

Three Rivers Hospital

Board of Commissioners Regular Meeting

June 28, 2018

Minutes

The Three Rivers Hospital Board of Commissioners called a regular meeting to order at 11:17 a.m. Tuesday, June 28, 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
Cherri Thomas, Member
Leslie McNamara, Member

Others present:

J. Scott Graham, Chief Executive Officer
Melanie Neddo, Chief Operating 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
Jamie Boyer, Health Information Management/Patient Registration Manager
Jean Pfeifer, Board President, North Valley Hospital
David Hajek, Coastal Community Bank
Brock Hires, Omak-Okanogan Chronicle
Amber Hedington, Omak-Okanogan Chronicle

Vision, Mission & Values

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

Agenda

S. Graham requested to discuss the Coastal Bank line of credit. V. Orford added it under the Finance Report. She added the discussion about collaboration with North Valley Hospital under Public Comment, as a prelude to gathering community input.

L. McNamara motioned and C. Thomas seconded to accept the agenda as amended. Motion passed unanimously.

Minutes from Previous Meeting

C. Thomas motioned and L. McNamara seconded to accept the May 29, 2018 regular meeting minutes as presented. Motion passed unanimously.

Consent Items

V. Orford noted the payroll and vouchers as listed on the agenda. L. McNamara asked to recuse herself on two items, for Grover's Building Supply as she her husband's family owns that business. V. Orford read the bad debt and financial assistance figures.

Payroll total (3/11-6/16)	Gross: \$1,095,078.49	Net: \$772,869.13
• 3/11/18-3/24/18	Gross: \$268,739.58	Net: \$192,655.61
• 5/6/18-5/19/18	Gross: \$276,502.88	Net: \$194,977.48
• 5/20/18-6/2/18	Gross: \$282,656.24	Net: \$197,505.16
• 6/3/18-6/16/18	Gross: \$267,180.12	Net: \$187,730.88

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Vouchers total: \$1,277,707.89

- 5/24/18 84355-84413 \$406,224.23
- 5/31/18 84414-84442 \$212,224.68
- 6/7/18 84443-84472 \$445,267.02
- 6/14/18 84473-84523 \$213,991.96

Bad Debt: \$64,759.96

Financial Assistance: \$65,677.29

V. Orford read the list of medical staff applications and re-applications. The vouchers from May 24 and June 7, which L. McNamara recused herself from, will be deferred to the next meeting when there is a quorum to approve them. C. Thomas motioned to approve the consent items as presented, with those exceptions.

L. McNamara seconded. Motion passed unanimously.

Foundation Report

C. Majors attended this month's Three Rivers Hospital Foundation meeting. He gave the results of the staff survey to the Foundation board, which asked employees what they'd like to see the Foundation do for the hospital. An ice machine and a new OR bed topped the list, and the Foundation was very interested in the OR bed. J. Best shared that Dr. Jenkins attended and provided some ideas about smaller scale fundraisers the Foundation could consider doing. C. Majors and S. Ortolfo plan to meet soon to discuss those options.

Physician Report

No physicians in attendance. L. McNamara attended the Medical Staff meeting and she reviewed some of the discussion items. Marie Richerson, RN, was there to provide some training on how to place dietary orders in the Electronic Medical Record (EMR). S. Graham was there to discuss hospital financials. It was a full agenda and Dr. Wallace was a bit concerned about not having time to discuss the call schedule. S. Graham talked about recruitment of a general surgeon, and Family Health Centers was supportive of the possibility of the hospital recruiting a family practice physician one day. C. Thomas asked if she could shadow the providers while they document in the EMR; yes.

Administration Report

S. Graham asked the board if they have questions about the monthly report he sent to them. C. Thomas asked about the swing bed program and Left Without Being Seen (LWBS) figures. We have seen more swing beds, although the average daily census target still isn't being met. In some cases, patients need more specific medical care than we're equipped to provide. Regarding LWBS, he explained that patients most often leave when there are trauma cases ahead of them and they don't want to wait. However, there are occasions when patients say they didn't receive communication about the wait time and we're working to improve that.

V. Orford asked about the new dietary menu; N. Markey said the new menu was adopted at the end of January. V. Orford asked to see a copy of it. She asked if members of the public could come in and order off the menu for lunch. We aren't at that point yet, but we'd like to move in that direction.

