

Three Rivers Hospital

Board of Commissioners Regular Meeting

July 31, 2018

Minutes

The Three Rivers Hospital Board of Commissioners called a regular meeting to order at 11:15 a.m. Tuesday, July 31, 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
Jennifer Munson, Chief Financial Officer
Gretchen Aguilar, Chief Nursing Officer
Anita Fisk, Director of Human Resources
Jennifer Best, Administrative Assistant
Nicky Markey, Director of Quality, Risk & Compliance
Christopher Majors, Business Development Coordinator
Jamie Boyer, Health Information Management/Patient Registration Manager
Dr. John Maxwell, Radiology
Lee Hemmer

Vision, Mission & Values

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

Agenda

S. Graham stated that John McReynolds from North Valley Hospital asked that our board approve the proposed interlocal agreement first, which would appoint S. Graham as CEO of both facilities. This would eliminate the need to hold a special board meeting before the North Valley board meets on August 9. V. Orford added this under Old Business.

S. Graham also asked to add a 15-minute executive session to discuss personnel. No action will be taken.

V. Orford added this after Public Comment.

M. Pruett motioned and T. Shrable seconded to accept the agenda as official. Motion passed unanimously.

Review of Previous Minutes

L. McNamara motioned and M. Pruett seconded to accept the June 28, 2018 regular meeting minutes as presented. Motion passed unanimously.

Consent Items

V. Orford noted payroll and vouchers as listed on the agenda. Two are carried over from last month, May 24 and June 6, because a family business was included in the vouchers. L. McNamara recused herself again from approval of vouchers for this reason. V. Orford read bad debt and financial assistance figures.

Payroll total:	Gross: \$541,388.66	Net: \$378,610.65
• 6/17/18-6/30/18	Gross: \$268,762.30	Net: \$186,870.00
• 7/1/18-7/14/18	Gross: \$272,626.36	Net: \$191,740.65

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Vouchers total: \$2,550,175.38

- 5/24/18 84355-84413 \$406,224.23
- 6/7/18 84443-84472 \$445,267.02
- 6/21/18 84548-84592 \$440,684.42
- 6/28/18 84593-84651 \$227,651.51
- 7/5/18 84652-84712 \$397,540.34
- 7/12/18 84713-84750 \$225,439.72
- 7/19/18 84795-84838 \$407,368.14

Bad Debt: \$57,478.30

Financial Assistance: \$71,342.52

V. Orford read names of providers applying for privileges. M. Pruett asked if Dr. Anthony Crawford is new; yes, ERx brought him here a couple months ago.

M. Pruett motioned and T. Shrable seconded accepting the consent items as presented. Motion passed unanimously.

Foundation Report

S. Graham, C. Majors and J. Best attended the last Three Rivers Hospital Foundation meeting on June 10. Most of the discussion revolved around feedback from staff about equipment and other items the Foundation could potentially help purchase. Some of these ideas were brought to the July Medical Staff meeting, and providers are considering them as well as other ideas. L. McNamara noted that the providers already had a lot of ideas. S. Graham relayed the Foundation's appreciation to staff for their support.

C. Majors shared that the Foundation hosted free spring sports physicals at the Brewster Boys & Girls Club. The turnout this year was smaller, in part due to free physicals also being offered at Family Health Centers.

Physicians Report

L. McNamara attended this month's Medical Staff meeting. There was a lively discussion about providers being on-call on weekends. In this case, ER providers wanted to have a more solid schedule to refer to for general surgery. Due to this conflict, Administration decided to remove Dr. Tagge from weekends entirely. S. Graham thinks this may improve when Dr. Lee arrives, but he may not want to be on call every weekend either.

L. McNamara asked if the other hospitals have low surgery numbers as we do; S. Graham has asked around and doesn't think they are having the same issue. However, surgeons have been taking vacations or going to CMEs over the past few months and the numbers are starting to go back up now that they're back.

The pharmacist provided good information about how to fill a short-term prescription for a patient being discharged from the ER.

Administration Report

S. Graham began his report with an update on building improvements and moving the ER and clinic. The new clinic area in Hillcrest is being repainted and set up to move the clinic. Once the current clinic space opens up, McKinstry will be on-site to begin work on minor upgrades to convert it to an ER. There will be a minor delay due to Construction Review. We'll begin expending the Coastal loan to pay for furniture and work needed. There have been occasional pest issues in the hospital and Hillcrest Administration Building, such as ants. The Maintenance Department is working hard to try to prevent them from coming indoors, and Orkin does routine spraying.

