



Thursday November 30th, 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; David Elmer, Board Member; Jeff Lang, CEO; Michelle Reyna, CFO; Terri Brandt-Correia, CNO; Linda Maxon, CDO; Dr. Brock Millet, Chief of Staff.

Members Attending via Zoom: Dr. James Sinnott, Board Vice Chair; Becky Sanders, Quality & Risk; Garrett Smith, FOX Group; Shala Kudlac, Board Counsel

Visitors/Public Attendance: None

1. Call to Order: 7:30am
2. Public Comments and Correspondence - 2 letters of thanks for ER visit, and SLS service.
3. Approval of Minutes
 - a. Regular Board Meeting, October 26th, 2023

MOTION: To approve the minutes of the Regular Board of Directors meeting held on October 26th, 2023; as presented.

ACTION: Mast / Elmer; Unanimous Approval

4. Final Audit Report
 - a. The 2023 Audit has been finalized by CLA with one additional entry from what was presented. The entry had to do with a lump sum payment received after June 30, 2023, for dates of service prior to June 30, 2023, which was not included in the first draft of the Medicare Cost Report. The effect of this was to increase the Medicare receivable from approximately \$330,000 to \$830,000. This adjustment decreased the net loss for the year by approximately \$500,000.
5. Department Reports
 - a. Compliance Quarterly Report (Q3) – Garrett Smith, FOX Group
 - i. 3rd quarter compliance report was reviewed. 5 ACO policies were approved at the last meeting. Provider payment audit was completed, no discrepancies noted. Screening on OIG exclusion list was completed with no issues. All other compliance activities are progressing as planned in the annual compliance plan.
 - b. Materials Management Annual Report – Mike Spalding
 - i. A department report was given by Mike. Mike reviewed general departmental information as well as Material Management quality improvement goals. Mike has noticed a 3% average increase annually. Our contract with Vizient has helped pricing. Michelle noted how Mike holds the contracted vendors to their pricing. He is meeting targets for budgeting.

c. Accounting Annual Report – Jennifer Stine

- i. Controller, with CVH 6.5 years, controller for 4 years. There are 2 and 3/4 employees in their department. Julie in Accounts Payable. Challenges include a failing accounting system which has been sunsetted and is no longer supported by Microsoft. The finance department is currently evaluating three different accounting systems with the goal of selecting them in the next few weeks. Kronos has been working better, updates usually cause breaks in system, although they are responsive.
- ii. The timeline for accounting system migration is 4-6 months for implementation starting in January. Cost of the programs - subscriptions monthly- \$175K implementation \$4200 per month. We pay \$20K annually now although it will be discontinued this year. The benefits of the system and training were explained.
- iii. Jennifer discussed the recent issue with employee payroll direct deposit. This event was a critical failure and necessitated an emergency plan. The plan was implemented, and all employees received a live check prior to noon on the normal pay day.

6. Close Session – 8:37 AM

MOTION: To close the meeting to the public to discuss matters pertaining the function of the medical Staff.

ACTION: Mast / Libby; Unanimous Approval

7. Open Session 9:03am

8. Medical Staff Report – Dr. Brock Millet

a. Credentialing

i. Re-Credentialing

1. Dr. Kavir Saxena, Tele Psych – Courtesy
2. Dr. Douglas Crane, Internal Medicine – Courtesy
3. Dr. Robert Melton, Emergency Medicine - Active

ii. Resigned/No Response & Lapsed:

1. Dr. Randall Jennings, Ortho – Moved
2. Greg Sopka, Ortho PA- Moved
3. Daniel Clark, CRNA – Moved

MOTION: To approve the listed providers for membership to the CVH Medical Staff with the privileges requested as recommended by the Medical Staff Committee.