L. McNamara asked for an update on the Quorum Health Resources study. S. Graham stated that Jenny Kramer has just completed her report. Administration will have a phone call with her on Tuesday to discuss the results and her suggestions. M. Neddo explained some of the measures our leadership team is already taking to improve productivity, such as flexing staff according to patient volumes. There will be some transition for departments whose productivity targets will change after this study was done. S. Graham shared that we've had an almost 20% drop in labor costs since the new measures were implemented in February. We want to be lean, but not so lean that we cause problems for the organization by having too few staff. The ultimate goal is to achieve operational break-even. L. McNamara asked about the Seattle Times public records request; that is

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being processed and we're complying with it fully. She asked whether S. Graham was able to follow up with Evident about the test server issue. He did provide them with feedback, the vice president apologized, and we're going to work collaboratively with Evident to find solutions that work for us. Evident is going to try to get us more frequent synchronization, but a training segment may be better than using the test server the way we planned. They're going to work with the IT Manager about this.

It's been busy, but we haven't seen the surgery numbers we typically see in the summer. Our overall revenue, as a result, is running a bit lower than expected. We'll keep working to adjust staffing to match the revenue, but the labor ratio looks a bit high so more work is needed. Radiology and Laboratory continues to work above target. The hospital has received notice that Family Health Centers is going to switch to LabCorp, which would be cheaper for their patients. We're going to try to counter-offer, with the best of our ability considering Medicare/Medicaid rules. The average daily census in Acute Care has been steady at about four.

Together with North Valley Hospital, we continue to recruit for a second general surgeon. Dr. Francis Lee, who hails from California, visited our area last week with his wife. We're exploring negotiations now. C. Thomas asked if the contract with Clinical Colleagues has been finalized; yes. The staffing firm is working with our current CRNAs to determine if they want to continue working here. Two CRNA candidates are here today, and two more will be here tomorrow. Once Clinical Colleagues makes its decision on who to hire, the current CRNAs will get 90 days' notice, whether they stay on or not.

S. Graham attended the Rural Hospital Conference in Chelan this week, along with board members V. Orford and L. McNamara. He helped lead a breakout session called "Developing Internal and Community Talent for Tomorrow's Work Force."

Administration is working with McKinstry and our own maintenance department to get ready for moving the clinic and ER to their new locations. We're moving the clinic in the next month, and then some upgrades will need to be done to the current clinic space to make it legally complaint to contain an ER. The maintenance department is restoring the lower level of Hillcrest House after it was damaged by flooding last year. C. Thomas asked for a timeline to move the ER. M. Neddo said McKinstry plans to be done by mid-October. Furniture is being ordered for the clinic. She submitted our application to Construction Review and they said it looks good, but we need to make some minor corrections to the venting. Regarding the water damage, V. Orford noted that we were planning to ask the insurance company to take a second look to determine why they paid so little. M. Neddo reached out to them about the depreciation adjustment, and we plan to invite them to look at the repairs in hopes of getting a bit more reimbursement to cover the labor costs. It has helped that we can use our own staff for the repairs.

Break

V. Orford announced a 15-minute lunch break at 12:05 p.m.

V. Orford reconvened the meeting at 12:20 p.m.

Finance Report

S. Graham delivered the May 2018 financial report on behalf of Chief Financial Officer Jennifer Munson. Both inpatient and outpatient revenues were above budget. Lab, blood bank, cardiac, and physical therapy revenues were above budget as well. We're beginning to see a decrease in professional fees charged due to pricing changes. J. Munson currently shows that we'll receive about \$350,000 back on this year's cost report. On expenses, we were over budget by 12%, and locums costs were higher as well as legal fees. Due to swing beds, physical therapy expenses were higher. B&O taxes increased, and we began paying on the Coastal Bank line of credit in May. HealthFirst Financial went live on June 8; self-pay patients are given the option to sign up with them. HealthFirst pays the hospital the patient's balance, and then sets up a low-interest repayment plan with the patient. To help our short-staffed billing department we're working with Integra, a branch of Inland Imaging of Spokane, and they help rural hospitals with different aspects of billing and coding. J. Boyer said they take 8%

