

Three Rivers Hospital

Board of Commissioners Regular Meeting

May 29, 2018

Minutes

The Three Rivers Hospital Board of Commissioners called a regular meeting to order at 11:16 a.m. Tuesday, May 29, 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
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
Christine Smith, Assistant Chief Nursing Officer
Jennifer Best, Administrative Assistant
Nicky Markey, Director of Quality, Risk & Compliance
Christopher Majors, Business Development Coordinator
Eric Clark, Washington State Auditor's Office
Shar Sheaffer, Dingus, Zarecor & Associates
Jean Pfeifer, North Valley Hospital Board President
Rob Dezelle, Brewster School District

Vision, Mission & Values

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

Agenda

M. Neddo requested to add an action item to the agenda for a capital purchase to do interfacing with Virtual Radiologic. V. Orford added this under New Business.

S. Graham noted that Rob Dezelle of Brewster School District is here and asked to make a comment toward the beginning of the meeting. V. Orford added this before the Foundation Report.

S. Graham suggested doing introductions for the guests present.

L. McNamara motioned and T. Shrable seconded to accept the agenda as amended. Motion passed unanimously.

All took turns introducing themselves.

Review of Previous Minutes

L. McNamara motioned and C. Thomas seconded to accept the April 24, 2018 regular meeting 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: \$543,342.54	Net: \$379,807.06
○ 4/8/18-4/21/18	Gross: \$274,539.17	Net: \$193,304.49
○ 4/22/18-5/5/18	Gross: \$268,803.37	Net: \$186,502.57

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Vouchers total: \$1,138,184.51

- 4/19/18 84082-84119 \$203,499.85
- 5/1/18 84181-84181 \$6,998.98
- 5/3/18 84182-84256 \$234,203.90
- 5/10/18 84257-84301 \$448,253.01
- 5/17/18 84302-84354 \$245,228.77

Bad Debt: \$44,866.35 Financial Assistance: \$108,091.44

V. Orford read the list of medical staff applications: Ruth Thomson, D.O., appointment to telemedicine staff status with privileges in telestroke; Amit Kansara, M.D., re-appointment to telemedicine staff status with privileges in telestroke; Michael Wynn, D.O., re-appointment to telemedicine staff status with privileges in telestroke; and Anna Hansen, M.D., re-appointment to consulting staff status with privileges in mammography. T. Shrable motioned and L. McNamara seconded to accept the consent items as presented. Motion passed unanimously.

Public Comment: Rob Dezellem

R. Dezellem worked with Three Rivers Human Resources and nursing staff to bring Brewster High School students here for job shadowing. He thanked the hospital staff and providers for going over and above to host the students. He added that two nurses, Jess and Zach, went to the school to speak to students and they were wonderful. C. Smith said the students were great.

Foundation Report

The Three Rivers Hospital Foundation did not meet this month.

Physician Report

No physicians present. L. McNamara attended this month's Medical Staff Meeting. There are still concerns and frustrations about the EMR (Electronic Medical Record) changes. Administration has asked IT to attend the meetings to answer providers' questions. M. Neddo noted that Marie Richerson, RN is available to physicians every morning for training when needed. Providers are interested in standardizing EMR documentation. L. McNamara thinks they were happy to see IT will be a standing agenda item. C. Thomas stated that this frustration with EMRs is common; they just need some help streamlining workflows. She said it's helpful to bring the vendor back to the hospital to work on optimization with physicians. Evident/CPSI will be here next week for that.

Administration Report

S. Graham asked the board members if they had any questions about the report he sent to them. He framed the summary of his report around the hospital's Wildly Important Goals: bringing our best every day, providing the ideal patient experience, and breaking even operationally. Our efforts toward operational break-even had boiled down to using productivity tools to manage labor. Our labor ratio has declined over the last few months, which represents our managers' ability to manage staffing well. The labor ratio looks higher recently because deductions from revenue have been higher than normal.

Managers are still having daily staffing huddles. Many are using the old Quorum productivity tool from the last study they did several years ago. We're getting ready for a new, updated productivity study next week.

Traditionally, volumes go up and so does staffing. Administration is working with managers on avoiding this and keeping the labor ratio below 70. The goal is to use this tool to predict our ability to break even operationally for the month, but we're not there yet.

Administration is reviewing the "Superior Productivity" book with managers. S. Graham is thrilled to see how leadership is embracing this.

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Regarding office moves, to prepare for the clinic and ER moves, the Maintenance team is putting up drywall in Hillcrest House and fixing up Room 101. Once G. Aguilar's office moves, we can begin full-force with getting that side of the top floor ready for the clinic. The ER will move after the clinic does, and we're looking at an October timeframe.

May is going to be the best month we've had all year. We'll have at least 31 surgeries and have had a few more swing bed patients.

V. Orford asked if any of the committees and boards that S. Graham serves on will be providing funding to hospitals. Yes; the Workers Compensation Board, for example, is looking at releasing dividends to participating hospitals.

