Garfield County Public Hospital District No. 1

Board of Commissioners

Minutes of Special Meeting: Monday, July 27, 2018

Attending: Cindy Wolf, Chris Herres, Gary Houser, Jen Dixon, Steven Cannon

Staff Attending: Julie Leonard, Bill Waites, Jayd Keener, Caroline Moore, Barbie Bowlin, Ian Quarles, Stacy Linscott, Ken Moyer, Chuck Pitcher, Karen Warren, Mat Slaybaugh, Julie Long, Allie Hyer, Annette Davis, Kayleen Bye, Andrew Park, Cathy Herres, Jodi Peasley, and Caroline Moore

Public Attending: Sarah Cave, Andrew Craigie, Tom Millspaugh, and April Manyon.

Meeting Called to Order at: 11:30 a.m.

Conflict of Interest Statement: None Noted

New Business

1. **GCHD Strategic Planning Kick-Off**

Sarah Cave from Sarah Cave Consulting opened the meeting by introducing herself. She gave a brief session outline and objectives list as well as went over the detailed agenda. She first recapped the strategic planning process and broke it down into 3 phases:

Phase 1: Environmental Assessment—information gathering

1) Access existing data and identify addition data needs
2) Individual stakeholder survey/interviews
3) Complete environmental assessment and SWOT Analysis

Phase 2: Set Future Direction—Board & Management Strategic Planning

1) Board visioning session and framing of strategic options
2) Board scenario planning session to evaluate/discern alternative futures and select preferred pathway, revisiting this in one month

Phase 3: Strategic Plan Development—Priorities, Strategies, Tactics, and Metrics

1) Prioritization and sequencing of strategies
2) Draft "straw man" strategic plan-clear priorities-strategies & tactics-success measures & targets
3) Strategic plan endorsement

Garfield County's demographic profile for 2016 was discussed and reviewed. The Economic Profile for Pomeroy was discussed in detail; some of the highlights are listed as follows:

- GCHD Largest employer in county with 77 employees
- GCHD's economic contribution
- 80% of GCHD employees live in Garfield County

Sarah presented a graph of the financial profile from 2014-2018 year-to-date (YTD) and gave examples of GCHD financial performance.

- Fairly steady liquidity
- Strong working capital position
- Very low debt
- Significant revenue decline from 2016-2017
- Big swings in operating income/loss YTD 2014-2017
- Strong cash on hand but not enough for major capital expansion
- Significant increase in AR Days from 201-2018 YTD

Some of the GCHD Facility Concerns:

- Consuming more energy than necessary
- Electricity moratorium
- Cost associated with deferred maintenance
- Emergency repairs could be costly, even debilitating if a major repair were to arise
- McKinstry recommendations were reviewed

2. Mission & Vision Statement and Strengths, Weakness, Opportunities, and Threats (SWOT)

Mission: "Our Mission is Creating Home & Building Community." Vision: "Our vision is to define the rural healthcare experience." Themes, likes and dislikes were discussed along with strengths & weakness internal to organization and opportunities and threats external to organization were broken into 4 groups for an exercise discussion.

Group 1: Mission Statement: "To provide high quality patient-centered services through an organizational culture that pledges to deliver proactive, accountability and competent care while exceeding patient expectations."

Group 2: Vision Statement: "To meet evolving healthcare needs of the rural community through the use of the most current medial technology, creativity, and dedication to establish long-term sustainability."

