

## Three Rivers Hospital

Board of Commissioners Regular Meeting

April 24, 2019

Minutes

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The Three Rivers Hospital Board of Commissioners called a regular meeting to order at 11:15 a.m. Wednesday, April 24, 2019 in the McKinley Building Conference Room at 507 Hospital Way, Brewster WA 98812. The presiding officer was Vicki Orford, Vice Chair.

A quorum was present, including:

Vicki Orford, Vice Chair  
Tracy Shrable, Secretary (arrived at 11:25 a.m.)  
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  
Christine Smith, Assistant Chief Nursing Officer  
Jennifer Best, Administrative Assistant  
Cole Renfroe, Information Technology Manager  
Amber Hedington, The Chronicle

### Vision, Mission & Values

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

### Agenda

J. Best requested to postpone board education on the Public Records Act until the May meeting; she had questions while preparing the presentation that she needs more time to research.

C. Thomas asked to discuss remediation for the Department of Health survey findings. S. Graham noted that he and M. Neddo plan to discuss it in their regular reports.

V. Orford asked if an open house date has been set; yes. M. Neddo said it will be held on May 17, the final day of National Hospital Week. S. Graham invited board members to attend the staff breakfast on May 14 and the staff's barbecue potluck and all-staff meeting on May 15.

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

### Review of Previous Minutes

C. Thomas motioned and L. McNamara seconded to approve the March 27, 2019 regular board meeting minutes as presented. Motion passed unanimously.

### Consent Items

V. Orford noted payroll and vouchers as listed on the agenda and read aloud the bad debt and financial assistance figures.

Payroll total:	Gross: \$511,960.72	Net: \$358,346.61
• 3/10/19-3/23/19	Gross: \$263,387.06	Net: \$187,163.00
• 3/24/19-4/6/19	Gross: \$248,573.66	Net: \$171,183.61

Vouchers total: \$1,112,422.22

• 3/21/19	86626-86688	\$204,750.01
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- 3/28/19            86689-86737    \$406,974.92
- 4/4/19            86738-86772    \$158,917.69
- 4/11/19           86773-86812    \$341,779.60

Bad Debt: \$31,877.69    Financial Assistance: \$24,560.29

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

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

### Foundation Report

None. V. Orford arrived at the meeting scheduled on April 8, but Three Rivers Hospital Foundation board members had forgotten and/or were unable to attend. J. Best will inform commissioners of the next meeting date once it's confirmed.

### Physicians Report

L. McNamara attended the April 17, 2019 medical staff meeting. There was a long discussion about the call schedule. Dr. Wallace delivered a report on rounding. S. Graham gave the administration's financial report. C. Thomas asked if the meetings are well-attended; normally, yes.

S. Graham said the call schedule continues to be the primary issue. The provider assigned to oversee that process has been unable to for various reasons, so M. Neddo has been completing the call schedules and helping to fill gaps and make changes as needed. She stated that providers are discussing taking call for several days in a row, which would give better consistency for patients and staff.

### Administration Report

S. Graham shared photos of a hospital in an old historical building sent to him from board Chair Mike Pruett, who is in Spain.

April has been a busy month, especially given the state Department of Health's arrival four months early. Chief Nursing Officer Gretchen Aguilar and C. Smith did a great job helping the surveyors. There were some findings, which isn't unusual, and most were not major issues. Most were associated with having a 70-year-old building, although there are some processes we need to address. We received the statement of deficiencies last week and were given 10 calendar days to respond with plans of correction for each finding. V. Orford asked if this survey included the fire doors. The week following the DOH visit, the state Fire Marshal's Office inspected the hospital and included the fire doors in her findings. She is new and took a much more thorough look through the McKinley building, which was somewhat unusual given that this building isn't used for patient care. M. Neddo noted that about half of her findings were in McKinley. L. McNamara expressed appreciation to the staff for being compliant and ready for the survey. V. Orford noted that the Dietary Department had no findings. T. Shrable said this is a big difference from the findings the hospital used to get. A. Fisk shared the positive feedback she received from the surveyors about our helpful staff and good culture.

Patient volumes in April have been low through most of the month, which isn't unusual given the season.

