.

Evident Upgrade and Purchase: Administration sought demonstrations and quotes from several Electronic Medical Record software companies throughout the spring and summer. As it turned out, our current provider, Evident, can provide an upgrade to its system that would be less costly and less disruptive than switching to an entirely new program. We'll be adding a business intelligence module, upgrading the clinic module, and purchasing the Thrive UX module for clinical areas. C. Thomas is surprised Evident is charging for Meaningful Use; she thinks it should be built into the maintenance costs. She asked to look at the contract's maintenance section; S. Graham will send that to her.

J. Munson said Evident offered us 24-month financing with zero interest. The clinic module, ER module, upgrade to Thrive UX, and the business intelligence software will all be discounted for a total of \$373,300. C. Thomas asked if the travel for implementation services is included in the quote; yes.

S. Graham noted that other software providers can cost millions of dollars to implement, and the process takes about a year. Doing an apples-to-apples comparison, it would have been much more expensive to switch to a new EMR. L. McNamara asked what the current monthly cost is. We have a monthly maintenance cost of about \$12,000. She asked if the maintenance cost will stay the same; no, it will increase but there are some areas in the current maintenance contract that will decrease. Security includes routine reviews, an off-site backup and a secondary backup. C. Thomas asked who our Internet provider is; GCI. We're trying to figure out how to switch to LocalTel, which currently doesn't have service in our area. C. Renfroe met with GCI about a week ago and they indicated they'll be moving away from providing Internet services, so the hospital will need to find an alternative regardless.

C. Thomas motioned and M. Pruett seconded to accept the Evident upgrade and purchase as presented. Motion passed unanimously. V. Orford made an addendum to the motion to authorize S. Graham and J. Munson to sign the agreement. Motion passed unanimously.

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Resolution 2017-11: V. Orford noted this resolution would change the time of the regular board meeting to 11:15 a.m., as discussed in the September regular board meeting. M. Pruett motioned and T. Shrable seconded to accept the resolution as presented. Motion passed unanimously.

Board of Commissioners Bylaws Discussion: V. Orford previously asked commissioners to review the bylaws for any needed changes. She suggested that two commissioners meet to discuss changes and propose them later to the rest of the board. She'd like to have the bylaws updated and approved by January 1. L. McNamara and T. Shrable volunteered to meet and present proposed changes at the November regular board meeting, to be finalized at the December meeting.

New Business

Ice Machine Purchase: There has been a broken ice machine in the cafeteria for some time, and a replacement was in the 2017 budget. However, J. Munson determined it would be best to replace the ice machine on the acute care floor and move that old machine into the kitchen, rather than having an ice machine in the cafeteria. She is working on compiling quotes but hopes to have approval from the board to move forward. C. Thomas asked if the ice machine is used more often on the acute care floor; yes. C. Thomas motioned to move forward in purchasing an ice machine, authorizing J. Munson to gather three quotes and select the best deal. T. Shrable seconded. Motion passed unanimously.

Lab Analyzer Purchase: Ancillary Manager Jeremy Vandelac submitted a proposal for a piece of lab equipment that would eliminate the need for us to send out certain blood cultures for processing elsewhere, and turnaround time for results would be cut from 3-5 days down to an hour. The cost is \$25,425 plus some annual fees, but based on revenue projections we'd pay for the machine within the first five months. L. McNamara asked if Family Health Centers sends labs to us; the hospital has an employee stationed at the Indian Avenue clinic who performs some basic tests, and more complex ones are brought to the hospital. C. Thomas said this would improve patient care, and S. Graham noted that providers were pleased with the proposal. L. McNamara asked if other vendors should be sought out; this is new technology so not many other vendors are providing it. J. Munson will work with J. Vandelac to try to find two other quotes if possible. V. Orford noted that the quote expired yesterday, but J. Munson stated the company would likely extend it. The machine also does respiratory and GI cultures, not just blood cultures. L. McNamara asked if current lab personnel would all be trained to use the machine; yes. T. Shrable thinks this will be a great piece of equipment. C. Thomas motioned and M. Pruett seconded to approve and authorize negotiating the financing for the lab analyzer machine. Motion passed unanimously.

Aseptic Enclosure Purchase: This is a required item for the pharmacy, but K. Walker has suggested waiting until 2018 because of a possibility of grant funding becoming available. This agenda item is tabled until early 2018.

November Regular Board Meeting Change: J. Best brought to the board's attention that the November 28 regular meeting falls just a few days after Thanksgiving, in case they wanted to consider rescheduling or canceling it as some staff involved in compiling information for board meetings will be out of the office. J. Munson stated the meeting can't be canceled because the 2018 tax resolution must be approved before November 30. The board agreed to keep the meeting as-is on November 28, amending the agenda if needed to account for any changes to the material presented and discussed.

The December board meeting falls the day after Christmas. L. McNamara asked if the board must meet in December; no, they can cancel it if need be. V. Orford suggested rescheduling the December meeting to 11:15 a.m. Wednesday, January 3; this vote will be added to the November board meeting agenda.

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Board Education

At M. Pruett's request, C. Majors will give his presentation to the board at the next meeting when more commissioners are in attendance in person.

Public Comment

T. Shrable heard a KOMW radio ad for the hospital containing very outdated information. C. Majors will contact them.

T. Shrable clarified that while he has a secondary home in Aeneas Valley, his primary residence is within the hospital district.

M. Pruett asked S. Graham a clarifying question regarding the Okanogan County Treasurer being listed in loan documents as the beneficiary; the county is our bank/treasurer.

Upcoming Meetings & Events

V. Orford noted the upcoming meetings and events as listed on the agenda.

Meeting Discussion: Board

1. Did you enjoy this meeting? Yes.
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.

Adjournment

C. Thomas motioned and T. Shrable seconded to adjourn the meeting at 1:49 p.m. Motion passed unanimously.

Vicki Orford, Chair

Mike Pruett, Vice Chair

Tracy Shrable, Secretary

Cherri Thomas, Member

Leslie McNamara, Member