ACTION: Elmer/ Mast; Unanimous Approval

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

a. Joint Commission Accreditation Survey Results

- i. Terri walked through the RFI's issued during the Joint Commission survey using the Joint Commission SAFR Matrix.
- ii. Terri reviewed the sterilization of instruments finding and the work done already to correct this issue. Terri explained the root causes of the problem. Terri explained the rationale regarding the decision to suspend surgeries and the interim measures taken to lift the surgical case suspension. Terri provided an update on the current ability of the OR to do cases. Terri provided further explanation on the capital equipment replacement requests being brought forward.
- iii. We currently have one sterilizer that does 2 trays in 2 hours and 45 mins for total processing and a 30-minute cooling. The number of trays for hip total are 12 trays. We don't want to send out the trays and are trying to retain control over the quality of sterilization. Dr. Johnson helped by modifying trays and adjusting the number of tools needed.
- iv. Terri noted that we are trying to locate more tools for purchase, there is a tool scarcity due to end of the year procedures increasing with insurance deductibles being reset at the start of the year.
- v. Terri reviewed the other findings and progress on those findings that will be revisited at the 45-day surveyor return. She has paused other meetings to focus on this.
- vi. Question by the Board - how long were we down for surgery? One week - during Thanksgiving Holiday week.
- vii. Terri reminded the Board we are still waiting for the survey reports on the EMTALA investigation and the State Complaint Survey that occurred in March 2023.

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

a. Financial Results – October 2023

- i. Michelle provided an explanation on the new "Extended Recovery" status. This status was put in place to capture the activity of outpatient joint replacement patients who stay overnight. This status has not been showing up in the current statistical reports. Additionally, the revenue associated with these stays has not been recognized either. This new status will capture both the statistics and the revenue.
- ii. Michelle also reviewed the new patient status "Out-patient In-A-Bed". This status is for patients who do not have a medical reason to be in the hospital but who have to stay due to some other factor (lack of a discharge site). The fee for this status will be much lower than the traditional inpatient charge and will most likely be a personal responsibility.
- iii. We had 32 Swing bed days in October, unfavorable by (40.7%) MTD and (18.8%) YTD.

- iv. Total Admissions (IP & SB) were favorable by 16% MTD and unfavorable (26.3%) YTD. The new metric of extended recovery will increase this number.
 - v. ER visits were slightly unfavorable (4.3%) MTD and just (1.6%) YTD.
 - vi. Adjusted patient days were favorable 11.8% MTD and lightly unfavorable for YTD at (3.5%) we are well over PY at 27.5%.
 - vii. Clinic RVUs unfavorable MTD at (12.4%) and YTD (7.7%). Even though we are unfavorable to budget year to date, we are favorable to last year actual by 61.8%
 - viii. Lab is slightly unfavorable to budget for the month at (7.1%). YTD volumes are unfavorable by (12.7%). Year to date we are favorable to last year actual by over 12% - we may have been a little too aggressive in our budgeting and the effect of new providers.
 - ix. Total Radiology is unfavorable MTD (4.9%) and YTD (2.8%); favorable by 6.5% over prior year.
 - x. Surgery in October is unfavorable for inpatient and outpatient due primarily to the thanksgiving holiday.
 - xi. Days Cash on Hand including both restricted and unrestricted are 132.
 - xii. DNFB total days are 66.6.
 - xiii. Jeff notes inpatient surgeries are a little behind budget; extended recovery will help with this. Length of stay is lower, reasons could be less acute, and transfers were easier. Swing is a little behind in Q1, although we are close. Outpatients are driving the revenue of the hospital and budget misses are perhaps a little overly optimistic with the new providers arriving later in the fiscal year, we are expecting to catch up.
 - xiv. Terri notes that Covid and flu are ticking up and transfers are becoming more difficult.
- b. Income statement
- i. Our total gross revenue for October was \$5.5M; 4.6% favorable to budget MTD; on budget for YTD and 21% over PY.
 - ii. Contractual adjustments are trending at budget.
 - iii. The Medicare model shows a \$384K payable to Medicare. Michelle continues to work with CLA to update the Medicare model to reflect the most recently filed cost report. We expect the payable to decrease – possibly to a receivable position, once that happens.
 - iv. Total operating revenue was favorable 7.5% MTD while YTD was 10.4% favorable to budget and favorable to PY by 11%.
 - v. Total expenses are slightly unfavorable (1.9%) YTD and (2.5%) over PY.
 - vi. Contract staff is a focus again as it was very high in the month of October. Michelle will be having meetings with managers to understand the need for contracted staff.
 - vii. Other expenses included the Turrell group with \$50,000 due to refreshing our marketing materials and updating for new providers.

