



May 25, 2023 at 7:30am

BOARD OF DIRECTORS MEETING MINUTES

Virtual attendance option available

Attendance: Colleen Todd, Board Chairman; Dan Mast, Board Secretary/Treasurer; Mark Libby, Board Member; Dr. James Sinnott, Board Member; Jeff Lang, CEO; Michelle Reyna, CFO; Terri Brandt-Correia, CNO; Shala Kudlac, Board Counsel; Andrea Love, HIM Manager, Privacy Officer; Tim Gault, Radiology Manager

Members Attending via Zoom: Becky Sanders, Quality & Risk; Garrett Smith, FOX Group Compliance Officer; Tom Schroeder of Faegre/Drinker;

Visitors/Public Attendance: None

1. Call to Order 7:35AM

2. Public Comments and Correspondence - None

3. Approval of Minutes

a. Regular Board Meeting, April 27th, 2023

MOTION: To approve the minutes of the Regular Board of Directors meeting on April 27th, 2023; as presented.

APPROVAL: Mast/Libby; Unanimous Approval

4. Department Reports

a. Compliance Quarterly Report, Garrett Smith and Andrea Love

i. Garrett reviewed the 1st Quarter report included in the Board Packet, noting the transition to Andrea Love as Privacy Officer. Andrea gave a report on her recent audits for inappropriate access, and the monitoring that she is conducting currently, noting employee retraining over the past quarter. Andrea reported there have been no instances of inappropriate access of employee's own records since the training was rolled out.

b. Radiology Annual Report – Tim Gault

i. Tim reviewed current departmental staffing of 3 FTE's and 3 travelers, explaining coverage. Tim recently hired a traveler ultrasound tech who will be further training to do echos. There has been a steady increase in volumes attributed to new providers in Clinic. Tim explained he will be evaluating new C-arms for capital purchase and explained what it was and where it was used (operating room). An ultrasound replacement is also being sought. Tim explained he is working on getting employees cross trained on different modalities. 3D Mammograms are increasing in volume.

ii. Radiology Associates of Eugene is working out great! There is a big improvement in turnaround time and image transfer is working very well

with a significant reduction in problems or manual manipulation required by techs.

- iii. Tim noted that a recent contrast shortage was alleviated with help from Materials.

5. Medical Staff Report – Jeff Lang.

- a. Medical Staff Report – postponed.

6. Patient Care Report – Terri Brandt-Correia, CNO

- a. Connect to Purpose

- i. Terri notes a nice note from a patient’s wife that commended a wide range of staff.

- b. Operational Report

- i. Terri Notes recent hiring luck in various departments, reporting we have hired RN’s, house supervisors, MLT’s, and rad techs.

- c. Joint Commission Accreditation

- i. Terri reported the Joint Commission kickoff meeting commenced yesterday and it’s encouraging to see participation. The goal is to achieve initial survey November / December 2023. She will continue updating the Board on progress. Beginning the application process. Jeff reviewed the expected process to accreditation. Terri reviewed the standards and protocols to develop. We had a timely turnaround of survey results (comparatively). She is looking forward to the JCAHO’s consultative manner to established best practices.

- ii. At the Oregon Office of Rural Health Quality Workshop on May 15th Terri resented our quality program and how we handle grievances and facility incidents. There was good feedback from the attendees. She will be hosting Reedsport’s CNO for an incident committee meeting.

- iii. Terri relayed a recent nurse/patient interaction in the ER that was transferred to Cath Lab in less than 90 minutes.

- iv. Daisy Award winner was Julie Daniels, will be submitted to the national award system.

- v. Jeff added that our 2023 Dr. Sinnott award winner was Chef Oscar.

- d. Policy Approval

- i. *Use of Telephones and Cell Phones -2 pages*

- ii. *CVH Quality Assurance Plan – 6 pages*

- iii. *Dopamine Infusion Protocol – 2 pages*

- iv. *Rapid Sequence Intubation – 4 pages*

- v. *Patient Admission and Transitions in Physician care – 4 pages*

MOTION: **The Coquille Valley Hospital Board of Directors moved to approve the 5 policies as presented and recommended by the Medical Staff Committee.**

APPROVAL: **Dr. Sinnott/Mast, Unanimous approval**

7. Quality Report – Becky Sanders

- a. The Quality Report was reviewed with the Board from the Power Point with dashboard also included in the Board Packet. Becky noted the departments working together to increase quality data points from the dashboard. Becky shared an overview of 7 department's quality performance and provided an overview of the improvement activities taking place in the areas that are not meeting performance goals.

