

Three Rivers Hospital

Board of Commissioners Regular Meeting

October 30, 2019

Minutes

The Three Rivers Hospital Board of Commissioners called a regular meeting to order at 11:20 a.m. Wednesday, October 30, 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 (arrived at 11:28 a.m.)
Leslie McNamara, Member

Others present:

J. Scott Graham, Chief Executive Officer
Melanie Neddo, Chief Operating Officer
Gretchen Aguilar, Chief Nursing Officer
Anita Fisk, Director of Human Resources
Shauna Field, Administrative Assistant
Jennifer Best, Business Development Coordinator
James Wallace, M.D., Chief of Staff
Erin Cooley, M.D., Family Health Centers
Chad Schmitt, Scaled Data (via phone)
Dan Webster, Three Rivers Hospital Foundation President
Steven Ortolf

Vision, Mission & Values

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

Agenda

S. Graham requested to switch the Financial Report with the Administration Report and move the OB discussion under Old Business after the Finance Report. M. Neddo will deliver the Finance Report. He advised that an executive session may be necessary following the OB discussion. The executive session would be called under RCW 42.30.110(g), to evaluate the performance of a public employee. L. McNamara motioned to accept the amended agenda; T. Shrable seconded. Motion carried.

Minutes from Previous Meeting

L. McNamara motioned and V. Orford seconded to accept the October 2, 2019 regular meeting minutes as presented. Motion passed unanimously.

Consent Items

M. Pruett noted the payroll and vouchers as listed on the agenda and read aloud the bad debt and charity care figures. L. McNamara recused herself from approving the October 10, 2019 vouchers due to the presence of a bill paid to Grover's Building Supply.

Payroll total:	Gross: \$501,060.19	Net: \$346,196.48
• 9/8/19-9/21/19	Gross: \$248,508.83	Net: \$172,463.85
• 9/22/19-10/5/19	Gross: \$252,551.36	Net: \$173,732.63

Three Rivers Hospital

Board of Commissioners Regular Meeting

October 30, 2019

Minutes

Vouchers total: \$1,315,842.09

- 9/19/19 88093-88129 \$101,382.28
- 9/26/19 88130-88182 \$426,411.71
- 10/3/19 88183-88211 \$151,717.97
- 10/10/19 88212-88253 \$429,956.16
- 10/17/19 88254-88310 \$206,373.97

Bad Debt: \$42,088.79 Financial Assistance: \$61,547.79

M. Pruett noted the applicant for medical staff privileges: Saniya Merchant, M.D., for teleradiology.

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

Foundation Report

Dan Webster, president of the Three Rivers Hospital Foundation, thanked hospital staff for supporting the Foundation. They have about \$22,000 and are welcoming ideas for projects to fund. One project would be to replace the orthopedic trapezes to fit our new patient beds. The Foundation is also looking for a new board member to replace former vice-president Steven Ortolfo.

T. Shrable noted that the electronic donating function on the Foundation's website doesn't work.

D. Webster explained that DonorPerfect costs more than the donations they were receiving, so they decided to opt out of the program. J. Best will work on removing the button. Donating by mail would be the best option at this time.

Physicians Report

S. Graham reviewed the October medical staff meeting. The discussion primarily addressed the OB program, in light of Family Health Centers' announcement that they will be moving all OB services to Mid-Valley Hospital. It had been communicated to the providers that this was our decision, so the medical staff vice-chair, Dr. Eric Haeger, requested that S. Graham lead a discussion about this. Family Health Centers articulated that it's not necessarily something they want to do, but it's something they feel they need to do. He'll elaborate more on this during the OB discussion portion of the agenda.

M. Pruett and L. McNamara agreed that there was some confusion on behalf of the providers, and she felt that there wasn't much resolution by the end of the meeting.

Dr. Rosie Dhillon, our new general surgeon, will be here on Monday. L. McNamara suggested hosting a meet-and-greet so the board and community can meet the providers.

