

**Garfield County Public Hospital District No. 1**

**Board of Commissioners**

**Minutes of Regular Meeting: Monday, July 1, 2019**

**Board Attending:** Cindy Wolf, Chris Herres, Steven Cannon, Jen Dixon, and Gary Houser.

**Staff Attending:** Jayd Keener, Mat Slaybaugh, Ian Quarles, and Caroline Moore.

**Public Attending:** Connie Boyer, Elaine Williams, Mike Field, Louise Munday, Bea Fuchs, Richard Fuchs, Tammi Bragg, and Tom Herres.

**Meeting Called to Order:** 6:00 p.m.

**Conflict of Interest Statement:** None.

**Consent Agenda:**

- Board of Commissioners Regular Minutes (06/03/2019)
- Medical Staff Minutes (06/20/2019)
- QAPI and Infection Prevention (05/24/2019) & (6/21/2019)
- Safety Committee Minutes (06/19/2019)
- Finance Committee Minutes (06/21/2019)
- AP Vouchers 402352 -- 402430 (06/04/2019)—(06/17/2019)
- Payroll Vouchers 50656 – 50658 (06/01/2019) – (06/18/2019)

*Motion was made to approve consent agenda as presented  
Moved by Jen Dixon and seconded by Chris Herres  
Motion approved & passed by vote*

**Old Business:**

**1. Chief Financial Officer (CFO) Presentation Financial Overview**

Jim Heilsberg, CFO, gave a presentation discussing differences between critical access hospitals (CAH) and rural health clinics and how they work. A handout was given to the Board and the public; see attached.

**2. Levy Resolution 19-06**

Chris Herres, Secretary, read Levy Resolution 19-06 in its entirety and the Board of Commissioners signed the document.

*Motion was made to approve Resolution 19-06 as presented  
Moved by Jen Dixon and seconded by Chris Herres  
Motion approved & passed by vote*

**1. Association of Washington Public Hospital Districts (AWPHD) Funding for Jody Carona**

On June 18, Jen and Cindy met with Jody Carona who is a consultant and is associated with Health Facilities Planning & Development to initiate the strategic planning process. A variety of options were entertained to include assisted living facilities, maintaining CAH status, and investigating other types of partnerships to bring costs down such as working with other facilities to purchase equipment or specific contracts. A Federally Qualified Health Center model was ruled out at this time. Cindy was working with Ben Lindekugel, former Executive Director of the AWPHD, before his passing last week. She expressed the Board's sympathy and

commented on how Ben had been instrumental in helping our hospital district as well as other small rural facilities throughout Washington. Ben was working with the Board to offer free services for Jody Carona and additional free funding for Jim Heilsberg to help assist with strategic planning for the hospital. Cindy and Jen will meet with Jody on Friday, July 19, 2019 and a special Board meeting will be scheduled in the next few months.

**1. Public Relations Update**

The job for Public Relations (PR) Representative was posted on the hospital website; one applicant applied and this position will remain open.

**New Business:**

**1. Approval of Medical Staff Bylaws**

The Board received a copy of the Medical Staff Bylaws for its annual review.

*Motion was made to approve GCHD Medical Staff Bylaws as presented  
Moved by Jen Dixon and seconded by Chris Herres  
Motion approved & passed by vote*

**2. State Grant Money**

Washington's 9<sup>th</sup> District has been the recipient of grants and GCHD was awarded one of them for \$250,000 to update the electrical HVAC system; however, a processing of \$5,000 fee for the handling and releasing of grant funds was deducted by the state. One of the requirements of this grant is to inform the state of other grants the hospital has received for this project. State requires a contract with our facility stipulating a 2-year window to use the money. The deadline for filing the commitment letter is July 24, 2019. A smaller grant was recently submitted to Blue Mountain Community Foundation and a third grant is in the process of being completed by August 1, 2019. Apollo is a firm that works on electrical projects and helps secure grant funds, which is another option being explored. Cindy and interim Co-CEOs, Mat and Jayd, have been researching for other grants to help supplement the 1.6 million that needed to complete the electrical project to the old side of the hospital. Cindy attended a coalition meeting for Pomeroy Partners for Healthy Families who is applying for the opioid crisis grant and they need to collaborate with the hospital in order to meet their requirements.

