

BAY AREA HOSPITAL DISTRICT BOARD MEETING
August 20, 2024, MINUTES
Bay Area Hospital Myrtle Conference Room @ 5:30 pm

BOARD EDUCATION SESSION – Cancelled this month to accommodate the strategic partnership exploration update and the community survey results.

CALL TO ORDER

Mr. Troy Cribbins, Board Chairperson, called the Bay Area Hospital (BAH) District Board meeting to order at 5:30 pm. A quorum was present.

BOARD ATTENDANCE

Troy Cribbins, Patrice Parrott; Tom McAndrew, MD; Barb Taylor; Carma Erickson-Hurt; Renee Nelson

ABSENT

None

STAFF ATTENDANCE

Brian Moore, CEO; Jennifer Collins, CNO; Kelli Dion, CQO; Lee Saltzgaber, MD, CMO; Mary Lou Tate, CFO; Kim Winker, Marketing & Communications Director (*via Teams*); Dr. Paavani Atluri, MD, COS (Chief of Staff); Denise Bowers, EA

LEGAL COUNSEL

Megan Kronsteiner, Esq.

PUBLIC ATTENDANCE AND INPUT

There were members of the public in attendance in person and via Teams

GUESTS

Rex Burgdorfer, Juniper Advisory
Chris Benson, Juniper Advisory
Ansley Murphy, Juniper Advisory (*via Teams*)
Laura Elkins, Lovell Communications (*via Teams*)

PUBLIC INPUT

Some of the public shared comments with the board:

One shared her thanks to all the board members for their service during a difficult time and stated that, ‘the community appreciates you’. She also shared that she believes that thinking of Coos Bay without a hospital is the worst version (of reality) she could imagine. Also, she expressed concern about who will oversee the hospital in the event of a merger, citing issues with another recent merger in the news that was less than optimal for the facility. She asked the board to consider what a company will be expecting for its return on investment in Bay Area Hospital. Her comments ended with stating that even though the board does not control the day-to-day operations of the hospital, they can do more than just approve a merger. Finally, she requested that the entire board packet of agenda and materials be posted online.

Another community member expressed concern that the hospital’s service lines should remain “tailored to address the needs” and urged the board to focus on “the actual needs of real people” that use the hospital’s services. His questions to the board were, “Should the voters decide if we remain a district? Is a tax base off the table? He finished by musing that all the local hospitals, rural and critical access facilities should unite with each other.

REPORT OF THE BOARD CHAIRPERSON

Chairperson Cribbins opened his report by stating that he normally would not respond to public questions during the board meeting but appreciates all who are working with us and hears the urging from the community that [the board] should leave no stone unturned. He stated that the board is aware of the need to look under every stone and that the strategic exploration of a merger or partnership is just one rock the board has lifted. He stated that Bay Area Hospital is unique. He reiterated that the board reserves the right to move the strategic exploration forward or stop the process. Finally, Mr. Cribbins stated unequivocally that the Bay Area Hospital Board of Directors is in alignment to retain Bay Area Hospital for our community. Chairperson Cribbins invited the board to make comments.

BOARD COMMENTS

- Ms. Renee Nelson stated that she has spent much time researching the complex financial issues Bay Area Hospital is facing and finds our challenges here are shared by many hospitals statewide.
- Ms. Carma Erickson-Hurt agreed with Ms. Nelson, adding that the problem is nationwide.
- Ms. Barbara Taylor shared that the board is very aware of all the concerns that have been mentioned to date by the community, physicians and hospital employees. She emphasized that the board is (sic) “doing our best to keep Bay Area Hospital” for our community.
- Dr. Tom McAndrew shared that even six months ago, he would have been opposed to a merger/affiliation, but now, looking at everything we are doing to keep Bay Area Hospital here, viable and serving the community he recognizes that we are living in a different world than in the past. He stated, “the world in healthcare is changing, and we are changing too”.
- Ms. Patrice Parrott thanked the community for coming, stating that she wished more would come and be part of this time in Bay Area Hospital history. She encouraged them to check out our website at www.bayareahospital.org/hereforgood, and stated that the board “will look at adding more data to the website to increase transparency”.