Finance Report

Our volumes in September were quite low. Our revenue was under budget, but our expenses were over budget due to an increased number of locums nurses. We also received some late invoices, and our property insurance increased. We had an operating loss of \$351,803, and a net loss of \$202,738. Our Chief Financial Officer is working on some rate changes.

Comparing year-to-date 2019 to 2018, our volumes were higher, and our operating expenses were lower last year.

We have 11 patients in Acute Care right now, and we've consistently had about nine for about a week.

We have a lot of projects going on and there are costs associated with those. They were investments that really needed to be made, such as the new autoclaves.

Three Rivers Hospital

Board of Commissioners Regular Meeting

October 30, 2019

Minutes

L. McNamara asked how much of the Coastal line of credit we've used; none. M. Neddo explained that this money has been set aside, and we were able to pay for things such as the ER move from our

operational revenue. V. Orford thinks we should establish credit history using that line of credit.

M. Pruett agreed that it would be a good financial move. M. Neddo stated that Administration has already been discussing this.

Month-to-date, October is looking better with a positive cash balance of \$74,615. Clinic providers are busy. M. Pruett asked how many beds we have. G. Aguilar explained that we have 25 beds, but we don't have enough staff to support that many patients. M. Neddo noted that we still try to give patients their own rooms during busier times.

S. Ortolf asked if the bulk of revenues are coming from emergencies or surgeries. Inpatient is typically the biggest driver of revenue, unless we have more surgeries. He asked if there are any procedures that are attractive to the hospital. Total joints net good revenue, but reimbursement is usually delayed and the annual cost report will be adjusted. From a cash flow perspective, outpatient surgeries offer better reimbursement. S. Graham added that swing beds are another revenue driver. M. Pruett thinks the clinic's success will trickle down to the rest of the hospital. M. Neddo agreed; we're already seeing evidence of this, such as a boost in radiology and laboratory exams.

S. Ortolf asked if we need more doctors; yes. S. Graham explained that we don't have the means to support them in the immediate sense, but more family practice doctors will be needed at some point, especially as healthcare shifts more toward outpatient services and procedures.

We are expecting about \$350,000 in property tax revenues soon.

L. McNamara motioned and V. Orford seconded to approve the finance report as presented.

Old Business

OB Discussion: M. Neddo stated that the administrative team has been working on options regarding the OB program. Those options included letting the program go and putting resources into other services or go all in and recruit providers and nurses to keep the program going.

She shared a financial analysis developed by Dingus, Zarecor & Associates. If we had removed OB in 2018, we would have lost \$1 million in gross patient revenue, but the bottom line shows we would have been in a better financial position by the end of the year without OB, to the tune of \$364,219. This analysis doesn't take into account all the ancillary services that would be affected by losing OB.

In trying to save the program, the costs to keep it going would go up while the number of births likely would not. We'd need about four physicians for a call pool, and nurses and other support staff to work with the providers. They'd also need space to practice, and our clinic isn't sufficient to handle that many more physicians. We'd also have to pay for liability insurance for them. T. Shrable asked where we'd find providers; S. Graham explained that it would be difficult to recruit providers for a small number of births.

C. Thomas expressed her disappointment in how this decision was handled and that the community was not involved. L. McNamara asked if administration found an answer to her question from earlier this month about how many other Critical Access Hospitals have had to end their OB programs; S. Graham is still working with the Washington State Hospital Association to determine the answer to that. However, this is happening in many places around the country, primarily due to geography.

S. Graham feels the numbers make it clear what is and is not possible for us, considering cost versus birth rate. M. Pruett asked about referrals for labs, ultrasounds, and radiology; Dr. Wallace would love to see those continue. C. Thomas expressed concerns about the message it sends to the public regarding providing care and services such as labs and ultrasounds, but then sending patients to Omak for delivery

Three Rivers Hospital

Board of Commissioners Regular Meeting

October 30, 2019

Minutes

and that the message needs to be handled well. Dr. Wallace expressed that this is not his preference, but all things considered there are no other viable options.