**Committee Reports:**

• **Medical Staff Committee Report – Jen Dixon**

Courtney Travis, NP, is the newest agency provider in Emergency Department (ED). Previously she worked in an ED in a critical access hospital in La Grande, Oregon. She has privately purchased an ultrasound Butterfly iQ machine that allows providers to review ultrasounds on their phones. The current hospital IV pumps are obsolete and Dayton General Hospital has six units that they will sell to us. The Business Office is working on the required credentialing process for the hospital. Both the clinic and hospital staff are anticipating the arrival of the state surveyors any day. The clinic is closed the first week in July and will re-open Monday, July 8, 2019. They have begun scheduling for sports physicals. The Lab's state survey was conducted today. Medical Staff committee reviewed the bylaws to be presented to the Board for approval.

• **QAPI and Infection Prevention Committee Meeting – Jen Dixon**

The committee reviewed the benchmarks for all the departments of the hospital and goals have been met.

- **Finance Committee Meeting** – Steven Cannon

Business Office will have a conference call with Athena's representative to address issues that have not been resolved. Grant requirements were reviewed and discussed. The medical records fee was updated according to WAC 246-0-400. A clerical fee of \$26 for searching and handling records can be charged. Additional charges include \$1.17 per page for the first 30 pages, and 88 cents per page for all other pages. Costs associated for the hospital insurance was analyzed and adjusted to include necessary coverage for the Directors and Officers and the Employment Practices Liability policies for next year.

- **Safety Committee Meeting** – Cindy Wolf

The 2<sup>nd</sup> quarter fire drills have been completed for both day and night shifts. Four staff members attended a sub-regional preparedness tabletop drill on Monday, June 24, 2019 who collaborated on a written process in the event of a chemical spill and a simulated drill will take place in August in Garfield County at Central Ferry. Maintenance has been busy repairing staircases, painting ED and loading docks and as well as the curbs. A new location was discussed for the placement of the generator fuel tank, due to the recommendations of the state Fire Marshall. Safety Walk-Through will take the place of the regular committee meeting this month to check for any safety issues throughout the entire facility. Managers and employees participated in a garden workday to help improve the hospital grounds by planting flowers, plants, pruning and weeding. There were no L&I injuries for the month of June.

- **Resident Council** – Cindy Wolf

Cindy was unable to attend and Jayd went in her place. Patients went to the Pataha Flour Mill last week and enjoyed lunch and the Resident Council Fund is down by \$110. A Fourth of July celebration on Wednesday, July 3, and due to this event, Bingo has been rescheduled to Friday, July 5. Patients have requested to continue spending time outdoors to enjoy the nice weather.

- **Governance** – Cindy Wolf

Cindy is attending the Greater Columbia Accountable Community of Health Meetings. A coalition meeting is scheduled on July 9, 2019 and Mat and Jayd will attend to help the Pomeroy Partners for Healthy Families meet the requirements needed to apply for a grant. Board members were asked to continue attending upcoming webinar training through the Association of Washington Public Hospital District's website.

- **HUGS Meeting** – Jenness Evanson was absent.

- **Interim Co-CEO Report** – Mat Slaybaugh and Jayd Keener

The staff is preparing for the anticipated survey. Financial information is being gathered by Jim to pass on to our accounting firm, DZA, so they can begin preparing the 2017-2018 audits. An increased effort is being made to represent GCHD at all the community meetings and members of the management team or the Interim Co-CEOs will regularly attend the various events hosted each month to work together and offer support. Jim is working with staff to improve the hospital's financial internal controls and processes by gathering data on a regular monthly/quarterly/bi-annual basis to make reports and audits easier to submit. Testimonials from anyone who has had a positive experience are being gathered and will be posted on the hospital's website, Facebook, and the local paper. Maintenance will be painting and repairing the clinic while it is closed. Mat and Jayd are working with clinic staff to optimize scheduling for the number of appointments the providers see each day and this is increasing. The Board requested tracking ED visits and how it is being utilized this week during the clinic's closure.