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of the collected fees. They'll also be working some of the accounts older than 90 days. With respect to the \$600,000 owed to us by the state for Meaningful Use, J. Munson reported to S. Graham that the state has put a hold on those payouts "for review." The Methow Arts Alliance project is moving forward. J. Boyer is working with them along with C. Majors, and they're working on a plan to display local children's artwork. An open house is planned for 5-7 p.m. August 16 in the hospital courtyard. Methow Arts is advertising the event. V. Orford asked about the difference between actual and budgeted for clinic inpatient revenue. J. Munson was going to look into that. M. Neddo estimated that it may be due to pro fees. C. Thomas asked about the Medicare and Medicaid percentage; S. Graham said they're 30% and 39%, respectively. As of today, we're about \$129,000 in the black.

L. McNamara motioned and C. Thomas seconded to accept the finance report as presented. Motion passed unanimously.

Coastal Bank: S. Graham stated that in light of our positive 2017 cost report, where we no longer have a financial finding, Coastal has offered to re-up the revolving line of credit and extend it to \$1 million.

L. McNamara asked if it would incur additional fees. D. Hajek explained that this would be a new contract, as the previous line of credit expired at the end of May. Three Rivers didn't need to access it during the first contract period. V. Orford asked if the new term would be one year; yes. D. Hajek congratulated the Administration and the board on having such a great year, and Coastal is proud to be in business with Three Rivers.

V. Orford said she hesitated at first, but after some consideration she realized having access to that extra funding would be nice to have in case something goes wrong with the building. C. Thomas and L. McNamara agreed that they like having the cushion available. L. McNamara gave kudos to Administration for continuing hospital operations without using the line of credit or asking to extend it. S. Graham pledged not to use the line of credit unless we have to. C. Thomas motioned and L. McNamara seconded to extend the line of credit per recommendation. Motion approved unanimously. D. Hajek will report back regarding the term length of the line of credit. S. Graham noted this motion authorizes him to spend about \$10,000 in fees to renew the contract.

New Business

Resolution 2018-8: This is a trade-in. L. McNamara motioned and C. Thomas seconded to approve Resolution 2018-8 as presented.

Resolution 2018-9: This resolution would authorize our Financial Counselor to have her own petty cash drawer for customer service. V. Orford asked who reconciles the various petty cash drawers; Jennifer Bach oversees it. C. Thomas motioned and L. McNamara seconded approving Resolution 2018-9 as presented. Motion passed unanimously.

Board Education

V. Orford led a discussion about their participation in the WSHA Rural Hospital Conference in Chelan this week. She asked our attorney during the conference if board members can make comments during the public comment period of board meetings, and learned that they can. C. Thomas felt it was a much better conference than last year. Some opportunities for board education came out of the sessions, such as interlocal agreements. She also enjoyed the motivational speaker. L. McNamara was happy to hear about the new education WSHA is building for board members that will hopefully be available next year.

For next month's board education, V. Orford would like to see more broad information that covers regional, state and national health care issues. She enjoyed the presentation on how our credentialing process works. S. Graham offered to bring a list of ideas for board education topics to the next meeting. C. Thomas asked who could provide education about interlocal agreements; our attorney, Brad Berg, knows a lot about that topic.

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S. Graham could get some of his training materials. Next month's education will be about interlocal agreements. V. Orford encouraged everyone to donate to the Political Action Committee (PAC). Each facility's fundraising goal has been raised from \$700 to \$1,000. Supporting the PAC helps WSHA educate legislators about the needs of healthcare, especially in rural areas. Every time legislators remove funds from the healthcare budget, they're weakening rural hospitals.

Public Comment

V. Orford asked everyone to introduce themselves.

North Valley Collaboration: S. Graham began by discussing the initiative to collaborate with North Valley Hospital. Shortly after he began working at Three Rivers, the Okanogan County Commissioners invited him and others to discuss collaboration and integration opportunities among Three Rivers, North Valley, and Mid-Valley hospitals. Since then, there have been ongoing discussions over the years about how to partner more closely. They, along with Jesus Hernandez of Family Health Centers, met again over the last year with Okanogan County Commissioners regarding collaboration, of which they were still in favor.