C. Thomas asked about the Methow and travel considerations to Chelan versus Omak, weather and pass conditions. Dr. Cooley noted that the Methow Valley based providers think rerouting OB patients to Mid-Valley will be fine, as the distance is about the same as if they came to Three Rivers instead.

M. Neddo expressed that it's heartbreaking for us to lose OB, but she thinks everyone understands the logic behind centralizing it. It's sad for us, it's sad for the physicians, but Family Health Centers' services extend beyond our hospital district and they're trying to keep services in the county. S. Graham added that we respect Family Health Centers' decision, and we'll work with them to ensure a positive transition. C. Thomas requested a combined press release with FHC and Mid-Valley that is fair, respectful of all parties involved, and thorough.

Dr. Wallace appreciated the board's viewpoint on this and would like to continue to explore collaborative opportunities. Dr. Cooley said physicians have met to brainstorm ways to make OB sustainable here, and Dr. Wallace added that discussions are still happening, although the decision by FHC CEO Jesus Hernandez should be taken as final.

Discussed pushing out the decision to later in the year. G. Aguilar explained that she needs a final date for traveler nurse recruiting purposes and staffing purposes. We have two OB nurses on staff who would still be offered a place to work here if the OB program ends. C. Thomas added that ER staff should be prepared for any emergent OB cases that might come in.

An executive session will take place after the Administration Report.

Break

M. Pruet announced a 15-minute break for lunch at 12:52 p.m. He reconvened the meeting at 1:10 p.m.

Administration Report

October has been a busier month with patients, and we had a number of other things going on. S. Graham thanked everyone who attended the WSHA & AWPMD Annual Meeting earlier this month. He thinks we have good data to support the financial portion of the OB decision, but as C. Thomas pointed out we're missing the community feedback data. C. Thomas asked if we have statistics on the number of home births in Okanogan County; no, but S. Graham doesn't think it's a lot. C. Thomas noted that the expenses required to continue OB would likely affect our need for a new building. S. Graham added that funneling more resources into saving OB could be to the detriment of other more viable programs at the hospital. Administration hopes to average about 50 surgeries per month between Dr. Dhillon, Dr. Miller, and Dr. Witt.

Chelan closed Dr. Schkrohowsky's orthopedics clinic in the Methow Valley, so that could provide an opportunity for us to provide more services in that area, possibly including family practice. C. Thomas asked if we can share Physical Therapy and Occupational Therapy with North Valley Hospital. S. Graham explained that both hospitals hire employees with the understanding that they may be called upon to work at the other facility occasionally, but patients prefer not to travel very far. We've explored possibly offering an interventional pain relief program with anesthesiologists. Data suggests they're very successful programs that provide non-addictive relief for patients.

The steering committee for the new hospital is getting kicked off, to continue the work already done by the Building & Planning Committee.

Our highest priorities are making sure we continue to grow, integration with North Valley, and building a new hospital. We received the feasibility report from HealthFac, and the data shows that a new hospital

Three Rivers Hospital

Board of Commissioners Regular Meeting

October 30, 2019

Minutes

would bring value. C. Thomas likes the idea of calling Three Rivers' new hospital a medical facility. She'd like to make sure the new building plans will take wildfire season into account.

L. McNamara asked C. Schmitt about the equipment his company, Scaled Data, will be sending to the hospital. We'll be receiving a 12 TB data storage device that's worth about \$12,000, but we'll receive it for no cost. M. Pruett asked for his opinion on the hospital's cyber security health; C. Schmitt would grade it as a D+ or C-, but some items can be handled quickly and easily. Once the low-hanging fruit is resolved, his goal is to start on the bigger projects, and end-user education will be part of that. V. Orford shared her concern about Quality Council meetings being canceled rather than postponed due to an employee's extended absence; she asked if the board can be more involved in quality. S. Graham stated that M. Neddo, G. Aguilar, and Quality Coordinator Shelly Simpson are managing quality, but the board's involvement would be welcome. C. Thomas mentioned that her email invite for this meeting often shows up as canceled when it's not; M. Neddo said we'll work on resolving that issue. C. Schmitt said the email issue is one of the high priority projects. C. Thomas asked if we could offer Skype through Office 365 for board members when they can't attend meetings in person.