EXPLORATION OF STRATEGIC PARTNERSHIP UPDATE – JUNIPER ADVISORY

Mr. Rex Burgdorfer and Mr. Chris Benson of Juniper Advisory updated the board on the strategic exploration process and the immediate next steps.

- Mid-September will bring the chance for us to host site visits for prospective partners here on our campus. They will tour our facility and look at our capital projects and requests.
- In early October our board, along with executive team members and a physician advisory contingent will make reverse due diligence visits to the potential finalists identified at next month’s board meeting.
- There will be an extended board work session on September 10, 2024, to review all the proposals received from the prospective partners.
- Ms. Burgdorfer shared the options and decisions they contain that usually happen in these types of reviews in Juniper Advisory’s experience in other merger/affiliation projects:
 1. Stay as an independent district hospital (this rarely occurs)
 2. One partner is immediately identified (this rarely occurs)
 3. 99% continue in the process, taking the path with mini steps of choosing 2 to 4 finalist potential partners to do due diligence with.

There was much discussion, with the board asking clarifying questions, and responses coming from Juniper Advisory, mostly surrounding the differences between a merger, an affiliation, and a lease situation.

STRATEGIC EXPLORATION SURVEY RESULTS – MS. KIM WINKER, MARKETING AND COMMUNICATIONS DIRECTOR

Ms. Winker reviewed the community survey results on the strategic exploration with the board of directors as presented in the packet.

The top priorities listed were:

Improve Quality and Safe Care
Expand Services, Keep Care Local
Recruit and Retain Staff and Providers
Ensure Financial Sustainability
Position Bay Area Hospital as an Employer of Choice
Cultural Fit and Care for Local Community
Improve Electronic Health Record (EHR)

Concerns were:

Jobs lost
Local control lost
Too profit focused, services cut
Merger won't work, things will worsen
Providers Leave, services cut
Higher healthcare costs
Quality of care declines
Benefits or pay reduced
Values or culture clash

The highlights are as follows:

- The survey ran for 26 days (about 3 and a half weeks), July 18, 2024, to August 12, 2024, and had almost 800 responses.
- Of the respondents, 509 were community members, 251 were Bay Area Hospital staff and 30 were medical providers.
- 64% of respondents stated they would not be in favor of remaining independent if it meant reducing some healthcare services.
- Staff and Providers agree financial sustainability is the top benefit, with improved technology and operations ranked 2nd.
- The public sees service line growth and improved access top benefit (21%), with seeing no benefits to a merger ranked 2nd (20%).
- Staff and Public agree place highest priority on improving quality and safe care.
- Providers choose to ensure long-term financial sustainability and retain and recruit providers and staff.
- Staff prioritize Job retention and benefits (26%), followed by be cautious and deeply investigate any partner.
- Public places highest priority on providing quality care and expanding services
- Providers want to re-evaluate options.
- Situation will not really improve (24%)
- Staff's biggest concern is Jobs cut (52%)
- Public places higher priority on concerns over partner being too profit-focused, and services cut or care worsening, or being referred out of area
- Providers are most concerned with loss of local control and decision-making for our community (46%)

Mr. Moore thanked Ms. Winker for all her work and time invested in reading all the survey details and compiling the vast amount of data to prepare tonight's board report. He also thanked our constituents for taking the survey. Mr. Moore offered the opportunity for the board to review the entirety of raw data that was used to generate the report they received this evening.

CONSENT AGENDA RISK MANAGEMENT 2ND QUARTER REPORT**Action Taken by the Board:**

Dr. Tom McAndrew moved to approve the Risk Management 2nd Quarter Report as presented in the board packet. Ms. Barbara Taylor seconded, and the motion carried on a call of vote with all board members casting a vote of approval.

CONSENT AGENDA ANNUAL SCOPE OF SERVICE

Action Taken by the Board:

Ms. Carma Erickson-Hurt moved to approve the Annual Scope of Service Report as reviewed by Ms. Kelli Dion, CQO and presented in the board packet. Also included in the packet was a one-page summary of proposed changes to the Scope of Services. Ms. Patrice Parrott seconded, and the motion carried on a call of vote with all board members casting a vote of approval.

