

BAY AREA HOSPITAL DISTRICT BOARD MEETING
December 10, 2024, MINUTES
Bay Area Hospital Myrtle Conference Room @ 6:05 pm

BOARD EDUCATION SESSION at 5:00 pm

CALL TO ORDER

Mr. Troy Cribbins, Board Chairperson, called the Bay Area Hospital (BAH) District Board meeting to order at 6:08 pm. A quorum was present.

BOARD ATTENDANCE

Troy Cribbins, Patrice Parrott; Tom McAndrew, MD; Barbara Taylor; Carma Erickson-Hurt (*via Teams*); Renee Nelson

ABSENT

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

STAFF ATTENDANCE

Brian Moore, CEO; Jennifer Collins, CNO; Kelli Dion, CQO; Denton Gruzensky, interim CHRO; Gretchen Nichols, COO; Lee Saltzgaber, MD, CMO; Mary Lou Tate, CFO; Kim Winker, Marketing & Communications Director; Dr. Hammad Qadir, Acting Chief of Staff; Aaron Orchard, Systems Support Specialist, Information Services; Shanna Sheaffer, EA; Denise Bowers, EA

LEGAL COUNSEL

Megan Kronsteiner, Esq.

PUBLIC ATTENDANCE AND INPUT

There were 69 members of the public in attendance in person and via Teams

GUESTS

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

PUBLIC INPUT SESSION

The public comments shared with the board are summarized below:
Nine members of the BAH staff expressed their frustration and disappointment regarding the proposed board action to freeze the Defined Benefit accruals, citing a lack of transparency and communication by management, as well as a lack of advanced notice of this action. It was said that there are 24 employees

affected by this action, with over 600 years of combined service to Bay Area Hospital. There were several requests for data, including information on management compensation; organizational consultants and their associated costs; staff salaries and increases. There were expressions of disappointment regarding the current state of the organization and calls for the board to prioritize the well-being of nurses at Bay Area Hospital. Some comments criticized management's decisions and urged the board to consider a recently proposed local healthcare option with an open mind. There was a strong sentiment expressed by the public that local control should be prioritized, and concerns expressed that an outside healthcare system might negatively impact the hospital. The dedication of nurses, who have cited hardships and prioritization of patient care over their own needs, was highlighted. Overall, the comments emphasized the need for the board to seriously consider the formation of a local healthcare system. Comments were also shared by eight local physicians asking the board to consider forming the local healthcare system, finding a model that works for our community, and stating that the physicians and clinics are excited to partner with Bay Area Hospital. Local clinic and community partner CEO's expressed hope that the physicians, clinics, local hospitals, and other healthcare community partners can all work together and look with open minds at the opportunity that we must locally care for our community, rather than trusting their lives to people not vested here.

There were expressions of empathy and support for the board and executive leadership, acknowledging the difficult decisions they face. Appreciation was also conveyed for their efforts in working for the organization's benefit. Trust in the leadership is evident, with some noting their long-standing awareness of financial challenges and questioning the why timing of community partners' proposals came so late when the timeline was clearly communicated many months ago. One individual shared their positive experiences with past mergers, noting that each resulted in a stronger organization. The comments reflected a strong sense of community and trust in the board and executive leadership of the organization. Several comments highlighted personal growth and support from senior colleagues and executive team, emphasizing the positive culture and leadership within the organization. The comments conveyed an overall deep appreciation for the organization's culture and a commitment to the community's well-being. It was emphasized that transparency is maintained through meetings, if one attends, and a call was made for unity in the community across the board, highlighting that everyone should be working together for the community's best interest and not choosing sides.

Inviting and receiving no additional comments from the public in the room or on the Teams, Chairperson Cribbins closed the public input session at 7:15 pm.

