

Three Rivers Hospital

Board of Commissioners Regular Meeting

November 28, 2018

Minutes

The Three Rivers Hospital Board of Commissioners called a regular meeting to order at 11:19 a.m. Wednesday, November 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
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
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/Patient Registration/Clinic Manager
Dr. Jill Jenkins, ERx

Vision, Mission & Values

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

Agenda

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

Minutes from Previous Meeting

L. McNamara motioned and C. Thomas seconded to approve the October 31, 2018 regular meeting minutes as presented. Motion passed unanimously.

Consent Items

V. Orford noted the payroll and vouchers as presented on the agenda. There were no payments made to Grover's Building Supply. V. Orford read the bad debt and financial assistance figures.

- Payroll/Vouchers
 - Payroll total: Gross: \$817,255.54 Net: \$568,053.15
 - 10/7-10/20/18 Gross: \$295,015.55 Net: \$207,426.64
 - 10/21-11/3/18 Gross: \$261,513.25 Net: \$179,833.06
 - 11/4-11/17/18 Gross: \$260,726.74 Net: \$180,793.45
- Vouchers total: \$1,511,737.43
 - 10/25/18 85565-85607 \$404,284.47
 - 10/26/18 85608-85608 \$50.00
 - 11/1/18 85609-85654 \$167,380.58
 - 11/8/18 85655-85695 \$352,399.83
 - 11/15/18 85696-85757 \$226,796.12

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- 11/20/18 85758-85790 \$360,826.43

- Bad Debt: \$48,670.10 Financial Assistance: \$33,930.61

V. Orford read the list of medical staff applying or re-applying for privileges.

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

Foundation Report

C. Majors provided an update on recent Three Rivers Foundation happenings. He believes they were very pleased with their first event on November 8, which raised over \$3,000. In addition, they accepted a \$2,000 donation this month from the Brewster Kiwanis. He helped them start a fundraiser on social media to help pay for the lighted Emergency sign for the new ER location.

Their next meeting is scheduled for December 11. V. Orford asked if there could be a possibility of new members joining since the fundraiser event; she saw a sign-up sheet circulating at the event. C. Majors believes this will be discussed at the next meeting.

Physician Report

Dr. Jenkins noted that Dr. John Maxwell, our radiologist, passed away on Thanksgiving morning. He was a wonderful man who made so many contributions to the hospital as well as to providers and staff individually. Dr. Robledo from ERx is working in the clinic and it's going well.

S. Graham provided an update on hospital happenings at the November Medical Staff meeting, and they had a Quality meeting following. L. McNamara was interested in S. Graham's discussion about Mid-Valley Hospital's OB program; Mid-Valley reported they may get close to breaking even this year in that department. Do we know how many births per year we need for Three Rivers' program to be viable? No. Mid-Valley is getting about 230 births per year, North Valley gets about 80, and we do close to 100. S. Graham isn't sure how the OB programs will continue to work long-term for the three hospitals. He noted that providers would like to take less call. This would require having more providers in the area to share the call burden, but then there wouldn't be enough deliveries for each provider to keep up their skills.

V. Orford asked where the nearest bus stop is to the hospital; there is a stop on Main Street. She asked if we could find out how to place a bus stop close to the hospital in order to bring more patients here. L. McNamara suggested speaking with TranGo as they're looking to expand their services.

Administration Report

We continue to work collaboratively with North Valley Hospital. The North Valley Board of Commissioners held a strategic planning retreat on November 15. It was well-attended, and V. Orford was among about 50 guests. The majority of attendees were positive, and S. Graham felt the feedback from the community was supportive. In the second half, the board and administration reflected on the information they learned in the first half. He would like to see both hospitals approach their strategic plans in a way that fosters further regional collaboration moving forward.

We're working on developing our relationship with Family Health Centers in order to hopefully avoid duplicate services, but there are some challenges because they have different needs and timelines than Three Rivers does. Family Health Centers relayed that it may take them another six months to determine if they can staff providers in our clinic location. S. Graham stated that the hospital can't wait that long to have a family practice provider, but we're still invested in finding a win-win solution. We will likely share in recruiting and possibly in hiring. Family Health Centers did report that they'd like to see more specialties offered in our clinic, such as naturopathic physicians and other specialties that aren't easily accessible in our area.