**Public Comment:**

**Connie Boyer** asked when the Public Relations position was first advertised. A specific date was not given but was estimated to have been posted one to two weeks ago. The part-time position will be open until filled. She asked if Mat could elaborate on what type of survey is expected to arrive at the hospital. Mat stated the Department of Health conducts an annual 15-month survey to ensure the hospital is in compliance with the state regulations required for our facility.

**Bea Fuchs** inquired if Tri-State is still interested in partnering with GCHD. Cindy confirmed Tri-State is off the table and stated Don Wee, CEO, is willing to assist but there is no discussion of a merger at this time.

**Gary Houser** further stated Tri-State might be willing to consider the clinic but they are leery of the nursing home.

**Cindy Wolf** agreed it was not just the nursing home but felt they had mutual feelings concerning the whole facility. Both Tri-State and GCHD are willing to continue a good working relationship and mentioned that Tri-State and Dayton have been very generous in the past. She concluded by stating GCHD has been fortunate to have other facilities be very helpful and accommodating when contacted.

**Regular Meeting was adjourned at 7:37 p.m.**

**Executive Session was called to order at 7:42 p.m. for 30 minutes.**

RCW 42.30.110 (1) (g) to evaluate the qualifications of an applicant for public employment or to review the performance of a public employee.

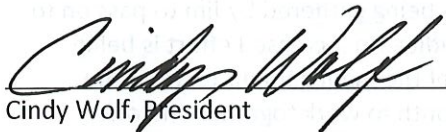
**Executive Session adjourned at 8:12 p.m. Board reconvened in Open Session at 8:12 p.m. for 5 minutes:**

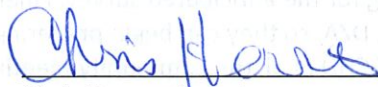
*Motion was made to approve the re-negotiation of Dennis Talbot's contract*

*Moved by Steve Cannon and seconded by Jen Dixon*

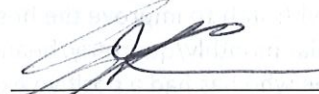
*Motion approved & passed by vote*

**Open Session was adjourned at 8:17 p.m.**

  
Cindy Wolf, President

  
Chris Herres, Secretary

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Jen Dixon, Commissioner

  
Steve Cannon, Commissioner

  
Gary Houser, Commissioner

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Critical Access Hospital (CAH)  
and  
Rural Health Clinic (RHC)  
Destinations

How CAH's and RHC's work

# Presentation Topics

- What is a CAH and a RHC?
- How are CAH hospitals and RHC's funded by Medicare/Medicaid?
- Can CAH's and RHC's make a profit?
- Best Strategies for CAH's and RHC's.
- Medicare and Medicaid Payment Challenges
- Current Financial State of Pomeroy Hospital

## What is a CAH and RHC

- State and Federal designation for a hospitals and clinics allowing them to receive cost based reimbursement for hospital and clinic services.
- Designations were received for most Washington State Hospitals and Clinics in the late 1990 or early 2000's.

## How are CAH hospitals and RHC's funded by Medicare/Medicaid?

- Hospital receives Cost Based Payment for Medicare/Medicaid's Percentage of business each month/year.
  - Cost means the hospital **does not make a profit** on payment they receive from Medicare/Medicaid.
  - Cost is better payment then what the hospital would receive without this option.
- Non CAH and RHC's receive a payment that does not cover their cost for services rendered in many cases.
- Profit for any hospital or clinic is made from insurance business



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## Can CAH's and RHC's make a profit?