CONSENT AGENDA

The consent agenda included:

Board Meeting Minutes – July 9, 2024; Board Work Session Minutes – July 10, 2024; MEC Approved Minutes – June 26, 2024; Quality Approved Minutes – June 26, 2024; Finance Approved Minutes – June 25, 2024; Balanced Scorecard.

Action Taken by the Board:

Dr. Tom McAndrew moved to approve the Consent Agenda as presented in the board packet. Ms. Barbara Taylor seconded, and the motion carried on a call of vote with all board members casting a vote of approval.

QUALITY AND PATIENT SAFETY COMMITTEE (QPSC) REPORT – Ms. Patrice Parrott

Ms. Parrott reviewed the Quality Executive Summary as presented in the packet. Highlights were as follows:

- The Fall Prevention Committee update was complete.
- CQC received in-depth data for PSI-04, PSI-90, and AMI mortality.
- H&P completion is down to 4 overdue records.
- There were 7 RCA actions from the second quarter. The QPSC was given an overview of the opportunities found and how the changes are being implemented.
- 2022 Joint Commission (TJC) Survey Report Card: it was reported that 8 of the original 45 findings remain open. 1 will be closed with one more quarter of compliance. 1 will be resolved with a policy update.

- No catheter-acquired urinary tract (CAUTI) or central line bloodstream infections (CLABSI) were found in June 2024.
- Patient Safety Indicator 90 (PSI 90) met the goal for June.
- Surgical Site Infections (SSI) did meet the goal, but this is non-finalized due to the surveillance period.
- Readmission and Mortality did not meet the goal.

CHIEF EXECUTIVE OFFICER REPORT – Mr. Brian Moore, CEO

Mr. Moore reported that Mr. Michael Katz, our new Chief Human Resources Office was in his fourth week here at Bay Area Hospital. He shared that Mr. Katz has extensive leadership and healthcare experience; he brings systems knowledge and sophistication to the table and is well versed in what is in the industry. Mr. Moore welcomed Mr. Katz to the board meeting and shared that he was excited to have him here on the team.

Mr. Moore asked Ms. Jennifer Collins, CNO, to give a report on the recent ratification of the ONA contract. Ms. Collins shared that 90% of nurses voted in favor of the contract. There are a few language corrections to be made prior to signatures being affixed to the contract and it will close before the end of the current contract. Mr. Katz and the HR team have implemented all contract changes in Kronos, and printed versions will be available in October. The board chair and Dr. McAndrew thanked Ms. Collins for the report and lauded the efforts of her and the team, which included Ms. Mary Lou Tate, CFO, for a job well done!

Mr. Moore stated that operations had increased; we have had nearly 7,000 admits and tremendous growth. Our length of stay metrics are creeping up. Case Management is now reporting to Ms. Mary Lou Tate, and is analyzing those numbers so solutions can be formulated.

SAVISTA UPDATE – Ms. Mary Lou Tate, CFO

Ms. Mary Lou Tate reported that the Savista go live has been bumpy, due in part to Savista not being given full access to Epic from the beginning. Mr. Moore and Ms. Tate meet weekly with Savista executives to ensure the progress continues. Our Revenue Cycle Direct meets daily with various Savista teams for the same reason. The backlog from Savista's go live has delayed cash coming in and this has caused cash issues for Bay Area Hospital. Savista is aware of the severity of these delays and is working diligently to correct the situation.

ORGANIZATIONAL GOALS - MORTALITY REPORT – Ms. Kelli Dion, CQO

Ms. Kelli Dion, CQO shared a presentation with the board on the Organizational Quality Goal. Here are the highlights:

Result at FY24:

- The overall Mortality O/E (*observed over expected*) result for FY 2024 is 1.14. This does not meet our goal of 1.05 but does represent a significant amount of progress.

Trends of Note:

- We have observed a downward trend in mortality rates, with FY22 observed over expected (O/E) at 1.44, and FY23 at 1.33. While these numbers indicate progress, there is still room for improvement.

Work Continues:

- As we receive finalized data for the third and fourth quarters of 2024, we have further reduced the mortality O/E rate from 1.27 in the first half of the fiscal year to 1.14 fiscal year end which was above the goal of 1.05.

