

BAY AREA HOSPITAL DISTRICT BOARD MEETING
October 8, 2024, MINUTES
Bay Area Hospital Myrtle Conference Room @ 6:05 pm

BOARD EDUCATION SESSION – Logistics Coordination for Reverse Due Diligence Trip

CALL TO ORDER

Mr. Troy Cribbins, Board Chairperson, called the Bay Area Hospital (BAH) District Board meeting to order at 6:03 pm. A quorum was present.

BOARD ATTENDANCE

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

ABSENT

Dr. Paavani Atluri, MD, COS (Chief of Staff)

STAFF ATTENDANCE

Brian Moore, CEO; Jennifer Collins, CNO; Kelli Dion, CQO; Lee Saltzgaber, MD, CMO; Mary Lou Tate, CFO; Kim Winker, Marketing & Communications Director; 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

Laura Elkins, Lovell Communications (*via Teams*)

PUBLIC INPUT SESSION

Several members of the public shared comments with the board:

One spoke on behalf of her daughter, who was not present at the meeting, regarding issues with a prior authorization on a preventive annual MRI during her cancer diagnosis and treatment. The cost estimate provided through the St. Charles portal was \$600 higher due to a rate change cited by the insurance company. Had her daughter known the bill would be so much higher, she would have shopped the service to avoid paying this higher charge, which was 2.5 times higher than last year's charges. This individual will be forced to seek treatment outside of our local area to get better rates. Has the renegotiation of insurance contracts been the reason for the higher cost to patients? She encouraged the board to put a stop to large rate changes, stating that this situation was frightening.

Another constituent expressed concern about Bay Area Hospital should they be purchased by a partner who is for-profit, stating that she's heard of other mergers/sales where, after the sale is complete, prices go up, physicians and staff move away, closing services the community needs. She states it is upsetting to ponder a future where this might happen to "our wonderful hospital".

A third member of the public and former BAH employee cited payor-driven, cookbook medicine approach to healthcare vs. patient-driven care and feels there is no longer a healing environment in the industry. He also expressed frustrations of the loss of insurance covered and asked, “Will I be able to access healthcare going forward? And how will a partnership help? What will a strategic partner get out of the purchase of Bay Area Hospital?”

The next public commenter thanked the board of directors for their service and asked them to include the public in the strategic affiliation decision. She asked to have the agenda attachments and meeting recordings posted online. Finally, she requested the board to gather the public and ask for their input prior to selecting a partner. She stated that a transparent organization would include the public and provide information on the processes, sourcing, pricing and internal changes of services offered at BAH. She stated that Bay Area Hospital is in the process of vetting partners and the public was informed after the fact and is not transparent in their dealings with the community.

The next community member expressed concern regarding the board’s strategic exploration work occurring without public input. Due to those concerns, he has investigated procedures on how to reverse board actions.

The public input session was closed at 6:20 pm.

REPORT OF THE BOARD CHAIRPERSON

Chairperson Cribbins reported that the strategic affiliation potential partners visited Bay Area Hospital and met with the board, executive team and physician advisors, adding that these were productive visits. Both partners seem to be in line with our vision for the community in terms of quality healthcare, patient safety and culture. He believes that the board 50 years ago was met with some contention and that the decision they made all those years ago has served the community well. He ended by remarking that healthcare in general is much more payor- driven, which creates situations where we are not getting fully reimbursed for the services we provide – and asked the question, “Can we afford to serve our community?” Chairperson Cribbins assured the public in attendance that this board is working for the best decision that they can to carry this hospital serving this community for the next 50 years. Chairperson Cribbins invited the board to make comments.

BOARD COMMENTS

- Ms. Carma Erickson-Hurt empathized with comments made regarding the patient who got a higher rate than expected, as told by our first public commenter of the evening and expressed her hope that Bay Area Hospital will comment on what happened. She supported the public concerns of a lack of transparency by Bay Area Hospital management and asked that the minutes be improved for greater detail and transparency. She ended by inviting the public to the Board Work Session, held on the Wednesday after the Tuesday night formal board meeting.
- Ms. Renee Nelson aligned with the public comment regarding lack of materials available, citing a recent experience of her own in looking online for the 2025 Budget and Strategic Plan; while she did receive them after contacting Administration, she would like to have that information posted to the website for all to access. She stated that improvements over the past three years are slowing down, due to space and capital restraints, ending by stating that we knew in 2020 that we had the challenges we currently face – our constraints are not unknown. She believes we need to share this type of information better with our community – adding that the hospital is doing fantastic things. She assured the public that the board will not make rash decisions regarding strategic affiliation by saying that “this is our home, our hospital”.
- Ms. Patrice Parrott shared that she worked at Bay Area Hospital for over 40 years and feels that the public is only interested in hospital matters when the hospital is in trouble. While she is a newer board member, she has come to understand the financial difficulties and problems with affording necessary health care. She states that she is “feeling anxious about the decision, wants to keep the hospital afloat” and is aware that this hospital is for the community at large.

