

Three Rivers Hospital

Board of Commissioners Regular Meeting

July 31, 2019

Minutes

The Three Rivers Hospital Board of Commissioners called a regular meeting to order at 11:16 a.m. Wednesday, July 31, 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
Leslie McNamara
Tracy Shrable, Secretary
Cherri Thomas (via phone), Member

Others present:

J. Scott Graham, Chief Executive Officer
Melanie Neddo, Chief Operating Officer
Jennifer Munson, Chief Financial Officer
Gretchen Aguilar, Chief Nursing Officer
Jennifer Best, Business Development Coordinator
Alex Steele, Administrative Assistant
Cole Renfro, IT Manager
Dr. Ty Witt, Gynecology
James Wallace MD, Chief of Staff
Jake Santistevan, State Auditor's Office
Jamie Boyer, Clinic/HIM/Reg
Nicky Markey, QI/RM/Compliance
Shar Sheaffer, DZA Accountants

Vision, Mission & Values

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

Agenda

L. McNamara proposed the administration report be given after the lunchbreak. S. Graham proposed a brief executive session to discuss the performance of a hospital employee. M. Pruett added this to the new business following discussion of the new resolution. L. McNamara proposed to accept the agenda as official, seconded by T. Shrable. Motion passed unanimously.

Minutes from Previous Meeting

L. McNamara proposed to accept July 3, 2019 minutes as official. Seconded by T. Shrable. Motion passed unanimously.

Consent Items

L. McNamara recused herself from voting on the July 11, 2019 vouchers due to a bill paid to Grover's Building Supply.

M. Pruett noted the payroll and vouchers as listed on the agenda, then read aloud the bad debt and financial assistance figures. M. Pruett also read the names of providers applying or re-applying for credentialing privileges.

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Payroll total: Gross: \$491,602.51 Net: \$334,175.35
o 6/16/19-6/29/19 Gross: \$247,541.65 Net: \$167,464.20
o 6/30/19-7/13/19 Gross: \$244,060.86 Net: \$166,711.15

Vouchers total: \$1,080,376.75
o 7/3/19 87525-87537 \$422,439.79
o 7/11/19 87538-87624 \$306,403.62
o 7/18/19 87625-87649 \$351,533.34
Bad Debt: \$64,187.95 Financial Assistance: \$77,073.73

T. Shrable motioned to accept all the Consent Items as presented. C. Thomas seconded the motion. Motion passed unanimously.

2018 Financial Statement Presentation

Shar Sheaffer from DZA Accountants handed out financial statement packets and gave a detailed presentation on the results of the 2018 financial audit. In 2018 TRH had an operating loss of \$1,427,740, made \$213,904 in profit, and ended the year with a net position of \$3,137,832. In 2017 we received a \$612,182 payment of meaningful use money that explains higher 2017 numbers. In 2017 TRH had an operating loss of \$358,183, made \$1,242,581 in profit, and ended 2017 with a net position of \$2,923,928. In 2018 TRH received \$1,679,889 in tax money, \$50,396 in contributions, and lost \$88,641 due to loan interest. Overall S. Sheaffer commended the hospital for doing a good job with financials. There were no findings or discrepancies in accounting, and she thinks the future looks hopeful with a growth mindset.

Finance Report

J. Munson reported that June turned out better than expected. Inpatient and outpatient were slightly overbudget, we had 134 patient days, and contractals were 46% of our revenues. Overall, we did a good job managing our expenses. Professional fees were overbudget due to an abundance of locums, and maintenance was overbudget due to necessary repairs.

The average daily census for July has only been 2.6 patients. Despite this we are ahead compared to last year. We have submitted our DISH application and will receive DISH money this year and next. We also got our cost report interim settlement from Medicare last week. June was a quiet month for financial statements.

L. McNamara referenced the DZA report which suggested we will need to increase revenue if we want to improve our operating loss, and that incoming new doctors will increase salary expenditures. She asked what the board should do, consider or support to improve our financial position. J. Munson explained that our reimbursements will change as we increase expenses. If there is a big swing in expenses, we will either have a payable or receivable with Medicare. We can also ask for an interim rate adjustment. Overall, we do a very good job managing expenses aside from salaries and wages. S. Graham believes that making investments in labor now is necessary if we are going to invest in growth going forward. He is confident that bringing on a new surgeon and Dr. Ellingson will result in more patients. Growing patient care is our only option for increasing revenue. J. Munson affirmed that cutting costs is not always in our best interest as it can result in worse reimbursements from Medicare.

