

## Three Rivers Hospital

Board of Commissioners Regular Meeting

February 27, 2019

Minutes

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The Three Rivers Hospital Board of Commissioners called a special meeting to order at 11:15 a.m. Wednesday, February 27, 2019 in the McKinley Building Conference Room at 507 Hospital Way, Brewster WA 98812. The presiding officer was Mike Pruett, Chair.

A quorum was present, including:

Mike Pruett, Chair  
Vicki Orford, 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  
Anita Fisk, Director of Human Resources  
Jennifer Best, Administrative Assistant  
Nicky Markey, Director of Quality, Risk & Compliance  
Jamie Boyer, Health Information, Patient Registration & Clinic Manager  
Amber Hedington, The Chronicle

### Vision, Mission & Values

All took turns reading the vision, mission, and values statements.

### Agenda

V. Orford stated the CEO contract amendment under New Business will be an update, not an action item.  
C. Thomas motioned and T. Shrable seconded to accept the agenda as official. Motion passed unanimously.

### Review of Previous Minutes

L. McNamara motioned and C. Thomas seconded to accept the January 30, 2019 regular meeting minutes as presented. Motion passed unanimously.

### Consent Items

M. Pruett reviewed the payroll, vouchers, and bad debt and financial assistance as listed on the agenda. There were no vouchers from Grover's Building Supply. The bad debt figure does include the estimated \$23,000 that was removed from the list in the January meeting.

- Payroll total:                      Gross: \$986,628.35              Net: \$673,048.64  
    12/16/18-12/29/18              Gross: \$241,060.86              Net: \$164,331.30  
    12/30/18-1/12/19              Gross: \$250,333.98              Net: \$170,214.16  
    1/13/19-1/26/19              Gross: \$245,502.05              Net: \$166,775.90  
    1/27/19-2/9/19              Gross: \$249,731.46              Net: \$171,727.28
- Vouchers total: \$2,210,279.71  
    1/3/19      86021-86104      \$486,172.79  
    1/10/19     86105-86144     \$101,316.53  
    1/17/19     86145-86206     \$404,871.25  
    1/24/19     86207-86257     \$145,506.61  
    1/31/19     86258-86287     \$401,489.70

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2/7/19 86288-86373 \$280,007.68

2/14/19 86374-86415 \$390,915.15

- Bad Debt: \$131,877.95 Financial Assistance: \$55,329.27

M. Pruettt read the names of providers applying or re-applying for privileges at Three Rivers Hospital. C. Thomas motioned and L. McNamara seconded to approve the consent items as presented. Motion passed unanimously.

### Foundation Report

None. The Three Rivers Hospital Foundation canceled its February meeting.

### Physician Report

The medical staff met on February 20. Dr. Kerr was present to share results of peer review. L. McNamara attended by phone. S. Graham reported that it was a straightforward meeting that mostly involved reports from Administration and training on CPSI. L. McNamara noted that Dr. Dhillon, a visiting general surgeon candidate, was introduced at the meeting. Pharmacist Kevin Walker provided some education as well. Dr. Wallace is returning from family leave in early March. M. Neddo said Dr. Witt, Dr. Haeger, and Dr. Cooley have really stepped up to make sure call is covered. It's also been busier than usual here, and we haven't had to go on diversion. L. McNamara asked if Dr. Hanson will return in April; it depends on how long his recovery takes.

### Administration Report

L. McNamara asked about the missed USAC grant for IT. The amount was tens of thousands of dollars. The group that offers the grant doesn't publish the exact requirements until much later in the application process, and this time it turns out the deadline dates were not correct. The new dates are known now. The consortium that applies for the grant includes hospitals from Brewster, Omak, Chelan, Quincy, and Ephrata.

V. Orford asked for clarification on the wireless network malfunction due to aging equipment. S. Graham explained the issue. We haven't had the finances to properly upgrade IT infrastructure, but the IT Manager is working on taking a more proactive approach to that. C. Thomas estimated that it's common for about 15% of the total budget to be allocated for IT expenses, an increase from the past. Equipment is expensive, and the life cycle is usually about two to three years.

V. Orford asked for an update on Dr. Pavlic. He visited with M. Neddo and Chief Nursing Officer Gretchen Aguilar on February 14. He is very interested in starting a cardiology and internal medicine clinic, and possibly doing some rounding. He would work as a specialist, not as a family practice provider. C. Thomas thinks many patients would likely benefit from internal medicine.

V. Orford thanked S. Graham, M. Neddo, and G. Aguilar for attending Rural Hospital Advocacy Day in Olympia. S. Graham thinks the legislators were supportive of our message.