Group 3: Opportunities
1) Grant Writing
1) Collaboration with Healthcare Facility
2) Pursuit of Federal Demonstration
3) Attract Local Patient Base
4) Shortage of Mental Health Beds in Region

Group 3: Threats
1) Recruitment/Retention
5) Lack of Capital Repair
6) Community Engagement
7) Competitive Providers Nearby
8) Closure of Facility

Option 3: Eliminate the ED & Open Urgent Care Clinic

a) Relinquish CAH status, Acute/Observation
b) LTC Goes Away
c) RHC would have to run separately to maintain primary care
d) Onerous federal requirements
e) Significant staffing requirements with fulltime MD with advanced practice clinicians
f) Urgent care can't act as an Emergency Department (can't stabilize-and-transfer)

Option 4: Build an Assisted Living Facility

a) Locate a site where to build new or renovate LTC and move Acute/Observation and Swing Bed to old hospital site and renovate old hospital
b) The facility would have to be within 250 feet of hospital to maintain CAH status
c) Need to be able to offer all levels of care, including Skilled Nursing Facility (SNF) for specialized nursing care with specific patient needs
d) Significant capital investment and ongoing SNF staffing requirements
e) Operations unsustainable without increased tax dollars

Option 5: Convert RHC to Federally Qualified Health Clinic (FQHC)

a) Locate in newer wing of hospital (use permanent Swing Bed rooms as exam rooms)
b) Maintain CAH but reduce Acute/Observation and Swing Bed Unit count to 5
c) Emergency Department, imaging, and Lab remain
d) LTC goes away
e) 2 separate entities – CAH & FQHC (cannot co-mingle funds)
f) Significant requirements (new board, onerous facility specifications, run look-alike for period of time to demonstrate readiness)

Option 6: Partner with Larger Healthcare Organization

a) Prospect of enhanced services, access to capital , improved quality and efficiency
b) Spectrum of affiliation options (from clinical services collaboration to management/shared services agreement to full merger/acquisition)
c) Explore multiple potential affiliate organizations (e.g., RCCH/UW, Tristate)

5. Strategic Options Exercise

- Option 1 Maintain CAH Status is still being considered
- Option 2 was eliminated
- Option 3 was eliminated
- Option 4 build an Assisted Living Facility is still being considered
- Option 5 was eliminated

- Option 6 Partner with Larger Healthcare Organization is still being considered. It was decided that Julie Leonard, CEO, would research option 6.

Meeting Adjourned For a Break at 2:45 p.m.

Work Session Meeting was called to order at 4:00 p.m.

Attending: Cindy Wolf, Chris Herres, Gary Houser, Steve Cannon, Jennifer Dixon

Staff Attending: Julie Leonard, Bill Waites, Jayd Keener, Caroline Moore, Barbie Bowlin, Ian Quarles, Stacy Linscott, Ken Moyer, Chuck Pitcher, Mat Slaybaugh, Julie Long, Allie Hyer, Karen Warren, Annette Davis, Kayleen Bye, Andrew Park, Carolyn Taylor, Sandi Peralta, Cathy Herres, Candice Quarles, Jodi Peasley, and Caroline Moore.

Public Attending: April Manyon and Doug Peralta

1. **RCCH/UW Discussion**

Neither RCCH nor University of Washington was in attendance either in person or by phone to participate in a discussion for the purpose of partnering with our facility. Both spokespersons from the two facilities had talked with Sarah Cave and told her that until they knew if GCHD was really interested in what they had to offer, they weren't willing to share in a public forum. They would like us to narrow down what our interests are first. A prior phone conference was held a few weeks earlier with Julie Leonard and Cindy Wolf, President of Board of Commissioners. After the conference they received handouts, via email, from Lifepoint, a printout from Modern Healthcare Magazine (MHM). The article from MHM came out on August 23, 2018, which gives pertinent information about who owns RCCH, which is Global Investment Company, who are essentially a real estate investment trust.

2. **Discussion and Removal of Strategic Planning Options and in Earlier Board Session Today**