L. McNamara moved to accept the finance report, seconded by T. Shrable and passed unanimously. M. Pruett thanked J. Munson for putting together a streamlined and understandable finance packet.

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New Business

Resolution 2019-8: Wells Fargo is closing their Brewster branch and we have been having issues with Bank of America credit cards. We will shift all banking to Coulee Dam Federal Credit Union because they are local, established, and have not changed their name in recent memory. L. McNamara motioned to accept the resolution, seconded by T. Shrable and passed unanimously.

Foundation Report

The foundation did not meet last month and will not meet in August. Next meeting scheduled for September 11th.

Physician Report

Dr. Witt mentioned that the Call schedule has had some issues. He believes the new hospitalist program will improve some patient issues by having the same person during the week. Dr. Haegar is leaving Family Health Centers. He has been taking a lot of calls which will not be covered by FHC any longer so we will need to figure this out. Dr. Witt doesn't believe it's the hospital's responsibility to cover call expenses for the town.

As new providers arrive, they will be trained in the new CPSI notes program which dramatically speeds up the charting process. Dr. Witt is very impressed with the new system and believes it is way better than paper charts and very easy to use.

Break

M. Pruettt announced a 15-minute break at 12:08 p.m. He reconvened the meeting at 12:23 p.m.

Administration Report

S. Graham asked if there were any questions regarding the board report. M. Pruettt thought the report has a good format and is easy to read through. S. Graham has traveled a lot of the month. He is on the WSHA board again and attended the meeting in Union, Washington. TRH board members and administrators attended the Legislative Summit at 12 Tribes Casino. S. Graham continues to be engaged with the ACH and attended a CHI meeting in Omak. Collaboration efforts with North Valley are continuing but require some more town hall meetings.

The clinic expansion is moving forward, and administration has moved into McKinley. The Rural Health Clinic application required some modification, but we are confident that it will get approval soon. Dr. Dillon's visa was approved, and Dr. Ellingson starts in a few weeks. We have also hired a new mid-level provider, Jamie Dakota, who will work closely with Dr. Ellingson in the clinic. By September we should have a fully functional family health center clinic.

Patient volumes have been low this summer, potentially due to providers on vacation; both Dr. Miller and Dr. Tagge were gone for a few weeks. The harvest also started late, and we are just now starting to see injuries come into the ER. Higher insurance deductibles may also be discouraging people from seeking medical help.

There has been a shift in power at the legislative level, and democrats in the house and senate have caused some issues by proposing nurse staffing breaks that would put severe demands on us for staffing. We were able to delay implementation until 2021 and will hopefully have some mitigating legislation by then. The WSHA Board meeting focused on the perception of local hospitals. They have lost some of their cachet value nationally and the AHA is working with WSHA to drive a positive narrative for local hospitals which we should be part of. Hospitals save lives and have a great story to tell. S. Graham emphasized the importance of financially supporting our own PAC to avoid being buried

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by better funded legislation that works against us. Dr. Witt reiterated that an altruistic approach doesn't really work in the political world, and those who buy the best motivators tend to push policy. S. Graham reinforced that campaign contributions get attention by inspiring a sense of loyalty in ways that writing letters cannot. L. McNamara added that WSHA does a great job of showing who they support, what they campaigned for, and what the results were. S. Graham believes the future of the hospital is dependent on appropriate hospital policy, and that all of us must be ambassadors for the hospital 24/7 while out in public.

State Senator Shelly Short and State Representative Mike Steele attended the Legislative Summit, as well as people from Congressman Dan Newhouse's office. S. Graham thinks they heard a good message from our hospital about increasing access while reducing costs. Unfortunately, Dr. Rutherford (an incoming board chair at WSHA) advocated for a one hospital solution at the end of the summit. S. Graham has complained to WSHA about this and is considering resigning from the board if WSHA is going to be moving in a direction that goes against our vision and community. M. Pruettt thinks resigning would be rash, and that we should wait and see what WSHA has to say. L. McNamara believes Scott's voice is needed as an advocate for rural hospitals on the WSHA board. S. Graham is concerned that more talk of a one hospital solution will create an echo chamber that brings more people into that camp. However, S. Graham does not think this conversation should put any stops on what we do locally, and that we have few roadblocks if we remain solid financially and the board supports TRH.