V. Orford asked about the labor ratio of 97% on Page 1 of the dashboard report; that was accurate. S. Graham explained why more staff are required when volumes are higher. He doesn't think the labor ratio is what it should be, but we've hired some nurses and they're undergoing orientation and we've taken in more mental health patients that require more one-on-one care.

V. Orford asked if "terminations" referred to in the report include those who left voluntarily; yes. A. Fisk added that the figure in the report reflects staffing changes in January, not February. The FTE (full-time equivalent) in the HR report refers to the actual number of employees, while the FTE count in the finance report refers to total hours worked. Discussed including only one version of the FTE count in the administration report.

V. Orford asked about the PR position that opened earlier this month. S. Graham announced that J. Best has been offered and accepted the Business Development Coordinator position, effective March 10. The Administrative Assistant position will be posted soon, and she will help train the new assistant.

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S. Graham reviewed the month-to-date February metrics. We've had a better than average patient census, which has led to increases in volumes in other departments. The labor ratio is a bit higher to accommodate the extra work. There have been more surgeries this month, and we're continuing to recruit for surgeons. The ER volumes fluctuate, but there have been quite a few admissions and we had 12 patients in Acute Care yesterday. The cash balance has been between \$600,000 and \$200,000 in the positive.

C. Thomas asked about laboratory test volumes and whether there are partnership opportunities outside of the hospital. If our patient volumes in other areas increase, lab tests increase. However, unless Family Health Centers changes its mind about closing our lab in their Brewster clinic, or Confluence Health decides to use our lab, volumes will need to be generated from within.

S. Graham discussed the strategic planning retreat. He did check with Ann Macfarlane of Jurassic Parliament, but she does not facilitate strategic planning retreats. The board agreed to move forward with seeking Noel Rea of HealthWorx to facilitate. S. Graham reviewed our strategic plan priorities: Quality and Safety, Culture of Excellence, Financial Viability, Community, and Communication. He asked to consider adding a Wildly Important Goal about building a new hospital. If that is our goal, it should be included in the strategic plan. V. Orford agreed. She thinks it would show the community that the hospital is taking this seriously. M. Pruetz would like to stress that our goal is to build a smart, lean hospital.

S. Graham shared more details about the visit to Olympia and discussed the collaboration with North Valley Hospital. The partnership is still in its infancy, but it has taken root. He would like it to follow the developmental sequence as follows: pre-collaboration, collaboration, consolidation, and integration. Consolidation and integration would increase value and decrease cost. He shared a tentative timeline that would have us achieving full integration by 2026. L. McNamara asked him to share that timeline via email with the board. We're at Step 1, with a shared CEO and admin services. Step 2 would see one administration for both hospitals; Step 3 would involve combining business offices, clinical services, and IT services; and the final step would result in one corporation with three hospitals in each respective community.

C. Thomas asked about support from the Okanogan County commissioners. S. Graham agreed that their support would be important, along with that of local and regional healthcare partners, other local organizations, and legislators. He foresees an integrated hospital system that would keep all three hospitals open, but perhaps shifting their focuses a bit so the services offered at each are complementary rather than competitive. L. McNamara asked at what point the hospital boards would combine into one; S. Graham thinks that discussion should be had at the strategic planning retreat.

### **Break**

M. Pruetz announced a lunch break at 12:27 p.m., to reconvene at 12:45 p.m.

M. Pruetz reconvened the meeting at 12:45 p.m.

### **Finance Report**

J. Munson shared some preliminary numbers for December. There was an operating loss of \$205,000, and a net loss of \$43,000. Year-to-date for 2018, the estimated net gain was \$470,268.10.

Dingus, Zarecor & Associates is on-site this week to complete the year-end cost report. That may have an impact on the year-end final budget.

For January, the average daily census was 4.68. The total patient revenue was about \$1.89 million. There was an operating loss of \$73,777, and a net income of \$70,184. J. Munson is pleased with this, as January typically sees a greater loss. February also looks promising so far. Both months should be better than budget.

J. Munson compared Accounts Receivable from last year to this year; a drop of nearly \$1.2 million.

L. McNamara asked if the tax time discount has been offered yet to patients; not yet. That will be announced next month. Next month, she'll move the ER out of "construction in progress," so there will be a change in the construction line item.

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For 2018, from January to the end of October, we spent over \$43,000 on 340B drugs. The actual cost would have been over \$113,000, so the program helped us save \$69,000 last year. In November and December, another \$15,000 was saved.

Wage increases went into effect this pay period. It was very well-received. She enjoyed seeing people's reactions in knowing they're appreciated. A. Fisk highlighted the dedication of the staff, as there have been no wage increases since 2014.