CONSENT AGENDA

The consent agenda included:

Board Meeting Minutes – September 10, 2024; Board Work Session Minutes – September 9, 2024; MEC Approved Minutes – August 28, 2024; Finance Approved Minutes – August 27, 2024.

Action Taken by the Board:

Dr. Tom McAndrew moved to approve the Consent Agenda as cited above and as included in the board packet. Ms. Barb 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 reported that the QPSC meeting was cancelled in September so there was no report to present at this evening's meeting. She stated that there would be a report at the November 2024 board meeting on the scheduled October 23, 2024, QPSC meeting.

CHIEF EXECUTIVE OFFICER REPORT – Mr. Brian Moore, CEO

Health System Affiliation Update

Mr. Moore reported that we hosted visits by potential partners as part of the next phase of the strategic affiliation work and reviewed our Bay Area Hospital Objectives with them. For reference, the below outlines those objectives:

- Position BAH as an employer of choice, clinical partner of choice and provider of choice
- Expand the breadth and integration of clinical services through supporting infrastructure, aligned care teams and
- specialties to reduce need for patients to travel for care
- Maintain and enhance the long-term financial sustainability of BAH
- Enhance BAH's ability to recruit and retain high quality physicians, nurses and staff
- Optimize BAH's clinical integration and interoperability through improved electronic health record offerings
- Support high value care through access to innovative resources including clinical quality and safety protocols, standards, and processes
- Ensure a strong cultural fit that allows BAH to maintain its strong operations and build on its proven ability to meet the needs of the community

Mr. Moore reported that he was encouraged by the level of commitment the potential partners had to keep care local for our community. There was discussion on the expanded numbers of nursing students at Southwestern Oregon Community College, which has almost doubled in the past 5 years, and asked the question, "would these be supported by a potential partner?"; Mr. Moore expressed feeling encouraged by the responses received. He stated that we shared our concerns, rationale, and vision to ensure a strong cultural fit from any potential partner. In face-to-face interactions it's clear that our committed and skilled staff and physicians will be valued. He looks forward to further testing of potential partner commitments to our people during the reverse due diligence trips coming up soon.

Length of Stay Update

Mr. Moore reported on length of stay to the board last month, and as a follow-up, he reports this month that he is seeing a level of improvement in getting patients into the correct status of observed versus admitted. We are ensuring that patients are cleanly statused with the appropriate communications to the patients regarding their status. Where Medicare has put in place a 2-midnight rule, and we are making progress in getting patients appropriately qualified for this requirement. This provides a good result for the patients and for the hospital.

Radiology Update

Mr. Moore shared that there have been challenges with the PACS system; x-rays are not films anymore but are digital. Many of our radiologists read cat scans, MRI's x-rays for us remotely now. We are several months into a transition on our side supporting a new PACS process for our radiologists. Speed and performance have seen vast improvements. There are some networking issues that are slowing down interfacility reads; he is meeting with the team later to work on improvement of onsite performance.

Annual Meeting for Hospital Association of Oregon

Mr. Moore attended the annual meeting for the Hospital Association of Oregon and was given the opportunity to meet with Eva DuGoff, senior health advisor with the Senate Finance Committee majority staff for Senator Wyden's office. She covers Medicare Advantage and ACA marketplace issues for the Committee, and she was the staff lead on the Committee's bipartisan white paper, the Mental Health Care in the United States: The Case for Federal Action. Her time is spent on healthcare policy. Brian and other health systems were able to spend an hour with her talking about Medicare Advantage programs. Chronic, unresolved payment issues caused St. Charles to sever that relationship. There are new delay tactics being employed to delay payments by sending 1400 to 1500 pages of material to review on prior authorizations, causing lack of and additional delays on payment. This is impacting many hospitals like Bay Area Hospital. Part of Ms. DuGoff's role is to follow up on these types of issues. We have been asked to track these situations and provide data with redacted patient information to help in that follow-up. We are able to participate in supporting that effort and will report more as the work progresses. Medicare Advantage is the fastest growing payor in the past couple of years, creating more financial strain on the bottom line. Questions were asked and answered.

FINANCE REPORT – Ms. Barbara Taylor, Treasurer and Ms. Mary Lou Tate, CFO

Acceptance of the Audit Report for FY24

Ms. Barbara Taylor directed the board's attention to page 26 of the meeting packet and asked the board to act on the Finance Committee recommendation to approve and accept the audit report for FY24. This report was reviewed in depth at the Finance Committee meeting last month.