8. Finance Committee Report – Michelle Reyna, CFO / Dan Mast

a. Financial Results – April 2023

- i. Michelle reviewed the statistics for April – Inpatient and outpatient trends were unfavorable to budget month to date with the exception of acute length of stay, ED, adjusted patient days, Clinic visits and OP Procedures. Jeff explained volumes on inpatient are lower than expected coming out of the pandemic and higher on the outpatient side. ED visits were 6% higher than budget MTD, 9.4% YTD and 16% over prior year. The adjusted patient days are favorable by 2% month to date 7.8% YTD and 37.5% over prior year.
- ii. Michelle reviewed the Clinic volumes and noted we are budgeting for an uptick in the Clinic visits with the new providers as well as expecting an increase in outpatient procedure volumes in FY24.
- iii. Lab is slightly unfavorable to budget MTD by (2%) year to date is favorable by 3.6%, and prior year is favorable by 9.8%.
- iv. Radiology is unfavorable MTD by (25%), and slightly unfavorable YTD by (4.1%), but favorable to prior year volumes by 6%. Tim, our Radiology manager has hired a new full time U/S tech who will also be cross trained on ECHO, so we will be able to have that service again.
- v. Michelle noted that we haven't had any inpatient surgeries since November 2022, but expected to change soon with the addition of OR procedures.
- vi. Outpatient procedures are 2% favorable in April, 18.7% favorable to budget YTD, and almost 40% over prior year.
- vii. We ended April with 160.7 FTEs, 167 Days Cash on hand - total days outstanding are increased due to increased volumes in outpatient surgeries. Days in A/R also increased which indicates a focus on collections, we would expect the revenue cycle team will focus on billing this month.
- viii. Jeff reminded the Board that our joint replacement surgeries are almost exclusively being done as outpatient procedures. The change in orthopedics has allowed Dr. Johnson to do 33 Ortho procedures in April and so in 1 month we did 80% of our last year volume. Dr. Johnson is enjoying his time here.

- ix. A new State of Oregon change to practice requirements allows a PA collaboration agreement with a hospital and not an individual provider. There was only one case attrition since the changeover.
- b. Profit and Loss Statement
- i. Gross patient revenue was favorable MTD for Inpatient and unfavorable for outpatient.
 - ii. Gross patient revenue for April was \$4.3M and YTD was \$43M both favorable to budget by almost 2% MTD and just over 3% YTD.
 - iii. Monthly Medicare cost report model was adjusted to agree to payable by (\$37K)
 - iv. Net patient revenue at \$2.8M for April, unfavorable to budget by (15.3%).
 - v. Other operating revenue shows a \$600K variance from budget for a reversal of the classification of BAB from March and SWOIPA revenue that was budgeted here, but recorded in Hospital OP revenue.
 - vi. Total Revenue for the year is \$28.1M which is favorable by 5.9% YTD and 5.9% over PY.
 - vii. Contract labor and Supplies are unfavorable to the budget for the month and year, the other expense category includes the property tax amount that Michelle noted was budgeted as other expenses instead of non-operating revenue.
 - viii. Jeff will review contract labor in his presentation.
 - ix. Total expenses of \$2.9M are unfavorable for April by -12.5%.
 - x. Net operating loss year to date was (\$143K), however Profit this month was \$37,412; and a YTD loss of (\$953K).
 - xi. Accrual and true-up of SWOIPA contract was noted. as it was fully received.
- c. Balance Sheet - Statement of Net Position
- i. Michelle noted the decrease in operating cash of (\$443,337) is attributed to the rise in coding over A/R collections this month. She had moved \$2M of cash to the LGIP in May.
- d. Approval of Disbursements over \$25,000
- i. Michelle explained that there was nothing out of the ordinary, mostly contract staff as a bulk of our expense. Jeff further explained Davis Architect fees of \$118K, billing based on complete design development to time schedule percentages.
- MOTION: To approve payment of the disbursements over \$25,000 for the month of April 2023 and those that will accrue before the next meeting; as recommended by the Finance Committee.**
- ACTION: Mast/ Dr. Sinnott; Unanimous Approval**
- e. Review of scheduled cash and investments
- i. Jeff noted the CAH reimbursement from Medicare in regards to interest earned on income is offset in the non-reimbursable column and Jeff