V. Orford asked for an update on the medication take-back program. G. Aguilar is working with John Schapman of the North Central Accountable Community of Health regarding brochures, and we still need to purchase receptacles from SteriCycle. For that, we're looking into grant funding. A security camera is also a necessity. Three Rivers is also thinking about becoming a NARCAN distribution site. More education is needed before the program can start. She's debating whether to wait until the ER moves; V. Orford thinks it's a good idea to roll out the program as soon as possible.

Finance Report

J. Munson uploaded revised budget numbers into CPSI, and they're in her report. The balance sheet numbers will be updated and corrected.

May was a fairly busy month. Contractuals are still high, but the price change went into effect April 1. She hopes to see contractuals go down in the next 60 days. Benefits were over budget. We're expecting some funds back from worker's compensation and unemployment compensation.

From the 50% discount promotion we offered to patients this spring, we collected a total of \$77,089 -- \$33,737 in April, and \$30,573 in May. V. Orford asked if the discount is why bad debt figures are lower; possibly.

S. Graham stated that Jamie Boyer is reporting cash collected up-front during leadership's daily huddles. There are days when we collect upwards of \$2,000 in copays.

HealthFirst Financial will go live on June 7-8. A representative will be on-site for staff training. It's a third party company that will help work private pay accounts. There will be some screening to make sure repeat bad debt patients aren't forwarded to HealthFirst. This program is an option for patients; they can opt out if they prefer. We'll still do a financial screening for charity care to ensure those who need help can get it. We'd also like to turn over some employee accounts to HealthFirst. V. Orford asked about cost. J. Munson thinks their share is 12%, but it might be less. This method will result in money up-front for the hospital. HealthFirst will match our policy of 120 days for default, and they do all collection calls and letters.

We'll be receiving about \$516,000 from the 2017 cost report; the final report was submitted last week and Shar Sheaffer of Dingus, Zarecor & Associates is here to review the report later on in the meeting. V. Orford asked what will happen with those funds; S. Sheaffer recommends it go into the general fund, but it could be earmarked for a particular project.

We were allowed to resubmit our Meaningful Use attestation due to Medicare's system being down.

Documentation for the DHS audit has been submitted. Our property insurance renewal was completed, and that will be about an \$80,000 increase because she and M. Neddo decided some equipment insurance needed to be increased. J. Munson anticipates seeing at least \$300,000 more in property tax revenues this month. The next big chunk will arrive in October-November.

L McNamara asked about the clinic inpatient revenue and all other hospital revenue being under budget. "All other revenue" listed on Line 10 includes grants, WRHAP, trauma grant, and we haven't received all of those funds yet. The surgery revenue is J. Munson's best guess based on Dr. Lamberton's passing and Dr. Miller's anticipated volumes. L. McNamara asked when the cost report funds will be returned to us; usually within 30 days of submitting the cost report, but only if we ask for it. She asked if we can pay off some of the aging AP; J.

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Munson said she'll continue being strategic in paying accounts, since we don't have warrants anymore to fall back on.

T Shrable motioned to approve the finance report as presented. L. McNamara seconded. Motion passed unanimously.

Break

V. Orford announced a 15-minute break at 12:10 p.m.

V. Orford reconvened the meeting at 12:25 p.m.

L. McNamara requested to ask more questions about S. Graham's administrative report. Did he ask IT about granting more access to the guest WiFi by posting the monthly password in the waiting areas? There was also discussion about limiting bandwidth for guest WiFi. Currently, we give out the password to those who ask. He reviewed this with IT Manager Cole Renfro, and he thinks the current policy should be kept in place.

L. McNamara asked about follow-up on starting/becoming a VA clinic; that hasn't happened yet, but Business Office Manager Wanda Celeone sent them some information. L. McNamara asked for follow-up on OB data the board requested. S. Graham said we haven't had a chance yet to compile that data. He asked J. Pfeifer about North Valley's birth rates, which are also down.

Old Business

Capital Improvement Projects: This was covered under the Administration Report. M. Neddo said a Department of Health representative from Construction Review came to the hospital to determine what needs to be done to convert Hillcrest into a clinic, and M. Neddo submitted the application over a week ago. She hopes to hear back soon. A kick-off call with McKinstry is scheduled for June 12, pending finalized documents from McKinstry. Once their paperwork is complete they'll also need to submit it to the state for review. A furniture vendor came out recently as well to measure Hillcrest for clinic furniture needs. The furniture vendor is in the process of developing quotes. We don't need new furniture for every exam room, but we need a few things along with some furniture for nurses' work stations. L. McNamara asked if the state has sent us written documentation that they're rescinding the original finding about the generator; not yet. They have verbally informed us of it.

2017 Cost Report: Shar Sheaffer of Dingus, Zarecor & Associates presented the completed 2017 cost report. She reviewed the basic financial statements and independent auditors' report. Three Rivers had about a \$1.6 million increase in assets, which is good. There was an overall increase in non-current liabilities because the hospital took on some additional debt. Some of the \$516,000 payable from Medicare will be payback of what they said Three Rivers owed them at the end of the year.