Action Taken by the Board:

Ms. Barbara Taylor moved to approve the Audit Report and audited financial statements for FY24 as required by ORS statutes and the organization's bank bond covenant and agreements, and as recommended by the Finance Committee at their meeting of September 27, 2024, and as included in the board packet. Ms. Patrice Parrott seconded, and the motion carried on a call of vote with all board members casting a vote of approval.

FINANCIAL PERFORMANCE REVIEW

Ms. Barbara Taylor reviewed the financial data as presented to the finance committee and as was included in the board packet. Ms. Taylor stated that "we have gone from a strong balance sheet in John Whitty's day" and the board "feels strongly about making sure this hospital stays here". The organization used to have Day Cash on Hand of 200 days. We are now at 74 Days Cash on Hand as of last month. Ms. Taylor stated that there are "so many things we could do but we have financial constraints. Being not-for-profit doesn't mean you can run at a loss".

There was a robust discussion, including questions from the board, which were asked and answered. Chairperson Cribbins stated that "the financial condition that Bay Area Hospital finds itself in is not unique to BAH." He continued by saying that he sees in Becker's, a healthcare magazine, that hospitals across the country are closing. He concluded by stating, "This administration has kept BAH afloat in this type of climate. It could be worse." Addressing management, Mr. Cribbins said, "Due to your work, we (BAH) are still here".

Mr. Moore shared a recent conversation he had with the CEOs of two larger healthcare systems at the Hospital Association of Oregon annual meeting he attended. Both CEO's shared stories of dramatic financial loss. Others talked about the sale of their primary care network, resulting in a failure to integrate, contributing to the financial loss overall. Mr. Cribbins said that "these types of decisions are being made, not for an increased profit margin, but to stay open" to serve their communities.

July 2024 Operating Loss was \$1.1 Million vs a budget profit of \$684 Thousand

Year to date is the same

July 2024 Overall Loss at \$412 Thousand vs a budget profit of \$588 Thousand

Year to date is the same

July 2024 Operating EBIDA – \$149 Thousand Loss

Year to date is the same

July 2024 Cash and Cash equivalents balance is \$59.5 million, up slightly from last month

Overall, Bay Area Hospital reported a loss of **\$285K** in August, against a budgeted income of **\$152K**, compared to last year's gain of **\$439K**. Gross Revenue for August reached **\$64.8M**, above the budgeted **\$64.3M** by **\$500k** (approximately .8%). Net Revenue ended the month at **\$22M**, with a Net to Gross Revenue Margin of **34.1%**, **\$350K** below the budgeted **\$22.4M**.

For the current month Net Revenue for the month was below budget by \$350K and above last year by \$1.6M (actual of \$22.1M vs. budget of \$22.4M vs. last year of \$20.4M), for the reasons noted above.

Year to date, was below budget by \$2.7M and above last year by \$3.6M (actual of \$42.1M vs. budget of \$44.8M vs. last year of \$38.5M), for the reasons noted above.

Sale of the CHEC Building

Ms. Mary Lou Tate, CFO provided the board with the report that the CHEC building sale, approved by the board last May, will be closing this Friday to a non-competitive healthcare provider for \$875,000. The building needed three times that amount in improvements for Bay Area Hospital to use it effectively and safely. Ms. Tate confirmed for the board that the property had been pulled out of the collateral for our bank bond covenant.

EXECUTIVE SESSION

The Board went into Executive Session as authorized by ORS 192.660(2) at 7:20 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

OPEN SESSION

Chairperson Cribbins reopened the meeting into public session at 7:26 pm.

MEDICAL STAFF CREDENTIALS REPORT – Dr. Lee Saltzgaber, CMO

This report was reviewed in the Executive Session.

APPROVAL OF CREDENTIALING REPORT

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

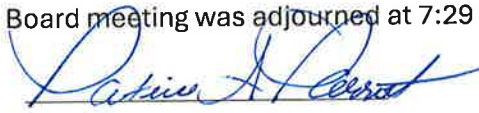
MEDICAL STAFF REPORT – Dr. Paavani Atluri, Chief of Staff

Dr. Atluri reported that there is a good slate of officers in line for the MEC when it's time for the roles to change. She reminded everyone of the Medical Executive Committee Annual Meeting on 11/14/24, with social and dinner. She invited the board to attend.

ADJOURNMENT

There being no further business, the District Board meeting was adjourned at 7:29 pm.


Troy Cribbins, Board Chairperson


Patrice Parrott, Secretary

Date: 11/12/24

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