Executive Session

Pursuant to RCW 42.110.30(g), M. Pruett announced a 15-minute executive session at 1:55 p.m., with no action to be taken after. The executive session was extended for five minutes at 2:07 p.m., then for another five minutes at 2:15 p.m. M. Pruett reconvened the open public meeting at 2:21 p.m.

New Business

Resolution 2019-12: This resolution is to consider declaring a truck and snowplow attachment as surplus. L. McNamara motioned and C. Thomas seconded to approve Resolution 2019-12 as presented. Motion passed unanimously.

Purchase of Facility Pickup and Plow: The hospital needs a new pickup truck, although one has not been identified. S. Graham and M. Neddo proposed hiring a plow service for this winter in lieu of buying a new truck and use that money instead to replace four fire doors. M. Neddo suggested getting board approval now to purchase a truck later on, so Administration won't need to approach the board again. M. Pruett said the Chief Financial Officer would like to purchase a truck outright, but he would like the team to consider looking at a lease for credit-building purposes once the time comes. L. McNamara asked if we could find a truck that the plow would fit; it's unlikely as the plow is also old. V. Orford motioned to purchase a facility pickup and plow as soon as we're able to locate one. C. Thomas seconded. Motion passed unanimously.

2020 Employee Medical Insurance Renewals: A. Fisk shared that we achieved 48% participation in this year's Live Well program through the Washington Counties Insurance Fund (WCIF). This will allow the hospital to save 4% on rising insurance premiums in 2020. In WCIF's proposal, the highest deductible plan is going up only 1.25%. The second highest will decrease by 6.67%, and the lowest deductible plan will decrease by 19.25%. This is because WCIF's underwriting philosophy changed. A. Fisk recommended staying with WCIF for 2020, as the other insurance pools we considered were more expensive. C. Thomas motioned and L. McNamara seconded to continue with WCIF for employee medical plans for 2020. Motion passed unanimously.

Three Rivers Hospital

Board of Commissioners Regular Meeting

October 30, 2019

Minutes

Regular Board Meeting Rescheduling: Holidays and WSHA's Rural Hospital Advocacy Days will interfere with regularly scheduled board meetings in November, December, and January. M. Pruett proposed moving November's meeting to December 4, canceling the December board meeting, and moving the

January meeting to January 22. S. Graham reminded the board that they typically revisit the regular meeting schedule for the new year at that time; board officers and committee assignments will also need to be decided. C. Thomas motioned and L. McNamara seconded the motion to reschedule. Motion passed unanimously.

Board Education

Postponed until the next meeting.

S. Graham asked the board for clarification that, in light of FHC's decision, Three Rivers will not try to bridge the gap for that service. The board agreed.

Public Comment

A. Fisk added that open enrollment for employees will be on November 12, 2019.

L. McNamara asked if anyone else on the board plans to attend the all-staff meeting on November 13; no. She also asked if anyone plans to attend the Twisp Chamber's Sip & Chat event on November 4. The new building steering committee is on November 8, and M. Pruett and T. Shrable plan to attend that.

Upcoming Meetings & Events

M. Pruett noted the meetings and events as listed on the agenda and asked the board members to consider participating in some of them.

Board Discussion

1. Did you enjoy this meeting? Yes.
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? L. McNamara asked to hold the public comments until that section of the meeting, because it did sidetrack the meeting a bit. She suggested reminding the audience of when public comment takes place in the meeting.

Adjournment

L. McNamara motioned and all seconded to adjourn the meeting at 2:48 p.m. Motion passed unanimously.

Mike Pruett, Chair

Vicki Orford, Vice Chair

Tracy Shrable, Secretary

Cherri Thomas, Member

Leslie McNamara, Member