REPORT OF THE BOARD CHAIRPERSON

Chairperson Cribbins opened by addressing the public in attendance, citing how his family is connected to this hospital and this community – their family homestead is here, and his daughter was born here at Bay Area Hospital. Chairperson Cribbins continued saying, Bay Area Hospital was founded 50 years ago through the merger of two struggling hospitals, creating a unified facility that effectively served the community. Today, we need the same vision to adapt to the changing healthcare landscape. Wayne

Gretzky's quote, "I skate to where the puck is going to be, not where it has been," encapsulates our approach to anticipating future healthcare needs. We are committed to culture, quality, and community. When evaluating potential partners, we seek those who share these values and understand rural healthcare challenges. Our goal is to provide comprehensive care locally, reducing the need for residents to seek services elsewhere. Currently, we face a cycle of limited capital leading to fewer services, making it harder to attract doctors and generate revenue. A strong partner could help us break this cycle, bring stability, and support our strategic plan, including recruitment and retention of top healthcare professionals. Despite a \$60 million turnaround by our leadership team, we still face significant financial challenges. We have explored various funding options, but they were not feasible. Our efforts to find a way forward continue. We recognize the need for partnerships and collaboration to remain viable. Small hospitals nationwide struggle without strong financial backing. Exploring partnerships with larger health systems, local medical clinics, or regional networks is essential to ensure our community's healthcare needs are met now and in the future.

Chairperson Cribbins concluded his comments by sharing that the board is committed to making tough but necessary decisions for Bay Area Hospital's future and stating that embracing change and planning

for the future will help us create a sustainable path for the hospital and our community for generations to come. Chairperson Cribbins invited the board to make comments.

BOARD COMMENTS

Dr. Tom McAndrew expressed gratitude for the content of Chairperson Cribbins' comments and reciting the history of how BAH got to where they are today.

Ms. Barbara Taylor endorses what Chairperson Cribbins and Vice Chairperson McAndrew had to say and gratitude for the community present and engaged in tonight's meeting. She stated that BAH is under a time crunch and are facing decisions they don't want to make to keep staff employed and serving the community.

Ms. Renee Nelson shared that she felt humbled to be in this room this evening, commenting that her family's roots in this community are deep. She also commented that from a business background, we don't have a lot of options, but we need \$48.7M dollars if we default – the bank is in control of us. The bank doesn't want to run a hospital, but they do want to be paid and that is driving this decision. The local health system concept sounds great, but those organizations have their own goals and strategic plans. How would we all get to a place to agree?

Ms. Patrice Parrott said that she knows most of you and this is difficult. This experience has been a huge eyeopener for her to learn about monetary concerns and issues of the organization. She won't talk about the defined benefit program until a later time as the bank is looming and we must have a set amount of dollars on hand at the end of every quarter – the bank can sell us to anyone. When you balance your checkbook and pay your bills – some debtors will give grace – our bank will not.

Ms. Carma Erickson-Hurt appreciated all the comments she heard while tuning into this meeting virtually. The hard part is the decisions we must make; we only talked one day about the local solution. She said that she would personally like a pause. There is only one option, and it's not what we would want. Thank you to all for your comments.

CONSENT AGENDA

The consent agenda included

Board Meeting Minutes of November 12, 2024; Board Education Session Minutes of November 12, 2024; Board Medical Staff Credentialing Review Meeting November 18, 2024; Finance Approved Minutes of October 22, 2024; QPSC Approved Minutes of October 23, 2024; MEC Approved Minutes of October 30, 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.

CHANGE IN AGENDA STRUCTURE

The board chairperson called for a break at 7:48 pm. The meeting reconvened at 7:56 pm.

STRATEGIC AFFILIATION PROCESS UPDATE – JUNIPER ADVISORY

Mr. Chris Benson and Mr. Rex Burgdorfer of Juniper Advisory facilitated the discussion on board options, commending the board for their efforts in the strategic affiliations process, noting that tonight's board action is not the final vote for a partner but will decide whether to direct management to sign the letter of intent (LOI) with Quorum and begin negotiating definitive agreement by March 31, 2025. The LOI includes a proposed 30-year lease with two subsequent 10-year extensions, ten year commitment to retaining core services at Bay Area Hospital, and a \$75 million capital investment commitment. . Chris Benson and Ansley Geary of Juniper Advisory also acknowledged the board's and management's commendable work. Ken Marlow of K&L Gates described the proposed new board of trustees will include the current CEO, three to five physicians, and community members. The partner aims to protect employees, match pay, and titles, honor seniority, adopt the BAH Charity Care Program and Medical Staff Bylaws, and extend privileges to all current physicians. Mr. Burgdorfer invited the executive management team to comment on the recommendation to move forward with an LOI with Quorum Health.