We're continuing to work toward operational break-even. Dr. Francis Lee, general surgeon, has accepted our offer. Presuming the transition goes well, he'll be here around the first of February.

Administration is considering whether to make Three Rivers Family Medicine a Rural Health Clinic, which would

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require hiring at least one family practice physician. This would route more surgery patients to Dr. Lee, Dr. Miller and Dr. Tagge, but the hospital would have to subsidize the practice for a while until it's sufficiently built up. Discussed possible funding options. V. Orford would like to make a decision on this before another potential opportunity passes us by for lack of funds. S. Graham thinks it would be beneficial to the hospital's longevity if we have our own clinic, or a close and loyal working relationship with a local clinic. L. McNamara asked if the Family Health Centers providers want the hospital to hire family practice physicians; yes. Dr. Wallace encouraged the hospital to hire if we can.

S. Graham offered to begin a study on this idea and bring some data back to the board. M. Pruett is in favor of exploring the option, but the steps need to be taken carefully. If the hospital brings in more family practice physicians, how are they being supported? T. Shrable agreed that we should look into it. It's going to be expensive; he shared his concern that the clinic hasn't been very productive up until now. S. Graham explained that adding a couple of physicians would allow us to expand the clinic hours and offer a larger variety of services. We currently have the advantage of being able to see new patients on the same day. L. McNamara thinks the board needs more data. C. Thomas agreed with the others.

The board directed S. Graham to proceed with the next step in investigating a Rural Health Clinic, including funding alternatives.

L. McNamara asked if Michele Hansen getting credentials for VA disability physicals is a good thing; yes. She is also getting certified to provide suboxone treatments for patients with opioid addiction. J. Munson said a Rural Health Clinic would bring about a \$10,000 reimbursement the last time we looked into it.

S. Graham shared that Family Health Centers is asking the hospital to help provide coverage in the call schedule, starting in October. He doesn't want to set a precedent because locums are expensive. V. Orford asked if the hospital and FHC can share locums costs; we can ask. L. McNamara thinks this would be a good solution, especially since they opted to start sending more labs to LabCorp. The providers do still send some labs to the hospital. M. Neddo is waiting for lab pricing from the clinic to see if we can reasonably adjust ours while staying within Medicare requirements. M. Pruett thinks mutual support is important for the good of the communities served by both entities. Regarding call coverage, V. Orford thinks we should share the cost.

Three Rivers is continuing to move forward with North Valley Hospital to share S. Graham as CEO. An updated version of the agreement was sent to the board. V. Orford asked the staff present if they're OK with trying this. M. Neddo is in favor. We've already seen some benefits in working with North Valley in other areas, so she thinks there's a lot of opportunity for further collaboration. The board will make its official decision during Old Business. S. Graham considers the role as a full-time CEO, but with two hospitals under his responsibility instead of one. The position will be flexible according to each hospital's needs.

Regarding the Administration Report, V. Orford asked if S. Graham has time for his potential new position on the Okanogan Behavioral Health Care board. S. Graham thinks he may need to give up a couple of his positions, and at least one position will be ending this year. He would view the OBHC board as an important opportunity, if they decide to appoint him.

L. McNamara asked about the status of the expected \$600,000 Meaningful Use reimbursement. The state did another audit, where they found six hospitals were owed money and 28 hospitals owe. If the hospitals that owe are successful in negotiating, the money owed to hospitals like ours may be taken. At this point, we could end up with something but it may not be the full \$600,000.

Regarding Dr. Haeger's sleep clinic proposal, L. McNamara asked if the hospital had one here before. The hospital used to own the sleep clinic and sold it to Dr. Haeger, and it operated within Hillcrest House until last year when he relocated it to Family Health Centers. Dr. Haeger recently approached the hospital about running the clinic again, and S. Graham asked for more data. J. Munson said the hospital did make money on it before. L. McNamara thanked G. Aguilar for all the hard work she puts in for the hospital; it's evident from the monthly board reports and the Medical Staff meetings.