noted the \$12.2M in LGIP account – Jeff explains that we could reserve and designate 50% of those funds for funded depreciation in capital expenditure, we could deduct this income from interest deprecation. This would enable us to be able to retain the interest income.

MOTION: The Finance Committee recommends designating 50% of the LGIP investment account (\$6.1M) on May 1st, 2023 to be reserved into an account for capital repair and replacement expenditure as a funded depreciation account. The future, earned interest funds will be reinvested into that account.

ACTION: Mast/Libby; Unanimous Approval

f. Capital Requests

- i. Curtains for patient rooms from Medline for \$30,951.37.

MOTION: To approve the Capital request of the replacement curtains from Medline as presented for \$30,951.37.

ACTION: Mast/Dr. Sinnott; Unanimous Approval

g. FY 24 Budget Schedule

- i. Michelle will have Beth deliver the packets on June 8.

9. Administrators Report – Jeff Lang, CEO

a. Operational Update

i. Financial Improvement Update

1. Jeff provided a Landscape review on recent partnership and recruitment. He noted that the PSA with General Surgery is successful with volumes increasing.
2. Jeff indicated there are providers who would like to join CVH. Space in clinic is limited. We were able to develop a short term solution for additional providers in the current west clinic. We currently have 9 providers and 2 at CVH on PSA's. Jeff has 3 additional providers are interested in joining CVH.
3. Jeff reviewed a previous model that would allow for expanded growth, specific addressing adding additional outreach clinics, expanding on the hybrid governance structure. This model was considered when time was of the essence which is no longer the case. This model had the unintended consequence of blocking patients from being able to access 340b pharmacy benefits.
 - Jeff provided the strategic opportunity that exists currently to open an outreach clinic in the community of Myrtle Point. The clinic would start off with 1.75 FTEs in primary care providers and 1 FTE LCSW
 - CVH would need permission from MP health District to provide services within their territorial boundaries. I have

spoken with the ambulance chief about this and he feels the Board would be open to granting permission.

- ii. Jeff introduced Linda Maxon and Linda explained the need and opportunity for a CVH Myrtle Point Clinic. She reviewed the scope of work, reviewed prospective days/hours of operation, staffing levels, patient panel projections, and detailed programs and services expected at opening of a clinic and into the future.
- iii. Linda reviewed the Umpqua Bank Building on Highway 42 as a potential location. She reviewed the space with a contractor and determined that no workspace changes or load bearing wall changes were needed, would accommodate a minimal cost renovation. Jeff noted that the floor plan of the bank was ready made for clinic space. Linda concurred that 3 providers with 6 exam rooms would be able to be accommodated, with licensing for clinic space after being inspected by the State. Linda reviewed 340b pharmacy space potential also existed in the space.
- iv. CVH has a MD who is excited to work at the clinic. A contract with the physician is expected to be finalized in the near future. The physician will work out of the CVH Clinic until the new clinic is ready for opening.
- v. Board Member Dr. Sinnott would like to join the design meetings.
- vi. Discussion on the MP clinic was suspended to attend to the governance work session.

10. Adjourn Board Meeting / Open CVH Board Work Session 10:00am

11. CVH Hybrid Governance Work Session concerning

- a. The Lease – Work session to review the essential terms: Tom Schroeder from Faegre/Drinker joined the meeting via Zoom presenting a PowerPoint concerning “the lease”.
- b. Tom reviewed the basic structure of the hybrid non-profit governance model and how the lease fit into the transaction between the District and the new non-profit corporation.
- c. Tom reviewed the steps required to effect the transaction and reaffirmed that the Critical Access Hospital (CAH) status is retained. Tom reviewed the major documents necessary to effect the transaction including Articles, Bylaws and the lease.
- d. The lease is a long term (30-40 years) for the personal property and assets of CVH. The lease is the District’s stick to retain certain rights. The lease is not a fair market value transaction as the transaction contemplates all assets/all liabilities. Assets subject to lease will grow over time. The district will have rights to all property at the end of the lease, even newly added assets.
- e. Tom discussed prohibitions or guardrails on future transfers. A suggestion was made related to capping the total sq. footage that could be leased. There was further discussion on the restrictions on use of any proceeds from sale subleases.
- f. New Corp would be able to borrow against its lease interest.