S. Graham reviewed the labor ratio, per V. Orford's request. The graph compares the number of employees to patient volumes on a given day. V. Orford expressed concern about not hitting the target more often but acknowledged that there are reasons for that. L. McNamara asked if the target should be adjusted to more closely reflect those circumstances. S. Graham explained that the hospital is required to have a minimum number of staff in certain departments. When the patient volumes are

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high, the labor ratio looks better because the net revenue is higher. When the patient volumes are low, the net revenue is lower, and the labor ratio doesn't look as good because some of our labor costs are fixed. Most of the minimum staff requirements are in the nursing department, and they're among the highest paid staff and it's the largest department in the hospital. He reviewed how the labor ratio is calculated. The purpose of the labor ratio is to help administration and managers with achieving greater productivity. V. Orford asked the board members if they want to continue getting the labor ratio graphs. The board members agreed that it isn't a necessary metric for them to review.

C. Thomas asked if the bill requiring eight-hour shift caps for nurses will be passed; not in its initial form. The shift cap was removed, and Critical Access Hospitals may be exempted from other parts of the bill.

C. Thomas asked about the Left Without Being Seen figures; she hoped to see it drop to zero after the ER moved. S. Graham explained that patients are roomed quickly, but they still must wait to be seen and if there are more urgent cases ahead of them, the patients may choose to leave. We do have a primary care provider in the clinic now to see patients with more minor issues. L. McNamara asked about the agreement with Gebbers Farms to provide 100 employee physicals. M. Neddo said clinic staff have been steadily seeing those patients, and the process has been going smoothly.

For the upcoming strategic planning retreat, S. Graham thinks building and planning may be a larger discussion. He shared a headline titled, "Hospitals can only watch as big players move in on primary care." He thinks we should take this into consideration as we look at planning a new building.

L. McNamara was happy to see there were no medication errors in March or April month-to-date.

C. Thomas asked if our reimbursement is impacted by the Patient Portal registrations in Meaningful Use.

J. Munson stated that it hasn't had an impact. C. Thomas asked if the Patient Portal through CPSI is easy to use; no. S. Graham asked if the Meaningful Use data is useful to the board; C. Thomas said no and thinks it could be left out of the report. V. Orford does review that data. S. Graham's purpose in sharing the data is to show the board the hospital is complying. C. Thomas doesn't think the measurements decided upon for Meaningful Use have much bearing on actual quality of patient care. She pointed out that Meaningful Use triggered hefty costs for health care organizations without providing much in return, and larger hospitals can hire more staff to manage the program. One good thing is it has increased transparency for patients to access information about their care.

C. Thomas asked if there's any possibility to find funding for local organizations to implement a shared Electronic Medical Record software. S. Graham stated that Sen. Linda Parlette has been working on trying to help secure that funding, but she is less hopeful. Better EMR software such as EPIC and Cerner cost about \$2 million to implement in the first two years. Family Health Centers is installing Athenahealth, and Quincy's hospital has as well. We're watching how those organizations work with the software.

### Break

V. Orford called for a 15-minute break at 12:23 p.m. She reconvened the meeting at 12:38 p.m.

### Finance Report

J. Munson reviewed the March 2019 financial figures. Inpatient and outpatient revenues were both under budget. There was an operating loss of about \$170,000, and a net loss of about \$22,000. The operating loss was offset greatly by other non-operational revenue, such as the A.Z. Wells Foundation grant. Our net income year-to-date as of the end of March is still improved over last year. Contractual allowances are down, which indicates we are doing a better job collecting on patient bills. We've spent

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money on getting more assets in the hospital, but our cash position has improved. Accounts Payable is down by about \$508,000. Looking at the balance sheet shows that we're moving in a positive direction. Month-to-date, April has seen a record low in gross Accounts Receivable days, which is great news. Dingus, Zarecor and Associates is working on updating the 2018 financial statement audit and cost report. J. Munson is applying for DSH funding.

Regarding Resolution 2019-4 passed by the board last month, Wells Fargo Bank did not inform us that there is a transfer limit of \$50,000. For the time being, we're picking up a check from the bank and transporting it to the Okanogan County Auditor's Office each week.

C. Thomas motioned and L. McNamara seconded to approve the March 2019 financial report as presented. Motion passed unanimously.

J. Munson gave a presentation on charity care and bad debt. This is an annual requirement for the Board of Commissioners. Hospitals cannot develop policies that would restrict access to care, including a patient's inability to pay. Whether insured or uninsured, patients have a right to ask for financial assistance from the health care organization. Information about financial assistance must be publicly posted in English and in any languages spoken by at least 10% of the population. We're also required to notify patients that they may be billed separately by third parties, such as by a Durable Medical Equipment company. The law does not place a deadline on when patients can apply for financial assistance. At Three Rivers, we screen all patients to see if they qualify for charity care and offer it when they do. In 2018, Three Rivers provided \$756,481.89 in charity care. L. McNamara asked if we get reimbursed for charity care; yes, we can claim it on our cost report. C. Thomas asked what our percentage of charity care is, and how it compares to other hospitals; J. Munson will find out. A. Fisk asked if only people below the federal poverty line can be approved; no. There is a sliding scale discount offered to patients whose income is above the poverty level. There is also flexibility to help patients in catastrophic circumstances.