Mr. Brian Moore addressed the board, noting the opportunity to build a local healthcare system would be exciting. The board laid out a schedule to explore market options for Bay Area Hospital's future at the announcement in June, and that the local health system option was presented only weeks before the board's scheduled decision date, this prompted a pause to consider their proposal more fully for forming a local health system. Two meetings revealed challenges in timing and a clear pathway forward. The proposing physicians have not yet provided a firm timeline or funding ability, and logistical complexities

involve multiple independent businesses and governmental districts. Successful mergers are mutually beneficial, but the time and cost required to build a local health system from scratch would be significant.

Mr. Moore emphasized that tonight's board action is not a final vote. The LOI addresses many negotiated concerns, and medical professionals can expect a larger voice on the board of trustees if a merger is approved. Financial commitments are essential, but the focus is on securing more than just the money necessary to remain missional. Earlier, Ms. Kelli Dion, CQO, presented information on a 1,000-page CMS final rule document outlining new Medicare rules. Access to a network of resources and potential collaboration with future colleagues in a merger would assist in that advancing quality, as well as many other needs in the organization.

MANAGEMENT RECOMMENDATION TO BOARD OF DIRECTORS

Mr. Moore brought forward a recommendation with unanimous support from executive management to approve the negotiation and execution of an LOI with Quorum Health.

He also advised that the Management Incentive Plan for Fiscal year 2025, tabled by the board at the November 2024 meeting would be addressed at a future board meeting. He also recommended that the question of freezing the defined benefit plan be discussed with the 24 affected defined-benefit-plan participants before being brought back to the board for potential action in February 2025.

There was a lengthy and robust discussion among the board, with questions asked and answered. Chairperson Cribbins refocused the board's attention on the impending action regarding the negotiation of an LOI with Quorum Health.

Action Taken by the Board:

Ms. Renee Nelson moved to authorize Mr. Brian Moore, President, and CEO, to finalize a non-binding letter of intent with Quorum Health to explore a potential strategic affiliation. Dr. Tom McAndrew seconded, and the motion carried on a vote with all board members voting for, except Ms. Carma Erickson-Hurt, who voted against.

POLL OF VOTE ON MOTION

Chairperson Cribbins requested the executive assistant to conduct a verbal poll vote of each board member. The results are as follows:

- Troy Cribbins: Yes
- Renee Nelson: Yes
- Patrice Parrott: Yes
- Barbara Taylor: Yes
- Dr. Tom McAndrew: Yes
- Carma Erickson-Hurt: No

CHIEF EXECUTIVE OFFICER REPORT – Mr. Brian Moore, CEO

Mr. Moore gave apology to the long-termed nurses present for the lack of prior communication to them on his update to the board on the defined benefit freeze and committed to a meeting being scheduled with the employees who would be impacted in the new year. There was some additional discussion amongst the board on that topic, ending with questions asked and answered.

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

Ms. Parrott reported on the activities of the QPSC at their last meeting. Key highlights are as follows:

Key Point: Ms. M. Merrick reported on the 2022 Joint Commission survey, the 2023 Intracycle Monitoring Survey, OSHA findings, and other survey corrective action plans.

Quality and Patient Safety Report Card

Key Point: No Catheter-Acquired Urinary Tract Infections (CAUTI) or Central Line Associated Bloodstream Infections (CLABSI) were found in October 2024. Patient Safety Indicator 90 (PSI 90) met the goal for September. Surgical Site Infections (SSI) did meet the goal, but this is non-finalized due to the surveillance period. Readmission met goal but Mortality did not meet the goal.

CMS 2024 Final Rule

Key Point: There will be a new Patient Safety Structural Measure (PSSM) with 5 domains that will be attestation-based. Each domain has 4 to 6 areas, and a point is assigned if all areas are met. This is all or nothing. The PSSM is not currently tied to payment and reporting in 2025 will be for Federal Fiscal Year 2027. All data will be reported through the National Healthcare Safety Network (NHSN).

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

CAPITAL ITEM REQUEST OVER THRESHOLD OF \$200K

Ms. Taylor called the board’s attention to pages 50 and 51 of their board packets, regarding the core network redundant systems on the 1st and 3rd floors of the hospital at a cost of \$250,343.00 for replacement. The equipment is over 10 years old and was only designed for 5-year use. The two systems we have do not match, so parts cannot be shared between the systems – both systems are at end of life. We cannot update software, which makes us vulnerable to cyber events. Questions were asked and answered, resulting in board actions as follows:

Action Taken by the Board:

Ms. Barbara Taylor moved to approve the replacement of the core network redundant systems at a cost of \$250,343.00. Chairperson Cribbins seconded, and the motion carried on a call of vote with all board members casting a vote of approval.