Two general surgeons from Mid-Valley Hospital will be visiting Three Rivers on December 3, and they are already going through the credentialing process at North Valley Hospital.

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The North Central Washington Hospital Council met at Three Rivers last week, including several regional hospital CEOs and Sen. Linda Parlette with the North Central Accountable Community of Health. Strategically, S. Graham would like us to be a model for collaborative care.

Operationally, there has been a downturn in patient volumes since about mid-November. It isn't unexpected, as this time of year is typically slower, so managers are trying to adjust staffing. However, we do have minimum staffing requirements, so the labor ratio has been looking a bit high. Managers began having daily staffing huddles in early in 2018, and they are still ongoing. C. Thomas asked if there has been discussion with North Valley about sharing staff; yes. The more obvious place to start is in non-clinical areas, because there are no union contracts inhibiting the process. We do share some providers. V. Orford noted that North Valley's registered dietitian also works here. Both laboratories have shared supplies and ideas. We may not be able to quantify the financial benefits yet since this is new and we're starting small, but aside from S. Graham's salary being shared between both facilities we also save money on Dr. Miller's salary.

S. Graham will be in Olympia on Monday to meet with Rep. Eileen Cody, the chair of the Senate Joint Committee that oversees healthcare in the state. He'll be trying to help them understand what rural hospitals like ours contend with, the challenges we face with state and federal guidelines, and what we're doing regionally to collaborate with other healthcare partners. Rep. Cody believes Critical Access Hospitals should be seriously pared down, with patients in rural areas routed to more urban hospitals via helicopter.

Construction on the new ER space continues; there have been a couple setbacks, but we're still on track to open around the first of the year. The new clinic is up and running, and things are going well.

The roof has become more of an issue than we thought. Some of the materials are damaged, and just to repair it the cost would be about \$1 million. As the cost is so high already, and the building is 70 years old, it would make more sense to start working toward a new building. The Finance Committee and the Building & Planning Committee have both discussed this issue. We would likely need to seek a bond and hire a consultant to assist with the process. S. Graham asked the board members their opinion. A new building would be much more scaled down, lean and efficient. The McKinley building is the oldest part of the hospital, and the newest part of the hospital is our soon-to-be new ER, which was built in the 1980s. One idea would be to replace McKinley with a small, vertical hospital, and use the older part of the existing hospital for departments that don't involve direct patient care.

V. Orford thinks we should find a very knowledgeable consultant to break down the entire process from start to finish, and see if they can present any other options to consider that may not be such a large undertaking.

C. Thomas would like to revisit the previous drafted plans, and she suggested seeking out the consultant used by Lake Chelan Community Hospital. V. Orford thinks the decisions made thus far have been sound, because we've been doing what we have to in order to ensure the hospital's viability and to recruit physicians. She doesn't think we've wasted any money getting to this point, and she wants taxpayers to understand that we're thinking about what's best for the hospital now and in the future.

L. McNamara understands the financial benefit of cutting beds from 25 to about 10, but would that be enough beds? We rarely have more than 10 patients on the floor. M. Neddo added that healthcare is moving more toward outpatient services. S. Graham asked for the willingness of the board, administration, and staff to actively promote the need for a bond in their respective communities. M. Pruett and L. McNamara want the consultant to help with the finer details of what the scope will be and how much it will cost, down to what each taxpayer would be responsible for. C. Thomas wants to get the support of local businesses, as well.

In the meantime, we have to continue our culture of excellence to prove our commitment to the community to provide the ideal patient experience.

C. Thomas asked why the lab volumes are lower than usual. M. Neddo explained that we didn't have as many OB patients this month, and the CMC lab wasn't doing as much. The ER had really low volumes, as well.

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Break

V. Orford announced a break for lunch at 12:21, to reconvene at 12:40 p.m.

V. Orford reconvened the meeting at 12:40 p.m.

Finance Report

We had a net income of about \$22,000 in October, which was a busy month for us. J. Munson reported that year-to-date, the surgery and recovery departments are down by more than \$1 million combined compared to the same time frame last year.

The cost report model did include swing in October, and she accrued a \$100,000 receivable. Salaries and wages were over budget in October, primarily due to unanticipated benefit payouts to some providers. Rentals/leases were over budget because some laboratory equipment was being coded incorrectly, and she fixed it.