Regarding bad debt, the collection cycle is 90 days. Anything past that is turned over to collections. If someone has requested charity care, the hospital must cease collection attempts until their application has been approved or denied. Every attempt is made to screen patients for financial assistance, Alien Emergency Medical, and third-party plan availability.

In 2018, we wrote off \$618,518.43 in bad debt. For Three Rivers, bad debt is under 2% of our gross revenue, and charity care is about 2%. C. Thomas thinks it would be interesting to see where we stand in comparison to other hospitals. Offering a 50% springtime discount to patients, we've collected \$25,617 in March and over \$9,000 so far in April.

Resolution 2019-6: Cancellation of warrants. The county sends a list of people each year who didn't cash checks issued to them. We do attempt to contact them and re-issue checks. Those that are written off are turned in to the state as unclaimed property. L. McNamara motioned and C. Thomas seconded to adopt Resolution 2019-6 as presented. Motion passed unanimously.

Virtual Server Upgrade Proposal: This proposal would allow Three Rivers to buy an on-site virtual server for CPSI rather than using CPSI's cloud-based server. We had opted for the cloud-based server to save money, but there have been significant issues with connection drop-offs and other issues. It's highly frustrating for clinical staff. For this project, the total cost would be about \$37,400. It's still significantly cheaper than having a physical server on-site at a cost of about \$125,000. We'll still have to pay a smaller amount of maintenance fees to CPSI. C. Thomas asked if the test server would still be available; yes.

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L. McNamara motioned to authorize staff to move forward on eliminating the cloud server use and implementing the virtual server. C. Thomas asked if CPSI is giving us a refund for what we've paid so far to use the cloud system; we have asked, but they haven't agreed to it. C. Thomas seconded the motion. Motion passed unanimously.

Clinic Flooring Proposal: The contractors who had been renovating the lower level of Hillcrest House are finished, and the only thing remaining is the flooring. We have one bid so far for about \$20,000 from the same company, Wiggins Construction. L. McNamara asked if the hospital sought bids out of town. Not intentionally, but we contacted about six companies. As for local businesses, we have reached out to Webster Furniture and could contact Grover's Building Supply if they provide flooring. The hospital doesn't have three bids for the board to consider today, but S. Graham noted the board could authorize spending up to a certain amount on a contract. C. Thomas motioned and T. Shrable seconded to move forward with a flooring contract not to exceed \$22,000. L. McNamara recused herself from the vote. Motion passed.

### Old Business

Capital Improvements Update: The furniture has been ordered for the new clinic exam rooms in the bottom level of Hillcrest. Emergency Department staff and providers are getting accustomed to their new workspace. We're still working on gathering data to determine whether it would be feasible to build a new hospital. Given the age of the McKinley building and the high cost of insuring it or upgrading it to mitigate fire risk, such as installing sprinklers, S. Graham and M. Neddo feel it's worthwhile to consider a new building.

CEO Contract Amendment Update: A. Fisk has made changes to the CEO contract following a meeting with the hospital's attorney, V. Orford, and L. McNamara. At this point, it would need review by the sub-committee, so the recommendation at this time is to table the vote until the next board meeting. V. Orford requested to add an executive session to the May agenda.

Resolution 2019-5: CEO Authority. The board members took time to review changes between the last CEO authority resolution from 2014 and the new proposed one. They had no questions or suggested changes. C. Thomas motioned and T. Shrable seconded to approve Resolution 2019-5 as presented. Motion passed unanimously.

### New Business

None.

### Board Education

Postponed until the regular May board meeting. J. Best will present on the Public Records Act.

### Public Comment

None.

### Upcoming Meetings & Events

V. Orford noted the upcoming meetings and events as listed on the agenda, adding the Hospital Week events and the open house date.

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### Board Discussion

1. Did you enjoy this meeting? Yes.
2. Did we have any moments of the "perception" of conflict of interest? Two potential moments, and L. McNamara pointed out both. She only had to recuse herself from one vote.
3. Did we use the meeting time effectively? Yes.
4. What is one thing you would change about this meeting? None.

### Adjournment

T. Shrable motioned and C. Thomas seconded to adjourn the meeting at 1:32 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