J. Munson noted that DZA may contact the board members to ask the usual fraud questions as part of their survey. Meaningful Use attestation is due tomorrow.

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

### Old Business

Capital Improvements Update: M. Neddo reported that the certificate of occupancy for the ER has been sent to the Department of Health. Now the DOH needs to finalize the approval for the new ER to open, which could take up to 25 days according to McKinstry. The waiver for the more expensive patient lift has been granted, a savings of about \$15,000-\$20,000. We're still awaiting a few pieces of equipment. Assistant Chief Nursing Officer Tina Smith is making lists of what needs to be done and how many people will be needed to help. M. Pruettt thinks the new ER looks great and thanked M. Neddo and staff for their hard work in making it happen. We're still planning to have an open house for the ER and the clinic.

Contractors are working in the lower level of Hillcrest to repair the final five rooms that were damaged by flood last year. More equipment will need to be ordered for those rooms, which will be patient exam rooms. She and J. Boyer have lined up some interviews with primary care providers.

V. Orford noted that the chairs in the small waiting room close to the new ER aren't very nice. We have some extra furniture that could be used there. The intent is still to use the current large waiting room as the primary room. M. Pruettt suggested being thoughtful about chair placement. C. Thomas asked about placing vending machines close to the ER. Discussed signage to help patients and visitors locate restrooms, as well.

M. Neddo will meet with Nathan Dean tomorrow to discuss financing options for building a new hospital.

We're continuing to order equipment on the board-approved list of purchases. The next big items will be for Radiology. Defibrillators, OR beds and lights, and scope equipment have been ordered.

An unexpected issue has arisen – the work truck with a plow has broken down. It's 25 years old, so Maintenance is looking for a used truck that would fit our needs. The goal is to find something under \$40,000, but it isn't on the approved capital expense list.

### New Business

CEO Contract Amendment Update: The committee comprised of V. Orford and L. McNamara have met and come up with recommendations. They would like to meet with S. Graham, M. Neddo, and the attorney to review the suggestions and clarify some other things in the contract as well.

Resolution 2019-2: A request for petty cash for the new Emergency Room registration clerks. V. Orford motioned and C. Thomas seconded to approve Resolution 2019-2. Motion passed unanimously.

RN Union Agreement Ratification: A. Fisk reported that union negotiations began in December and wrapped up in January. Both sides came to an agreement at the end of January, and the union voted to approve it earlier this week. There were minimal changes. Wages went up, and there was a small change with the OR staffing regarding guaranteed hours. The guarantee was reduced slightly. This agreement will be effective this year and last for three years. Copies would normally be provided to the board, but this was just finalized yesterday. J. Munson explained the wage adjustments for the nurses. The increase will be 2% for cost of living, adding

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0.5% to that every six months of the life of the contract. Administration stressed to the union that the RNs were the only ones to have wage increases in several years, so the hospital negotiated smaller raises this time for the nurses in order to be able to do wage increases for non-union staff. Other changes included additions of FMLA; the vision, mission and values; added time to notify the union of any grievances, and more. A. Fisk thinks our team worked very well together and they're pleased with the results. M. Neddo thinks the representatives from nursing staff did a nice job and tried to understand the challenges the hospital faces.

L. McNamara motioned to authorize Administration to finalize the union agreement. T. Shrable seconded. Motion passed unanimously.

### Board Education

In the interest of time, M. Pruett recommended postponing Board Education this month. The board members agreed. J Best will send them all the training links and materials for the Open Public Meetings Act and the Public Records Act.

### Public Comment

M. Pruett's family had an extremely satisfactory experience recently in our ER.

### Executive Session

M. Pruett announced a 15-minute executive session pursuant to RCW 42.30.110(g) at 1:43 p.m., with possible action to be taken afterward. The executive session was extended for five minutes at 1:58 p.m.

M. Pruett called the meeting back to order at 2:04 p.m. No action was taken.

### Upcoming Meetings and Events

M. Pruett noted the meetings as listed on the agenda.

### Board Discussion

1. Did you enjoy this meeting? Yes. M. Pruett feels that some good information was shared today.
2. Did we have any moments of the "perception" of conflict of interest? No.
3. Did we use the meeting time effectively? Yes.
4. What is one thing you would change about this meeting? V. Orford would like to see more attendance. T. Shrable suggested making a concerted effort to invite community members to the meetings.

### Adjournment

C. Thomas motioned and T. Shrable seconded to adjourn the meeting at 2:09 p.m. Motion passed unanimously.

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Mike Pruett, Chair

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Vicki Orford, Vice Chair

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Tracy Shrable, Secretary

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Cherri Thomas, Member

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Leslie McNamara, Member