As a group, options #2, #3, and #5 were decided upon as not viable and will not be considered at this time. The options that were left were option #1-Maintiaing CAH status and continue as we are; option #4-Build an Assisted Living Facility which would require a lot of research as to how to custom this to our needs; and option #6-Partner with a Larger Healthcare Organization, which leads back to the discussion between Rick Charbonneau at RCCH, Julie, and Cindy. Originally they had actually reached out to GCHD at the end of last year. But at that time, things were in transition and turmoil. At the same time, GCHD was having discussions with Tristate. Now the discussions have come back around again. RCCH would like to partner with us and will do what they call "an asset buy out," which means they would take all our assets and buy them. Then they would do a dollar match to provide us with the capital we need to do 1 of 2 things; 1) completely remodel the facility that we have to make it to level at which we can bring on services that would be a revenue-generating stream such as CT, MRI, ultrasound, larger PT or anything that is ancillary so the reimbursements would be greater. 2) build a whole new facility. Essentially they would support us with the capital but we would have to give them our assets. In addition they would offer standardization and clinical support. This would change the structure of our

hospital completely. We would move from being a public critical access non-profit hospital to a public critical access for-profit hospital. GCHD would be responsible for generating the revenue that would belong to RCCH and they would own our capital assets, and as a public hospital, Garfield County residents would still pay the tax dollars. If we could not maintain the reimbursement rate that RCCH puts into place and if we were to go under, RCCH would sell off all assets and any debt that is left over would pass off to the public. It is important that this is understood and research into this option would be imperative, along with having a legal advisor, to go over all the financial and legal logistics. It was suggested that GCHD reach out to the different facilities that RCCH has merged with recently as well as in the past, to gather feedback, opinions, and information on how successful those ventures have been.

At the end of last year, Cindy and Chris reached out to Tristate and had a conversation with Don Wee, CEO, and his current CFO but during that time, GCHD hired Dr. Rooney as the locum CEO and then Julie Leonard as the interim CEO in December 2017.

There was a brief discussion about the Ministry's visit, a Construction Engineering Company from Spokane, who came out and evaluated this building a few months ago and gave a high level overview of what it would cost to update for electrical upgrades, which came to 1.5 million. They could give us a 3.5 million Environmental Service 3-to-1 grant—we would match $3 they would match $1.

On Monday, July 30th, Board members, Chris and Gary, and Julie will meet with Joe Schmick, Representative of the 9th District, to see if it is possible to get the GCHD moratorium lifted and also to inquire if there are any funds available help with this. Other things we can explore is putting out an RFP (request for proposal) to partner with another facility and find someone who is serious, then weigh the options of whether to remodel or build a new facility. Once something has been decided upon, then GCHD could look at running a revenue bond. This bond would not have to be voted on or put any kind of burden on the public. This bond would be placed on GCHD's revenue so as the revenue comes in, the bond would get paid.

3. **Recreate the Survey Questions**

The Board decided to recreate survey questions to reflect the needs and wants of the community.

Rating: 1 = Excellent 2= Very Good 3 = Satisfactory 4 = Fair 5 - Poor

1) What types of services are most important to you?
2) On a scale from 1—5 how do you rate our services?

- Radiology Services
- Laboratory Services
- Emergency Services
- Swing Bed Care (Long Term Care)
- Inpatient Services
- Nursing Department
- Physical Therapy

- Billing Department
- Pomeroy Medical Clinic

3) In your opinion has the hospital made improvement? Please rate 1—5.
4) In your opinion has the clinic made improvement? Please rate 1—5.
5) How many times have you used our hospital or clinic in the last 12 months?
6) Would you choose another facility over ours? If so why?
7) Are there services we do not currently offer that you would like to have?
8) Please list any additional comments or questions you may have.

The Board would like to see these surveys with drop boxes distributed around town within 7 days to the Post Office, the Senior Center, The Pharmacy, Meyers Hardware, Courthouse, US Bank, Umpqua Bank, Four Star Supply, Pomeroy Foods, and the Golf Course. In addition to the businesses, they would like to see the surveys in the paper, on the hospital's website, Pomeroymd.com, on Pomeroyinfo.com, and Facebook. The results of this survey will be shared at the Town Hall Meetings held in the next few weeks. Julie will be researching and exploring opportunities to partner with other facilities.

Meeting adjourned at 4:50 p.m.

Cindy Wolf, President

Chris Herres, Secretary

Gary Houser, Commissioner

Jen Dixon, Commissioner

Steven Cannon, Commissioner