- viii. October operating loss \$62K, YTD we have positive income of \$500K.
- ix. The total net income was \$9K for October and YTD \$947K.
- c. Balance Sheet / Review of scheduled cash and investments
 - i. \$376K increase in cash for October.
 - ii. Subscription Based Integrated Technology Arrangements (SBITA) payment explained with new GASB86 right of use requirements.
 - iii. Will update next month on yearly expenses.
- d. Approval of Disbursements over \$25,000
 - i. Reviewed. - Covid nurses from the State invoice was paid. Radiology Reads of \$36K - savings noted, a 40% reduction in costs was expected and we are at where we expected to be.

MOTION: To approve payment of the disbursements over \$25,000 for the month of October 2023 and those that will accrue before the next meeting as recommended by the Finance Committee.

ACTION: Mast/Libby; Unanimous Approval

- e. Schedule of Cash - LGIP and Mortgage reserve rate increased to 5% and 5.12% respectively.
- f. Jeff noted the slight decline in cash, Cost report will return approximately \$1M in cash to the balance at the bank when it is acted on by Medicare. SWOIPA payment is also expected to be around \$1M.
- g. List of Construction in Progress (CIP) items listed, totaling \$943,167.71 was presented.
- h. Capital
 - i. Sterilizer and Processor – Steris \$112,545 /\$133,812 – these fit in the space and are best in class. Will match existing equipment and the service provider is very responsive. There are 20 orders ahead of ours and we will ask for preference. Clarity on the washer to sterilizer capacity was heard. Question on redundancy and Terri explained the volume and space restrictions. Water testing and RO cleaning is being conducted now to complement our equipment.
 - ii. Johnson Rock - \$22,000 - Potholing location of services for construction.
 - iii. New Accounting Software - not to exceed \$170K start up with monthly cost of \$55K annual.
 - iv. MindRay Program - Jeff explained the vitals machines upgrade for seamless vitals transfer to patient record. - not to exceed \$79,000.

MOTION: To approve the Capital request for the listed equipment Washer (\$112,585) / and Sterilizer (\$133,812) and service location at a cost of \$22,000 and MindRay program cost not to exceed \$79,000 as presented and recommended by the Finance Committee. To be paid out of restricted Reitman Trust capital budget funds.

ACTION: Mast/Libby; Unanimous Approval

AMENDMENT: Capital request approvals to include new accounting software not to exceed: \$ 170K with an annual cost of \$55k.

ACTION: Elmer/Mast; Unanimous Approval.

AMENDMENT: Capital request approval of bone saw attachments and batteries: \$28,499 plus freight expense.

ACTION: Elmer/Mast; Unanimous Approval.