- g. Representations and warranties - fundamentals were outlined, will adopt all medical staff bylaws, adopt all policies/procedures and "New Corp" will employ all CVH employees with comparable benefits.
- h. Future borrowing was discussed – the District would hold current debt with debt service payments being accrued through the lease revenue. It is expected that the tax levy would be dissolved over a 4-5 year span as the new model increased the hospital's competitiveness.
- i. Purchase and put rights were discussed. It was noted that this would be a two party conversation versus unilateral. There was further discussion on Fair Market Value – and how this transition is not an "arms length" FMV transaction.
- j. The District Board's oversight role was reviewed following the execution of the lease. The District Board's role would become much less broad as the new corporation is the operator of the hospital, the District Board monitors for compliance with the terms of the lease – not so much on the methods used (day to day operations) to comply with the lease terms.
- k. Jeff relayed there would need to be significant work to define a governance handbook to detail best practice on how the new entity would govern (policies/procedures) if approved.
- l. The Board of Directors requested Tom continue to draft the Bylaws, utilizing and lease for Board circulation and follow up after review.

12. Adjourn Work Session at: 11:04am

13. Linda continued New Clinic MP discussion:

- 1. Linda reviewed budget projections for construction and startup of a new clinic in MP. Timeline was reviewed with October/November 2023 being a target for opening the new clinic. Linda reviewed a revenue/expense projection for the first 12 months of operations, showing approximately \$188,000 loss.

- 2. Next steps for additional clinics were reviewed.

MOTION: The CEO is authorized to request authority to provide health care services within the boundaries of the Myrtle Point Health District.

ACTION: Mast/ Dr. Sinnott; Approved

MOTION: To proceed in negotiations to secure a clinic site and other necessary steps to develop the establishment of a clinic to serve the Myrtle Point community.

ACTION: Dr. Sinnott/ Libby; Approved.

- 3. Financial Improvement Plan

- a. Jeff reviewed the turn-around plan discussed in April. He noted that our current trends show that it is not a revenue problem, but an expense problem. Contract labor continues to be the largest issue. Jeff reviewed revenue, and expense, including contract labor.
- b. Jeff reviewed CVH cost reduction plan to reduce contract labor spend by 50% on an annualized basis. Jeff reviewed the cost report impact of the

reductions to provide a realistic bottom line impact of the changes, which total approximately \$2.8M annually. Jeff reviewed the specific ways the reduction in contract labor down to the department.

4. Building Project

- a. Design Development is complete. The Project is currently in a hold status. The Stroudwater finance team will need to finalize the USDA application. The Preliminary application has not been accepted by USDA. BVi-weekly meetings continue with USDA and the CVH team. Hiring a CM/GC is in process so that we can effect value engineering savings. USDA has approved this alternate method of construction and we have approval for this hire. An RFP is currently listed.
- b. The building budget continues to be a problem; \$600,000 over budget roughly with an additional 6 months of escalation is projected (\$400,000). Jeff has communicated to everyone the budget of \$20 M is firm.
- c. Jeff reviewed for the Board the latest schematic design floor plans and some of the interior/exterior renderings.

5. Provider Recruitment

- a. Jeff reviewed the new, incoming providers and explained projected benefits.
- b. Finance Committee new participant will need to be identified.
- c. Jeff will reach out to a prospective Board member to fill the current opening. The prospective Board member was identified during the advertisement period for the last position to be filled approximately 5 months ago to ascertain if there is still interest in joining.

14. **Next Regular BOD Meeting: Thursday, June 29th, 2023 at 7:30 AM**

15. **Adjourned meeting at: 12:00 Noon.**

Respectfully submitted:



Dan Mast, Secretary/Treasurer

Attested to:



Colleen Todd, Chairman