Ms. Tate reminded the board that the financial narrative was included in their packet. Also, the contribution margin analysis will come to the board at the January 2025 meeting.

FINANCIAL PERFORMANCE REVIEW

Ms. Barbara Taylor reviewed the financial data presented to the finance committee and as was included in the board packet materials.

October 2024 Operating Loss was \$2.5 Million vs a budget of \$166 Thousand
Year to date loss of \$6.7 Million vs budget profit of \$1.0 Million
October 2024 Overall Loss at \$2.7 Million vs a budget of \$71 Thousand
Year to date loss of \$5.4 Million vs a budget profit of \$672 Thousand
October 2024 Operating EBIDA – \$1.6 Million Loss
Year to date EBIDA is \$2.9 Million Loss
October 2024 Cash and Cash equivalents balance is \$56.1 Million
Did not meet Income available for Debt Service level.

FINANCIALS, GROSS REVENUES, CASH AND CASH EQUIVALENTS, AND DAYS CASH ON HAND

Overall, Bay Area Hospital reported a loss of **\$2.7M** in October, against a budgeted gain of **\$71K**. Gross Revenue for October is **\$61.8M** and Net Revenue ended the month at **\$20.3M**, with a Net to Gross Revenue Margin of **32.9%**.

October's Gross Revenues came in at \$61.8M, which is \$2.9M (-4.5%) below the budget of \$64.7. Cardiac Cath Lab, Radiation Oncology, Pharmacy, Family Birth Center and Prefontaine revenues are the drivers of the budget variance. Compared to last year, gross revenue is \$3.4M (5.9%) higher (\$61.8M vs. \$58.4M). The variance in Gross Revenues vs budget is \$1.6M due to Volume and \$1.3M due to Rate. Net Revenue for the month is below budget by \$2.3M and above last year by \$426K (\$20.3M vs. \$22.6M vs. \$19.9M). YTD is below budget by \$7.6M and above last year by \$3.1M (\$81.7M vs. \$89.3M vs. \$78.6M). Cash and Cash Equivalents are \$13.2M at the end of October and Assets limited to use are \$42.8M for an overall cash balance of \$56.1M. Overall cash increased about \$3.6M over last month from a catchup of the Savista backlog and a loss of \$753K in Assets limited to use due to market conditions. As a result of increased cash collections, Account Receivable (net) decreased \$3.2M from the prior month to end at \$29.7M. Days Cash on Hand is 82 days. Cash & Equivalents plus Board Designated funds totaled \$53.2M up from August 2024 of \$50M. Current liabilities increased by \$2.0M compared to last month due to timing of payroll and the accrual of the provider tax that is due in November.

The above is a summary of key data and comprehensive financials, including the balance sheet, which were included in the board packet materials.

EXECUTIVE SESSION

The Board went into Executive Session as authorized by ORS 192.660(2) at 9:00 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 9:03 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: Dr. Tom McAndrew moved to approve the Credentialing Report as discussed in the Executive Session and presented in the packet. Ms. Patrice Parrott seconded, and the motion was carried out on a call of vote by all board members.

APPROVAL OF ITEM RECOMMENDED BY THE MEDICAL EXECUTIVE COMMITTEE

This item consisted of an item protected from public disclosure, per ORS 192.660(2)(f) *consider information or records that are exempt by law from public inspection*, and there was action taken by the board as follows:

Action taken by the Board: Dr. Tom McAndrew moved to approve the Focused Professional Practice Evaluation (FPPE) as discussed in the Executive Session. Ms. Patrice Parrott seconded, and the motion was carried out on a call of vote by all board members.

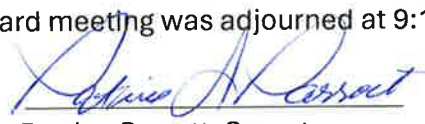
MEDICAL STAFF REPORT – Dr. Hammad Qadir, Acting Chief of Staff

Dr. Qadir had nothing to report in Dr. Atluri’s absence.

ADJOURNMENT

There being no further business, the District Board meeting was adjourned at 9:11 pm.


Troy Cribbins, Board Chairperson


Patrice Parrott, Secretary

Date: 1/14/2025

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