

Three Rivers Hospital

Board of Commissioners Regular Meeting

October 31, 2018

Minutes

The Three Rivers Hospital Board of Commissioners called a regular meeting to order at 11:15 a.m. Wednesday, October 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
Leslie McNamara, Member

Others present:

J. Scott Graham, Chief Executive Officer
Melanie Neddo, Chief Operating Officer
Jennifer Munson, Chief Financial Officer (via phone)
Gretchen Aguilar, Chief Nursing Officer
Anita Fisk, Director of Human Resources
Christine Smith, Assistant Chief Nursing Officer
Jennifer Best, Administrative Assistant
Cole Renfroe, Information Technology Manager
Nicky Markey, Director of Quality, Risk & Compliance
Christopher Majors, Business Development Coordinator

Vision, Mission & Values

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

Agenda

V. Orford will move up Board Education after Consent Items. L. McNamara motioned to accept the agenda as amended. C. Thomas seconded. Motion passed unanimously.

Review of Previous Minutes

L. McNamara motioned and M. Pruett seconded to accept the September meeting minutes as presented. Motion passed unanimously.

Consent Items

V. Orford noted payroll and vouchers as listed on the agenda. L. McNamara recused herself from the October 18, 2018 set of vouchers as Grover's Building Supply is listed in that set. She asked if this could be set as a separate line item in future meetings.

V. Orford read the bad debt and financial assistance figures as listed on the agenda.

Payroll total: Gross: \$545,191.74 Net: \$384,092.85
o 9/9/18-9/22/18 Gross: \$273,674.69 Net: \$193,227.91
o 9/23/18-10/6/18 Gross: \$271,517.05 Net: \$190,864.94

Vouchers total: \$1,371,301.18

o 9/20/18 85297-85371 \$145,703.12
o 9/27/18 85372-85404 \$356,954.40
o 10/4/18 85405-85468 \$287,298.24
o 10/11/18 85469-85515 \$401,463.58
o 10/18/18 85516-85564 \$179,881.84

Three Rivers Hospital

Board of Commissioners Regular Meeting

October 31, 2018

Minutes

Bad Debt: \$77,758.27

Financial Assistance: \$68,658.80

V. Orford read the list of medical providers applying for privileges at the hospital, which have been approved by Medical Staff. C. Thomas motioned and T. Shrable seconded to approve the consent items as presented.

Board Education

Information Technology Manager Cole Renfroe presented a general overview of the IT Department's primary functions: general help desk, CPSI administration, and high-level IT (infrastructure work). Each category includes numerous tasks and responsibilities, with network security chief among them. There are constant efforts from international sources to hack our system.

V. Orford asked if the IT Department is open 24/7; C. Renfroe said the employees' work hours are 8 a.m. - 4 p.m., but they take turns being on call. They're available at all hours. L. McNamara asked if the staff can resolve issues remotely; yes, using a program called LogMeIn. There are a few hardware issues that would require the on-call employee to come in to the hospital, but some of them would be resolved once we complete the server virtualization.

L. McNamara asked how a firewall can break. The firewall that failed earlier this month was due to aging equipment that was being over-taxed. She asked if the improvements approved by the board earlier this year will help prevent another failure; yes. C. Renfroe will apply for a grant in 2019 that would allow us to have two firewalls.

C. Thomas asked about the status for the Novarad interface. C. Renfroe said Novarad is operating correctly, and the vRad interface will go live tomorrow. She asked if anyone else on the IT team knows all the passwords he keeps; yes, Yecenia Gutierrez has access to the master password list and he cross-trains her on as much as possible.

V. Orford asked how many employees work in IT, and how many he wishes worked in IT. There are currently three employees, and he'd like to have five.

Foundation Report

The Three Rivers Hospital Foundation is finalizing its November 8 silent auction fundraiser in Pateros. They're hoping for a turnout of at least 50. Discussed advertising efforts for the event. Tickets are still available online, at Webster Furniture, and through Sandra Zamudio and Sonia Ruiz at the hospital. The Foundation will accept baked goods for auction items. L. McNamara was pleased to see that we have received the six new televisions. The new PurpleAir air quality monitor has been installed, with considerable help from IT and Maintenance. To access the air quality data, go to www.purpleair.com and enter the zip code. C. Majors believes the new ice machine for Acute Care was ordered last week.