- CAH and RHC's can make a profit if they have:
  - Correct mix of service lines
  - Large enough population
  - Correct mix of payers ie Medicare/Medicaid/Insurance
  - Optimization of Medicare/Medicaid Method of payment

## Can CAH's and RHC's make a profit?

- What is Pomeroy Hospital and Clinic's current potential for making a profit?
  - Service lines are limited
  - Population is smaller than needed to expand service lines
  - Payer mix is primarily Medicare/Medicaid
  - Optimization of Medicare/Medicaid is better than average

# Best Strategies for CAH and RHC's

- Best strategies for a large and small CAH/RHC
- Large CAH/RHC strategy included developing:
  - Expanded service lines including
    - Acute Care
    - Emergency
    - Surgery – General and Orthopedic
  - Large amount of business and payers that include:
    - Large % of Insurance Business – More than 25%
    - Minimal Medicaid – 20% or less
    - Reasonable Medicare – Less than 40%
  - Up to date building and equipment
  - Optimized reimbursement from Medicare and Medicaid

# Best Strategies for CAH and RHC's

- Small CAH/RHC strategy includes maintaining/developing:
  - Service lines - including
    - Maintaining - Acute Care, Emergency, Swing Bed (Not stand alone Skilled Nursing Home) and Rural Health Clinic
    - Other service lines that fit within Medicare/Medicaid strategy
  - Amount of business and payers that often include:
    - Lower % Insurance Business – 25% or less
    - Minimal Medicaid – Often more than 20%
    - Reasonable Medicare – Often more than 40%
  - Out of date building and equipment
    - To survive all hospitals have had to re-invest in their building using tax supported initiatives
  - Cost Strategies that optimize reimbursement from Medicare and Medicaid
  - Tax support that continues to increase
    - Many to all smaller hospitals have special levies on top of annual tax support
  - Grants from all sources

# Best Strategies for CAH and RHC's

- Pomeroy, like many other rural hospitals and clinics has
  - Smaller population base
  - Limited lines of business services
  - Less than optimal Insurance volume
  - Out dated facility

# Best Strategies for CAH and RHC's Pomeroy

- Best Strategies for Pomeroy Hospital
  - Continue to create value for current population base
  - Review and enhance business lines that optimize value to the community and that fit within Medicare/Medicaid program reimbursement strategy
  - Expand insurance volume where possible
  - Continue to utilize tax support with annual taxes and special levies
  - Continue to update facility and equipment
    - Utilize Grants and tax support to fund updates
    - Medicare and Medicaid will pay their percent of updates over time which will minimize need for taxes in future.
      - If you don't fund projects, Medicare and Medicaid do not pay their portion.
      - If you do fund projects, Medicare and Medicaid pay their portion through depreciation over time.

# Medicare/Medicaid Payment Challenges

- Medicare/Medicaid both pay as percent of cost
- No profit is made on either in best case scenario
- Smaller hospitals often find that they have less revenue than their cost
- Many rural hospitals have had to rely on tax support, grants and optimizing Medicare/Medicaid programs at an increasing rate
- Had these hospitals not had Medicare/Medicaid reimbursement, they would have been out of business many years ago
- Since 2010 83 small hospitals have closed
- When a CAH hospital closes, so does Emergency Room, Skilled Nursing Home in most to all cases. Both survive because of enhanced payment through the CAH program
- Clinics can survive separate from a CAH but often fail when a CAH is no longer in the community
- Many Economic Development studies show that hospitals are key to community success. Communities are like 3 legged stools. Schools, Hospitals and Business are often seen as the three legs. If you take any one of the legs out, the stool falls down.

## Current State of Income Statement – Net Income

- Like Many Rural Hospitals - Revenue generated is and has been less than expenses for many years.
  - Critical Access Hospital Designation has allowed hospital to be reimbursed on cost and not revenue.
  - Many CAH hospitals in Washington state are in a similar situation.
  - The only way to keep them open is with regular tax levies.
  - Improved operational efficiencies do not have same impact as believed.
- Operations have been reduced to minimum.



## Current State of Cash

- Cash less amount anticipated to be owed back to Medicare is less than 100 Days – Days Cash on Hand = 91 as of 6/23/19
- Cash continues to decrease and will continue to decrease without other sources including grants and taxes.
- Reduction in expenses will not result in significant cash improvement due to CAH and RHC model.

## Next steps

- Continued improvement of the CAH and RHC models
- Levy on ballot
- Hospital Strategy under further development with outside consultant
- Discussion at upcoming meetings