We had an increase in net patient service revenues of about \$2 million, and an increase in operating expenses of only about \$1.5 million. S. Sheaffer said the hospital is making some very positive moves forward and it's good to see. There is new long-term debt with Coastal Community Bank, but overall the hospital doesn't have a lot of outstanding debt. DZA also assesses internal controls, and there were no findings in 2016 or 2017. She issued a management letter of some minor things that could be fine-tuned, but they aren't classified as findings, which would warrant the board's attention.

S. Sheaffer reviewed the financial indicators packet, which the Board of Commissioners may want to refer to when making decisions. Regarding cash on hand, she said the hospital should be proud of itself for paying off registered warrants last year. Gradually, the hospital should have 90-120 days of cash on hand, but that will take time to build. Three Rivers is a bit lower than average in the amount of bad debt it writes off, and a bit higher than average in getting charity care for patients. For added full-time equivalent employees, the hospital spent about \$4,500 per person in benefits but earned about \$11,000 in revenue per person. V. Orford thinks we're on the right path. S. Sheaffer thinks boosting orthopedics services will help, and she and J. Munson will look at the

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rates we're charging.

S. Sheaffer reviewed the letter that comes with the cost report. This is the first year there was no language in the letter about the hospital's declining financial position.

Amended 2018 Budget: J. Munson presented an amended budget for the year, accounting for changes to orthopedics as we no longer have Dr. Lamberton with us. She also went through all volumes year-to-date and did some re-projections. She thinks we'll see a decrease in contractals since orthopedics volumes are down. She also built the DHS revenue into contractals. She added in the final tax number, the trauma grant, the workers' comp dividends and the WRHAP funds. L. McNamara asked what the net operating revenue was in the prior approved budget. J. Munson had originally estimated an operating loss of \$126,000 for the year. The new budget has an estimated \$1.1 million operating loss. She also dropped the average daily census to 3.5 from 4.1. S. Graham noted that the hospital had two orthopedic surgeons last year, and we only have one this year so we're recruiting for another general surgeon. The new amended budget does not include potential revenues from a new surgeon. L. McNamara motioned and T. Shrable seconded to accept the amended 2018 budget as presented. Motion passed unanimously.

J. Pfeifer asked when Dr. Lamberton's work began to drop off; November. When the board passed the 2018 budget at the end of last year, it wasn't clear yet what was going to happen.

Resolution 2018-7 Surplus Equipment: Two small, old folding tables are requested to be surplus.

L. McNamara motioned to accept Resolution 2018-7, and T. Shrable seconded. Motion passed unanimously.

Reschedule June Regular Board Meeting: A quorum of the board will be attending the WSHA Rural Hospital meeting in Chelan on its usual meeting day. The board agreed to change the meeting to 11:15 a.m. Thursday, June 28. C. Thomas motioned and L. McNamara seconded to move the regular board meeting to the aforementioned time and date. Motion passed unanimously.

Virtual Radiologic Interface: Three Rivers is switching its teleradiology provider from Aris to Virtual Radiologic (vRad), and with that comes an opportunity to interface vRad with Evident to streamline the process. The cost would be \$5,000, so it's a capital expense that needs to be approved by the board. L. McNamara asked if this is an immediate need; Three Rivers hasn't switched yet, but vRad would need to start on the work now in order to be ready in time for go-live. She asked if this will be easier for providers and staff; yes. C. Thomas thinks this cost is cheap for an interface. She has worked with vRad a lot in the past and they do a good job, but hospitals have to pay the cost to interface. There is a maintenance cost of \$55 per month. V. Orford and T. Shrable think this is a win-win. C. Thomas asked if there's a guaranteed turnaround for readings; yes. T. Shrable noted that Three Rivers worked with vRad years ago and asked why we switched to Aris. M. Neddo thinks a past provider had issues with vRad, but there are some universal issues with Aris. L. McNamara motioned and C. Thomas seconded to approve the purchase of the vRad interface. Motion passed unanimously.

Board Education

V. Orford shared some comments from Ann Macfarlane of Seattle, who has spoken at conferences regarding governance. One of her guidelines for local government is not to get into back-and-forth exchanges during the public comment period. She also advises to not include detailed public comments in meeting minutes.

A. Macfarlane also asked boards to look at whether elected officials are permitted to speak during public comment. We allow it, but she advises against it. J. Best will research what state law says about this. V. Orford suggested everyone sign up for her newsletter by emailing ann@jurassicparliament.com.

C. Smith will ask Karen Hurley for a report on the OB program at next month's meeting.

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Public Comment

J. Pfeifer thanked the board for the invitation to today's meeting.

Upcoming Meetings and Events

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

L. McNamara would like to see the hospital have a float in the Cherries Jubilee.

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? Very minor deviation to include more questions.
4. Did the meeting run too long? No.

Executive Session

V. Orford announced an executive session at 1:35 p.m., for 30 minutes. No action will be taken.

The executive session was extended at 2:25 p.m. for 15 minutes.

V. Orford reconvened the public meeting at 2:42 p.m.

Adjournment

T. Shrable motioned and L. McNamara seconded to adjourn the meeting at 2:42 p.m. Motion passed unanimously.

Vicki Orford, Chair

Mike Pruett, Vice Chair

Tracy Shrable, Secretary

Cherri Thomas, Member

Leslie McNamara, Member