Our cash position improved from September to October. We received about \$367,000 in property taxes in October. This month we received about \$54,000 from Douglas County, and she anticipates receiving about \$150,000 from Okanogan County.

Our AR is about 54 days, inpatient days are 93, and revenue is \$1.3 million. That's about a \$20,000 drop in average daily revenues compared to what it has been. As a result, AR days will be higher by the month-end.

V. Orford asked if we have invoiced North Valley for Scott's salary yet; no. That process has been getting figured out, and we plan to submit invoices per pay period.

The state auditors were supposed to be here beginning Monday, but they've pushed it back to Friday and they'll be here for a couple weeks to complete the 2017 compliance audit.

The loan with Meridian for \$1.6 million was approved, and meetings have been held to determine which equipment to buy first. Orders for the new ER equipment will be made this week. C. Thomas asked if we have gurneys and chairs currently until the new items arrive; yes. We start union negotiations on December 11.

C. Thomas asked the finance report to be projected onto a larger screen during this discussion in future meetings. L. McNamara motioned and C. Thomas seconded to accept the financial report as presented. Motion passed unanimously.

Old Business

Capital Improvements Update: This was mostly covered in the Administration Report. M. Neddo added that C. Majors has received all the window coverings for the lobby atrium, and they'll be installed soon. We're getting quotes to finish the lower level of Hillcrest House, to get the damaged rooms ready for additional clinic space. A sub-committee for building security has been established. V. Orford asked if the Business Office has been moved back over to the hospital; not yet, but the process is underway.

New Business

December Board Meeting: The next regular meeting is currently scheduled for the day after Christmas.

V. Orford asked the board if they want to move the meeting. C. Thomas motioned to move the December regular meeting to January 2. M. Pruett seconded. Motion passed unanimously. V. Orford asked to include officer elections on the next agenda.

Resolution 2018-13: 2019 Property Tax Revenues. This is an annual resolution for anticipated property taxes we'll receive from Okanogan County. The board is allowed to authorize a 1% increase by statute. L. McNamara motioned to approve Resolution 2018-13; C. Thomas seconded. Motion passed unanimously.

Resolution 2018-14: We have a broken elliptical in the employee exercise room and it is not repairable, so we need to throw it away. L. McNamara motioned and M. Pruett seconded to approve Resolution 2018-14. Motion passed unanimously.

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Board Education

S. Graham attended a webinar on Critical Access Hospitals and cost-based reimbursement. He played a saved recording of the webinar.

C. Thomas asked what our cost report benefit for this year will be; we don't know yet, as we haven't filed it this year. Last year, we owed money to Medicare at year-end because they did a projection based on mid-year figures, not taking into account that our volumes fluctuate. Medicare ended up paying the money back to us because patient volumes dropped at the end of the year. She asked if Medicaid provides a daily rate; they pay us for inpatient and outpatient percentage of charge. S. Graham noted that this system has allowed the hospital to keep its doors open, because we don't make enough money from the services we provide. Congress passed the law in 1997 establishing this system in order to preserve rural healthcare. L. McNamara asked who prepares our annual cost report; Dingus, Zarecor & Associates, a Spokane-based accounting firm. If they make a mistake that costs the hospital money, they pay the difference. She asked if it's based on previous years, rather than projections; yes. T. Shrable noted that when the board last went through the CEO hiring process, they searched for candidates who had extensive financial knowledge.

V. Orford opted not to assign board education in January as it will be a full meeting.

Public Comment

A. Fisk told the board members that they are eligible for dental insurance through the hospital. They have the option to do payroll deduction, or mail a check to the hospital. C. Thomas asked for a description of everything that's covered; A. Fisk will send them the booklet.

Upcoming Meetings & Events

Discussed the employee Christmas party on December 15. L. McNamara asked if the OB Committee meeting is closed to commissioners; no.

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? No.
4. Did the meeting run too long? No.

Adjournment

T. Shrable motioned and C. Thomas seconded to adjourn the meeting at 1:59 p.m. Motion passed unanimously.

Vicki Orford, Chair

Mike Pruett, Vice Chair

Tracy Shrable, Secretary

Cherri Thomas, Member

Leslie McNamara, Member