11. Strategic Projects Update – Linda Maxon

- a. Fundraising Update - Oregon Community Foundation - application was picked up for discretionary funds. Donor through OCF that will honor our \$25,000 request.
 - i. Waiting on Cow Creek, Weyerhaeuser, and Floyd Ingram grant finalization.
 - ii. Linda has been working on private donors in Coos County and exploring options with them with restricted funds.
- b. Myrtle Point Clinic Update
 - i. Signed contract with David Reed for design services and engineering team and will have a prelim design by late December. Will have Permits from the county by the end of December.
 - ii. Eligible for \$20,000 for urban renewal project for Pharmacy
- c. Retail Pharmacy Update
 - i. Initial submission and parking are being addressed now.
 - ii. Pharmacy - DEA and State Board of Pharmacy License. Pharmacy Consultant is moving forward and working on 340b, NCCBD certification as well.
 - iii. Staff interviews and recruitment are going well for pharmacy. We expect quick growth potential.
- d. Marketing
 - i. Newspaper, videos and focus on cost was noted.
 - ii. Videos were shown by Turrell group. Videos will go onto websites and in video and audio marketing. Lots of content to use in projects. Facebook and direct email campaign. Postcards and RAC Cards for mailing campaigns. Linda explains the Mail chimp process. Patient volumes are increasing.
- e. Coquille positive feedback from patients and the new practices are building steadily. NP Janke is working with CSD for school projects.
- f. Clinic area of focus will be on ancillary training and revisiting the policies and procedures to onboard and train new MAs and CHWs to support our providers.

12. Administrators Report – Jeff Lang, CEO

- a. Building Project Update
 - i. Design/Schedule
 1. Finished design and finalization of construction documents expected next week. We are requesting bids from contractors before the end of December.

2. Drop off area in the front of the clinic has been modified to reflect one way traffic and angled parking.
 3. The budget has been worked to get back to just over \$20M after determining an additional generator is necessary.
 4. East Wing Remediation bids started at \$500K and went up from there. We initially were carrying \$130,000 in the budget. The lowest bid after focused inspection was \$500K and highest was \$1.5M. We are hoping to be able to conduct abatement prior to the demolition start date in the schedule.
 5. Financing – the updated feasibility study has been completed. DSCR are at 2.74 at the beginning of the project and 2.7 at project end. Monthly debt service is slightly higher than existing debt service payment. At the end of the forecast CVH is projected to have approximately \$19M in cash-on-hand which is similar to where we are today. While net income will decrease from pre project to post project, EBITDA will remain consistent. Cash generated from operations will increase from start of project to end of project.
 6. USDA, we are looking for a finalized review. Phase 1 environmental study timed out and will need to have it updated as USDA only accepts one that is 6 months old or newer.
 7. Public Hearing to announce building project will need to be scheduled in December.
 8. USDA meeting process state/national - adjust time for month.
 9. Our timeline now is to start demo Mid-March - Remediation starts in February.
- b. Governance Transition Update
- i. IRS application has been completed. Will need CV Health Board meeting to approve policies after next BOD meeting. Will get EINs for new Corp etc. Next, we will start exploring for new employee insurance, we are still planning for July 1st transitions.
 - ii. John Kinna is no longer CEO at NBMC. Jeff contacted NBMC leadership and provided them an update of the conversations had with John regarding NBMC's space in the Coquille Clinic decreasing. Jeff provided a notice of lease termination to NBMC's new leadership and presented a draft space lease for the space we can provide to them going forward.
 - iii. Orthopedics - Dr. Johnson is considering his PSA with CVH. Jeff will have a meeting in the next 30-60 days.
 - iv. Recruitment – we have additional opportunities for more primary care providers, it would be nice for strategic planning to expand in other areas.
 - v. ED – we have had no traction in recruitment, one provider has shown interest, however, they are not able to move for a year and a half. Might look at contract time. We have 2 open positions out of 5.

- vi. General Surgery - will need to decide on locum or recruit full time. Space for clinic time will be a worry. Dr. Ferrer will do procedures in the OR. We will also need a second CRNA soon.

13. Board Chair Report - CEO Evaluation / Board Evaluation is due. Beth will also send out the electronic version.

- a. Finance Committee: The Board Chair asked if there were any volunteers to serve on the CVH Finance Committee. David Elmer agreed to serve, and the Board was in favor of his service. David requested upcoming dates for the finance committee meetings and accepted appointment.

14. **Next Regular CVH BOD Meeting: Thursday, January 4th, 2024 at 7:30 AM**

15. Adjourn Board Meeting 10:59am

Respectfully submitted:



Dan Mast, Secretary/Treasurer

Attested to:



Colleen Todd, Chairman