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Break

V. Orford announced a 15-minute lunch break at 12:23 p.m.

V. Orford reconvened the meeting at 12:38 p.m.

Finance Report

June was slower than what we typically see. There were 103 patient days, down from 158 in June of last year. This was partly due to some doctors being out. Regarding V. Orford's question last month about clinic revenues, some portion of revenues is calculated by pro fees. J. Munson will work on calculating figures for the next meeting.

A letter from Medicare arrived notifying us of the interim rate notice and tentative settlement for the 2017 cost report, \$516,540. The interim rate adjustment for 2018 was over \$200,000. Both amounts were received last week. Today we have more than \$600,000 in the bank, not including the bond funds from Coastal. J. Munson will continue monitoring the cost report model as usual.

There were 92.49 FTEs in June. Salaries were a bit over budget due to a dividend we haven't received yet from Workers Comp. We received AZ Wells Foundation grant funds. For the month we had a \$15,448 net gain. M. Pruettt said it looks like Accounts Receivable is making headway; yes. L. McNamara asked if the AR is kept separate from HealthFirst Financial; yes. We've signed a contract with Integra to handle private pay, mainly working aged accounts over 90 days. The two employees working accounts right now are doing an amazing job, collecting more cash than we've seen in a while. J. Munson recognized Lenora Coenen and Kelli Holloway for their hard work. Integra will be on-site August 15 to review the billing process and how to use their system. The DSH application has been submitted, and the 340B re-certification is coming up. C. Thomas asked if the 340B program has helped the hospital. It has helped with reducing some costs. For instance, Remicade is sold to us at a fairly large discount.

The Patient Registration Representative position has been filled. An open house with Methow Arts Alliance is scheduled for August 16 and will be open to the public. Changes to the charity care policy are being made due to some changes at the state level.

Quorum sent the final productivity study report this week. Managers are using a new tool built by the IT Department to help them manage their departmental productivity every day. Quorum acknowledged that some of the proposed reductions might impact the hospital's reimbursement, so it may not make sense to follow every recommendation. S. Graham thinks this is having a positive impact in terms of managing the labor ratio, along with having daily staffing huddles.

V. Orford asked if there has been any progress on the campus security upgrades. At this time, staff is ensuring doors are constantly locked except to the main entrances. We're behind on some drills. The upcoming ER and clinic moves are taking a lot of time for the Maintenance Department.

V. Orford asked if we have purchased a new colonoscope; not yet. M. Neddo said a Stryker representative visited recently, and Fuji will be here today to do a demonstration. She may reach out to Dr. Lee to find out if he has a preference, once we determine which models would work best with our current equipment.

L. McNamara motioned and M. Pruettt seconded approving the finance report as presented. Motion passed unanimously.

Old Business

Capital Improvement Update: The Maintenance crew has been painting in Hillcrest, and carpeting is being installed downstairs. C. Majors has developed a signage plan for the clinic, and more signage for the ER will be built into that. One idea is a big lighted sign for the emergency entrance to sit on top of the roof above the new ER location. Furniture has been ordered for the new clinic space.

The main walk-in freezer in the kitchen failed, and we're waiting for parts to fix it at a cost of about \$4,500.

There have been a couple of other issues with air conditioners and this morning a refrigerator in the cafeteria

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failed. We're putting together an action plan for how to address fire door and dampener repairs and replacement. Regarding the 2016 survey, we finally received an adjusted statement of deficiency from the state Fire Marshal's Office that removed the generator citation. This saved the hospital about \$2 million.

The Building & Planning Committee voted on its top two favorite atrium window coverings, and M. Neddo shared them for the board's opinion. One option was a wooded path, and the other is the Columbia River.

L. McNamara said the wooded path fits well with the hospital being a pathway to health. She, M. Pruett, and V. Orford voted for the path, and C. Thomas and T. Shrable voted for the river view. T. Shrable asked what the cost will be for the coverings; the cost was about \$1,100 last time we priced it. M. Pruett asked to remove the live trees currently in the atrium.

The roof and the HVAC system are still needs to be addressed. Security measures will continue to be explored. Reviewed some completed projects: Hillcrest elevator repair, formation of the staff Education Room, and some "emergency" signage for the main parking lot entrance. M. Pruett thanked M. Neddo and staff for their work in getting these projects done, including ongoing projects; he thinks we're heading down the right path.

Three Rivers Hospital/North Valley Hospital Interlocal Agreement: The proposed interlocal agreement was generated by Three Rivers' attorney, Brad Berg. After both hospitals reviewed it, North Valley added some language to incorporate the duties of the CEO. The language was taken from North Valley's CEO job description, which A. Fisk had helped them create. S. Graham doesn't anticipate further changes to the agreement.