Physician Report

L. McNamara attended this month's Medical Staff meeting. Regarding our swing bed program, she asked if we work with local physical therapists. Yes, but M. Neddo noted that we don't provide occupational therapy or speech therapy. Those providers are hard to find, but North Valley Hospital just hired a speech therapist who may be able to travel to Brewster to help patients here. S. Graham noted that a more regional approach will become more standard and provide our area hospitals with more opportunities.

M. Pruett asked if North Valley also has an occupational therapist; no. Mid-Valley Hospital has access to OT and speech therapy, which they share with North Valley and Three Rivers when possible. S. Graham explained that nurses can be trained to do some OT work, with the OT overseeing that work, but we haven't been able to send any nurses to train. L. McNamara asked if Three Rivers could host medical student residents; yes, but it's difficult to find students who truly have interest in rural medicine. S. Graham gave a brief overview of the Medical Staff meeting, which was run by Dr. Ty Witt as Dr. Gordon Tagge was in surgery.

Three Rivers Hospital

Board of Commissioners Regular Meeting

October 31, 2018

Minutes

L. McNamara asked if Dr. Robledo from ERx has been working in our clinic; not yet, but M. Neddo thinks he'll be able to provide coverage for some dates in November and December. Spanish is his native language, which would be great for our patients. In the meantime, we're still looking for temporary coverage while we explore collaboration efforts with Family Health Centers as well as the option of hiring our own family practice provider.

Administration Report

S. Graham distributed an article from the Harvard Business Review regarding board governance. This was referenced at the annual WSHA Rural Hospital Conference in Chelan this year.

This month has been busy, with higher patient volumes than expected. He thanked M. Neddo and the rest of the administrative team and leadership for keeping the hospital functioning very well this month with the higher census and his absences for vacation and the annual WSHA Meeting in Seattle. Surgery volumes are still low, but seem to be building over time. We're still working to recruit a second general surgeon to help with that. Leadership continues to work on implementing and monitoring productivity across all departments.

To add to the busy month, we completed moving the clinic into Hillcrest House and were without email and Internet access for a few days when the firewall failed. C. Thomas stated that the new clinic space looks lovely. We're still exploring the collaboration with Family Health Centers to possibly house a primary care provider in our clinic, but they're not quite ready yet to pull the trigger on that. M. Pruett asked if they're aware of our sense of urgency; yes, but this involves a lot of work on their part in terms of opening a new location and staffing it. M. Neddo added that FHC has some existing obligations, and they have toured the space at Hillcrest to envision how they might be able to make a practice work there. S. Graham relayed to FHC that we need to come to a decision by the end of the year, because the hospital needs to come up with an alternate solution if this doesn't happen.

S. Graham continues to work at North Valley two or three days per week. From his perspective, it's going well. Everyone is anxious to see the regionalization happen, so he is ensuring that things happen a little more slowly so it is successful in the long run. The North Valley board is having a strategic planning retreat on November 15. We're sharing staff and policies, and eventually we'll see the financial benefit of this collaboration.

We almost met our fundraising goal for the WSHA Political Action Committee; he encouraged anyone on the board or in leadership to chip in.

M. Pruett asked if Dr. Quigley has visited Three Rivers to tour our OR Department. North Valley and Mid-Valley have signed an agreement to share his services, which is how he wanted to start. Once some of the bugs are worked out, we'd explore an agreement with Three Rivers. He has a partner who would also potentially provide general surgery services at North Valley and Three Rivers. We'll still be recruiting for a new general surgeon, and Merritt Hawkins has found several candidates for us to consider. M. Neddo has been in contact with Mid-Valley's clinic manager, who sent her a draft agreement, and they've discussed scheduling and other details.

L. McNamara asked about the radiology tech traveler, relating to productivity. The traveler works on the weekends, and we need to have someone on-call on weekends. We lost three per diem techs and one full-time tech. G. Aguilar added that travelers can't be low-censused because they are contracted and have guaranteed hours. M. Neddo gave recognition to one of our full-time radiology techs, Lidiya Klopov, for covering many open shifts including weekends during the recent staffing changes.

A. Fisk shared that Three Rivers did meet our 40% participation goal for WCIF Live Well, which saves the hospital some money on rising insurance premiums every year.

Break

V. Orford announced a lunch break at 12:39 p.m.

V. Orford reconvened the meeting at 12:55 p.m.

Three Rivers Hospital

Board of Commissioners Regular Meeting

October 31, 2018

Minutes

Finance Report

J. Munson is attending a conference hosted by Dingus, Zarecor & Associates. She learned that the DSH program has been extended to 2025, which is a positive thing. Medicare has extended its sequestration. Effective January 1, we must publish our charge master on our website. The MIPS reporting may be expanded to include physical therapists and other providers/services.