S. Graham reported that North Valley has closed its OB services and that a lot of inpatient funding has been withdrawn. This has been bad for the hospital and they are working to get staffing solidified. Luckily, they were able to ink a new contract for inpatient this week. Jesus Hernandez from Family Health Centers recently published an article about moving all OB services to Okanogan. Family Health Centers will no longer be supporting our OB program at TRH, and they may not cover inpatient here. We may soon be facing the same challenges as North Valley. Dr. Witt explained that 99% of our OB is currently FHC, and that it may be difficult to recruit a provider for OB who is willing to take call almost all the time. The loss of OB may save us money since our OB travelers are so expensive. S. Graham thinks losing OB may save us money in the short term but is worried about losing patient loyalty towards other services as a result.

S. Graham spoke on how we need to push our culture of excellence. There have been some interventions with folks who have been counter to our culture, and we choose to recruit temporary staff rather than keeping staff who are negative. These costs are an investment so that we can have a culture that supports excellent local staff in the future. We are now sharing our OR manager with North Valley. G. Aguilar explained that Todd Hollenbeck started on July 9th, and that she speaks to him once a week and things are going well so far. S. Graham added that he really likes Todd and thinks this will help to standardize surgery with North Valley so that we can share surgeons in the future. Dr. Witt suggested that Todd's schedule should change a bit so that he can meet with different providers who may not be present on certain days.

S. Graham has been talking with Brad Burg about integrating the NVH and TRH boards in the future. S. Graham thinks we should also get the process going for a new hospital building and actively work to make it a reality in five years. Dr. Witt asked about the cost report once we start the new building; he was surprised how well things worked out financially for the new building in Chelan. S. Graham believes we can manage through a crisis with community support. He thinks we should potentially emphasize swing beds at North Valley, OB at Mid Valley, and surgery at Three Rivers as part of our collaboration efforts. Dr. Witt agrees that we have a very good surgery setup, comparable to Wenatchee. S. Graham believes legislators will be more willing to help us if we are working together with the other hospitals in the area.

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M. Pruett called the executive session at 1:18 p.m. The meeting reconvened at 1:28 p.m.

Old Business

Capital Improvements: M. Neddo is grateful for Scott and the board having an attitude of hope. We are making good progress on the clinic. The last month has been focused on the clinic and Jordan Aguilar from Utility Maintenance has been doing a ton of work in there. Facility Engineer Rob Wylie and his crew have also done a lot of work on the old ER. We have the building and planning meeting in August, and we can discuss work that needs to be done; there are a lot of inexpensive things that make a big difference. L. McNamara asked about having a second person in the clinic reception area, and Dr. Witt reminded everyone that Centralized Scheduler Juanita Reyes does way more than reception and can authorize surgeries. Patient Registration and Authorization Coordinator Beronica Lopez also does way more than reception and is really the glue that holds the clinic together. J. Boyer explained that she will be doing pre-authorizations for radiology which will be vital to the smooth operation of the clinic. Dr. Witt wants to make sure they are fully compensated for their extra duties since so much depends on them, and A. Fisk reassured him that they are being compensated and encouraged to take on more responsibilities. M. Neddo is waiting to finalize things with the new providers before putting up billboards and ramping up advertising efforts. L. McNamara asked if there will be any tensions with Family Health Centers losing Jamie Dakota, one of their providers, to us. A. Fisk reassured her that this movement is something to be expected in the healthcare industry and that there shouldn't be hard feelings.

Public Comment

S. Graham proposed that J. Munson do board education in the future and there were no objections.

Adjournment

T. Shrable motioned and L. McNamara seconded to end the meeting at 1:40 p.m. Motion passed unanimously.

Mike Pruett, Chair

Vicki Orford, Vice Chair

Tracy Shrable, Secretary

Cherri Thomas, Member

Leslie McNamara, Member