L. McNamara thinks it's a standard agreement that's fair, and it has an out clause for either party. M. Pruett feels good that the agreement was generated by our attorney. V Orford noted that a resolution isn't required for this; she called for a vote to approve the interlocal agreement with North Valley Hospital. All board members unanimously approved the agreement. V. Orford looks forward to seeing how this collaboration works out. North Valley's board meets at 7 p.m. Thursday, August 9 and they expect to approve the agreement then.

New Business

Resolution 2018-10: Bank of America had been attempting to reach a former employee who has not worked for the hospital in about 20 years, and when the bank couldn't reach this person they shut down our credit cards. The customer service representatives told J. Munson that the board needs to approve a resolution that is shown in the minutes, authorizing her to obtain and manage credit cards for the district. L. McNamara asked if the credit cards are used often; yes. Currently there are two, for J. Munson and Jennifer Bach. J. Bach's card will be transferred to the Materials Manager, and J. Munson hopes to give a small one to J. Best for educational leave travel expenses. S. Graham will also receive one. L. McNamara asked if there's an annual fee; no. T. Shrable motioned and C. Thomas seconded to approve Resolution 2018-10. Motion passed unanimously.

Board Education

S. Graham shared a PowerPoint on the board's requested topic of interlocal agreements, created by attorney Brad Berg.

State law was written in such a way to ensure the viability of rural Public Hospital Districts, in part by ensuring entities work together rather than compete with one another. Caribou Trail Orthopedics was an example of an interlocal agreement, initially among five PHDs in Okanogan, Chelan, Douglas and Grant counties.

Three Rivers Hospital is considered a quasi-municipal corporation.

Interlocal agreements must be added to all hospital websites for the public to read.

For the next meeting, V. Orford would like some education about the Press Ganey surveys, particularly regarding how much it costs the hospital to have this service. She suggested possibly changing how often survey results are reported to the board since so few surveys are returned. T. Shrable asked if there's anything we can do to encourage more patients to fill them out. Part of the reason the sample size is so small for inpatient is that we don't usually have many. Press Ganey sends out the survey about 48 hours after discharge,

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but it takes a while to get them all back. M. Neddo and N. Markey will bring information to the next board meeting.

Public Comment

Lee Hemmer introduced himself as a commissioner from Douglas County Hospital District 3. He stated that District 3 had an agreement with former administrator Howard Gamble to include their board members on Three Rivers' liability insurance. District 3 has a \$400 annual budget, and the insurance cost is about \$4,000. S. Graham said Three Rivers spoke with Physicians Insurance and they had some concerns; they were supposed to reach out to Mr. Hemmer to discuss this. M. Pruett asked how this benefits both entities. This is for Directors and Officers Insurance, which protects the hospital district in the event a board member or executive is sued. In the past, District 3 sent \$300 of its annual budget to this hospital to help cover the cost of insurance. District 3's function is to support EMS and fire services in their area, as they have no hospital. L. McNamara noted that if one of the District 3 commissioners was sued, Three Rivers' insurance premiums could go up so she's in favor of getting legal advice first. Physicians Insurance had told us, according to M. Neddo, that they'd advise District 3 to have its own insurance policy and they weren't aware of any prior agreements between the districts. She offered to help set up a time for further discussions.

M. Pruett thanked Administration for sharing the new Dietary menu. V. Orford said the options look good.

Executive Session

V. Orford announced an executive session at 1:51 p.m., for 15 minutes, to discuss a topic pursuant to RCW V. Orford reconvened the public meeting at 2:07 p.m. No action was taken.

Meetings and Events

V. Orford noted the upcoming meetings and events listed on the agenda. She and L. McNamara are planning to attend the Methow Valley Arts show on August 16. M. Pruett asked to make sure we market the event with K-Root and the Methow Valley News.

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, but discussions took longer.
4. Did the meeting run too long? Not too far over, considering a lot of topics were addressed.

Adjournment

C. Thomas motioned and T. Shrable seconded to adjourn the meeting at 2:10 p.m. Motion passed unanimously.

Vicki Orford, Chair

Mike Pruett, Vice Chair

Tracy Shrable, Secretary

Cherri Thomas, Member

Leslie McNamara, Member