Opportunities for the Future

- Our most common mortality diagnoses were sepsis and one related to palliative care, DRG (*Diagnosis Related Groups*) 951. We have identified coding opportunities regarding DRG 951 that will enhance the accuracy and specificity of our mortality data, thus excluding patients from being listed as opportunity cases erroneously. By refining our coding practices, we aim to provide a more accurate reflection of our hospital's performance and better target interventions to areas of genuine need.

A robust question and answer question took place, with the board expressing appreciation for an impressive body of work done in this area. Ms. Dion also noted that Medicare watches four major diagnoses: AMI (*acute myocardial infarction – heart attack*); heart failure; pneumonia and COPD (*chronic obstructive pulmonary disease*), and metrics reflect that we are performing well in each of those areas.

FINANCE REPORT – Ms. Barbara Taylor, Treasurer

Ms. Taylor reviewed the highlights of the last Finance Committee meeting:

- June 2024 Operating Loss was \$2.7 Million vs a budget profit of \$264 Thousand - Year to date \$7.75 Million Loss vs budget loss of \$412 Thousand
- June 2024 Overall Loss at \$1.4 Million vs a budget profit of \$114 Thousand - Year to date \$6.0 Million Loss vs budget of \$2.2 Million Loss
- June 2024 Operating EBIDA – \$1.5 Million Loss - Year to date \$3.9 Million Profit
- June 2024 Cash and Cash equivalents balance is \$58.8 million, down \$6.7 Million from June 2023.

Overall, Bay Area hospital lost \$1.38M in June vs. budgeted income of \$114K and last year's loss of \$2.1M. Gross Revenue for June dipped again from the prior month ending at \$57.7M overall, but still \$2.7M ahead of budget. Net Revenue ended the month with a Net to Gross Revenue Margin of 35.2% or \$624K above budget. The Commercial Payer mix in June dropped to 13.93%, bringing the YTD average down to 14.36% and below last year's average of 15.91%. Many one-time or annual entries were made this month including: ERTC credit, annual defined benefit pension entry, dissolving BACIA, large pharmacy credit for missed 403b purchase, quarterly/annual purchasing rebates, and annual inventory counts.

Cash and Cash Equivalents were \$10.8M at the end of June and Assets limited to use were \$47.9M. Overall cash increased \$3.4M over last month and is down \$6.7M compared to June 2023. Current liabilities increased by \$3.6M compared to last month and increased \$3.3M vs a year ago, mainly due to an increase in Accounts Payable. Cash flows for June show an increase of \$3.05M but a YTD decrease of \$1.2M. Of the YTD decrease, \$2.6M was used for Debt payments. Capital Assets decreased \$827K due to depreciation/amortizations and Lease & Subscriptions decreased \$237K. Net Position is \$87.8M vs \$93.8M a year ago. Comprehensive financial documents were included as part of the board packet.

EXECUTIVE SESSION

The Board went into Executive Session as authorized by ORS 192.660(2) at 7:14 pm to:

(c) consider matters pertaining to the function of the medical staff at a public hospital

(f) consider information or records that are exempt by law from public inspection

(h) consult with legal counsel concerning the legal rights and duties of the district regarding current litigation or litigation likely to be filed

MEDICAL STAFF CREDENTIALS REPORT – Dr. Lee Saltzgaber

This report was reviewed in the Executive Session.

CHANGE IN AGENDA ORDER

MEDICAL STAFF REPORT – Dr. Paavani Atluri

This report was reviewed in the Executive Session.

OPEN SESSION

Chairperson Cribbins reopened the meeting into public session at 7:36 pm.

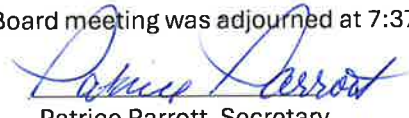
APPROVAL OF CREDENTIALING REPORT

Action taken by the Board: Ms. Barbara Taylor moved to approve the Credentialing Report as discussed in the Executive Session and presented in the packet. Ms. Carma Erickson-Hurt seconded the motion. There was no further discussion, and the motion carried on call for vote.

ADJOURNMENT

There being no further business, the District Board meeting was adjourned at 7:37 pm.


Troy Cribbins, Board Chairperson


Patrice Parrott, Secretary

Date: 10/8/24

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