She reviewed the September 2018 finance packet. She answered a question V. Orford had in last month's meeting about the cost report. We had 144 patient days, with an average daily census of about 4.8. For October, we had 170 patient days and an average daily census of 5.48. Although we had more patient days this month, revenue was lower than September because of the type of patients we had. In September, she had a remaining amount of \$100,000 for receivables in her cost report estimate, but after this month we're even with Medicare. She anticipates that, as we get to the last part of the year, revenues will drop and we'll see another receivable. We were over budget in salaries and wages in September, mostly due to vacation accruals.

Professional fees and legal fees were over budget due to some unexpected needs. Supplies were over budget because of prosthetics. We paid some recruiting fees to Merritt Hawkins, plus a fee to Coastal Bank for opening a new line of credit. V. Orford asked to break out the attorney's fees in future finance reports. She expects we'll receive about \$300,000 to \$350,000 in property taxes this fall.

Accounts receivable days are 59.84. HealthFirst Financial has collected over \$18,000 so far, and Integra went live so we should see more revenue from old unpaid patient accounts.

L. McNamara asked if numbers could be run differently for the report on page 8, so they're more accurate.

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

Old Business

Capital Improvements Update: M. Neddo explained that we're turning our attention to the lower level of Hillcrest, to complete repairs and create new exam rooms in those empty offices. We've started gathering quotes from contractors. Work continues on converting the former clinic into the new Emergency Department. They've tested the current air handling unit, and it looks like the system was never built to specs. They've developed some solutions for that, to be discussed at a meeting on Friday along with an issue they encountered on the roof. C. Majors has been working hard to get signage proposals for the new ER location. He has obtained a quote for a large lighted "Emergency" sign for the roof. The clings for the lobby atrium windows have been ordered and we expect to install them soon. S. Graham is impressed with the signage in the clinic; the wayfinding is much better.

C. Thomas asked if the timeline for completing the ER is still on track. McKinstry's end date might be delayed to the few snags they've encountered, but she hopes it'll only be a week or two. Their initial end date was November 30, with expectations to have the ER open by January 1. Clinic staff and the new manager, Jamie Boyer, have been handling everything really well during this month of transitions. The physicians seem happy in their new location. C. Thomas asked if there has been any discussion about the safety of accessing the stairs in the clinic lobby. Right now, patients mostly use the elevator. We haven't had any issues so far with children using the stairs, but if we grow services wherein we'd see more children we'd take some preventive measures to keep them safe. A. Fisk suggested placing a sign somewhere cautioning parents to keep a close eye on their children, for the sake of liability.

Meridian Equipment Financing: As discussed in previous board meetings, J. Munson has been working on obtaining financing quotes for some capital purchases – mainly patient care equipment. Much of our equipment is past its useful life, but with repairs we've been able to keep them going. C. Thomas asked how this happened; the hospital hasn't had enough money to keep up with a regular equipment replacement schedule. She explained the terms of the lease options. We could select some items off the list of equipment needs.

Three Rivers Hospital

Board of Commissioners Regular Meeting

October 31, 2018

Minutes

C. Thomas thinks the C-arm needs to be one of the priorities. M. Neddo explained that the defibrillators and autoclave are way beyond end of life, and the company that makes the defibrillators won't be servicing them anymore. V. Orford asked what an RNF unit is; it's a piece of equipment for radiology. T. Shrable asked what the interest rate would be; the fair market value lease is a bit less money every month, but she isn't a fan of them unless you can get a cap built in because they end up costing more money in the long run. It looks like about a 7% interest rate. She would probably recommend the \$1 buyout lease option.

C. Thomas asked if the vendor would repair leased equipment; there would be a maintenance agreement in place. Most of the items on the list are already included in the board-approved capital requests budget.

S. Graham noted that this would be the right time to approve equipment purchases, for the cost report.

J. Munson added that interest rates may still going up soon. V. Orford asked if DZA had recommended the hospital start spending more money in its annual audit; yes. The administrative team recommended moving forward with the \$1 buyout lease option. J. Munson noted that we could eventually refinance with a bond.