While North Valley Hospital was seeking a new Chief Executive Officer, North Valley's interim CEO reached out to S. Graham about serving in a shared role between Three Rivers and North Valley. S. Graham said he would only be willing to move forward with approval from the Three Rivers board. Initial discussions with both boards went well, and representatives from each board met. It was decided that this was a unique opportunity worth exploring. We sought legal guidance, and upon determining that there would be no legal barriers the hospitals have decided to go public with the idea to begin gathering public input. If this process goes well, S. Graham would be appointed as CEO of both facilities. His salary would not increase, but would be shared between the hospitals. This would open the door to eventual sharing of staffing and possibly services in other areas. In a phone call last month between S. Graham, J. McReynolds and Mid-Valley CEO Alan Fisher, A. Fisher indicated his support of this idea and asked how he could help. The door is also open for further collaboration with Mid-Valley in ways that wouldn't include sharing administrative costs, because we wouldn't presume to ask Mid-Valley to make those kind of changes. This move would reduce administrative costs for both facilities. From a viability perspective, this gives us more unity among two (hopefully three) facilities and could stave off some competition from health care organizations outside the region who are moving in. A clause has been built in to the agreement in case this doesn't work out.

B. Hires asked for the board's opinion. V. Orford's initial concern was about S. Graham getting burned out, not so much about collaboration or getting along with North Valley. If he's willing to try it, she felt the board should give it a chance. C. Thomas felt the same. She thinks this has a lot of potential and opens the door to more collaboration between the three rural hospitals in Okanogan County. She's excited about it. L. McNamara felt optimistic about it from the beginning when it was first proposed. Sharing resources makes sense. She doesn't see that competition between the hospitals would be a problem due to the distance between the two.

B. Hires asked if Mid-Valley is still interested in collaborating; S. Graham hopes so. The goal isn't to exclude Mid-Valley, but to be inclusive. B. Hires asked if staff have voiced any concerns. S. Graham has heard concern about job losses, but there will be no layoffs. There may actually be more opportunity in the future for staff to pick up shifts at one hospital or the other during slower months, to help them avoid low-census.

L. McNamara stated that the board has high confidence in our COO, and that helped them be more comfortable with this decision as well. Between M. Neddo and J. McReynolds, S. Graham is confident the needs of both facilities will continue to be met.

J. Pfeifer met with two commissioners from Mid-Valley at the Chelan conference, who expressed their support of the idea. However, she doesn't know what the entire board thinks about it. She stated that J. McReynolds is extremely well-liked by staff and providers in North Valley, and they want to make sure he stays. J. McReynolds told the board that he wants to remain in a leadership role, but he is young and would like to get more

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experience before stepping into a larger role like CEO. L. McNamara pointed out that each hospital will remain its own individual entity. V. Orford feels very proud that we can explore this opportunity. J. Pfeifer hopes to be able to share physicians with different specialties. The hospitals already share an orthopedic surgeon, and are recruiting for a general surgeon.

A. Fisk stated that Three Rivers' entire administrative team is supportive of this. L. McNamara thinks both boards get along well together. S. Graham was grateful to see that, as a progressive attitude will help both hospitals survive.

Upcoming Meetings and Events

V. Orford noted the meetings and events as listed on the agenda. L. McNamara added the Brewster Fourth of July parade, which begins at 6 p.m. J. Pfeifer will send information to V. Orford about board education that will be provided in Omak. It will be from 1-5 p.m. on July 25, at St. Anne's Episcopal Church.

Meeting Discussion

1. Did you enjoy this meeting? C. Thomas thinks it was a good meeting.
2. Did we have any moments of the "perception" of conflict of interest? No. V. Orford appreciated L. McNamara recusing herself from the voucher approval.
3. Did we use the meeting time effectively? Yes.
4. What is one thing you would change about this meeting? L. McNamara missed the attendance of Mike Pruett and Tracy Shrable.

Adjournment

L. McNamara motioned and C. Thomas seconded adjourning the meeting at 1:32 p.m. Motion passed unanimously.

Vicki Orford, Chair

Mike Pruett, Vice Chair

Tracy Shrable, Secretary

Cherri Thomas, Member

Leslie McNamara, Member