C. Thomas asked if the admin team thoroughly reviewed all of these needs and the pricing; yes. J. Munson has exact quotes for more than 90% of the items. V. Orford asked if the ice machine on the list is a different one than the machine being purchased by the Foundation; yes. The one on the list is for Dietary. V. Orford asked about the blanket warmer on the list; the Foundation has not purchased one, and we'll need one for the ER. The lease payments would be about \$33,000 per month, paid from the general fund.

L. McNamara asked if Coastal would have to approve this as well; not leases. L. McNamara asked if any of these payments would replace current leases; no, because the equipment is so old and everything on the list is already fully depreciated. The fair market value lease payment would be about \$29,000 per month. C. Thomas noted that fair market value fluctuates in price, so the hospital could end up paying much more for the equipment compared to the \$1 buyout option.

M. Pruett asked for the admin team's opinion. S. Graham thinks the hospital doesn't have a choice at this point. We would get the equipment and ensure maximum reimbursement on the cost report, so he sees it as a win-win. V. Orford asked if we could designate property tax revenues to also pay this lease. J. Munson noted that reimbursements should give us the cash to pay the lease. M. Neddo believes the risk of not replacing equipment is greater than the risk of the cash outlay.

L. McNamara expressed concern about the cost and not having enough time to review the list and financing options before the meeting, but stated that she knows the equipment is needed.

C. Thomas motioned to approve the 2018 capital purchase proposal as presented, with the \$1 buyout, not to exceed \$1.6 million, and authorizing J. Munson to negotiate the agreement with Meridian. T. Shrable seconded. Motion passed unanimously.

M. Pruett asked if there's a chance we can come in under \$1.6 million; yes, and J. Munson will try to negotiate prices as low as she can.

New Business

2019 Dental Insurance Plan: A. Fisk recommends moving from the current dental plan, SunLife Financial, to Delta Dental. Delta offers lower premiums and richer benefits, and they have a good reputation nationwide.

L. McNamara motioned to switch from SunLife to Delta Dental in 2019. C. Thomas seconded. A. Fisk will inquire about offering dental benefits to the board members. Motion passed unanimously. The employee benefits enrollment will be on November 13 in the hospital lobby.

2019 Health Insurance Renewal: The hospital's health care broker brought forward more options for other health insurance providers, but none of the quotes came close to our current insurance through Washington Counties Insurance Fund. The hospital's contribution per employee in 2019 will increase from about \$602 to \$648. L. McNamara asked if employees have to re-enroll every year; no, unless they want to make a change. S. Graham asked if the board members would be eligible to participate in the Navia flex account; possibly.

Three Rivers Hospital

Board of Commissioners Regular Meeting

October 31, 2018

Minutes

T. Shrable noted that the average health insurance premiums are going up by 13% in Washington state next year, while ours will increase but only by about half of what it was last year. L. McNamara motioned and M. Pruett seconded to accept the 2019 health insurance renewal package as presented. Motion passed unanimously.

Board Education Assignment

S. Graham has access to a webinar for board members regarding Critical Access Hospital cost-based reimbursement, and he'll present it at the November meeting.

Public Comment

At the conference in Seattle this month, L. McNamara heard that strategic planning should be part of the monthly board meeting. V. Orford is in favor of trying it. S. Graham noted that his monthly report is already framed around the strategic objectives. He offered to share more information about specific progress on those objectives. C. Thomas asked if new ideas relating to strategic planning should go under New Business instead; not necessarily. L. McNamara suggested watching a video of the conference lecture at a future board meeting. S. Graham thinks that's a good idea, to ensure everyone is on the same page.

V. Orford asked everyone to think about 2019 board positions. S. Graham added that the 2019 budget hearing will be on next month's agenda as well.

Upcoming Meetings and Events

V. Orford noted the list of meetings on agenda. She added the strategic planning retreat for North Valley Hospital. The meeting is open to the public. S. Graham noted that it will be facilitated by Noel Rea of HealthWorx, and key community members have been invited.

Board Discussion

1. Did you enjoy this meeting? Yes. M. Pruett thought there was some good dialogue.
2. Did we have any moments of the “perception” of conflict of interest? No, although we’re still working on the process to extract Grover’s Building Supply from the list of other vouchers needing approval.
3. Did we use the meeting time effectively? Yes.
4. What is one thing you would change about this meeting? Nothing.

Adjournment

T. Shrable motioned and C. Thomas seconded to adjourn the meeting at 2:36 p.m. Motion passed unanimously.

Vicki Orford, Chair

Mike Pruett, Vice Chair

Tracy Shrable, Secretary

Cherri Thomas, Member

Leslie McNamara, Member