

**BAY AREA HOSPITAL DISTRICT BOARD MEETING****March 11, 2025, MINUTES***Bay Area Hospital Myrtle Conference Room @ 6:05 pm***BOARD EDUCATION SESSION at 5:30 pm – Legislative Update****CALL TO ORDER**

Dr. Tom McAndrew, Vice Chairperson, Board Chairperson, called the Bay Area Hospital (BAH) District Board meeting to order at 6:02 pm. A quorum was present.

**BOARD ATTENDANCE**

Tom McAndrew, MD; Patrice Parrott; Barbara Taylor; Darin O'Bryan, DDS

**ABSENT**

Troy Cribbins, *(excused)*

Renee Nelson, *(excused)*

**STAFF ATTENDANCE**

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

**LEGAL COUNSEL**

Megan Kronsteiner, Esq.

**PUBLIC ATTENDANCE AND INPUT**

The session began at 6:02 pm with a reminder of the rules. There were 41 members of the public in attendance, both in person and via Teams. Below is a summary of comments made by various members of the public:

Concerns were raised about the future of the Kids Hope Center if the hospital's plan with Quorum is successful, and the hospital loses its tax-exempt status. The importance of the center, which serves hundreds of child abuse victims and their non-offending family members each year, was emphasized. It was stressed that the center must operate as a 501(c)(3) nonprofit to maintain its grant funding. Specific plans were requested from the board to ensure the continued operation of the Kids Hope Center, with an emphasis on detailed responses.

Concerns were also raised about the low overall star ratings of most hospitals owned by Quorum, based on data from the Center for Medicare and Medicaid Services. The potential risks to the quality of care at Bay Area Hospital if it becomes part of Quorum were highlighted, given the lack of competing hospitals nearby. It was noted that the presence or absence of competing hospitals with comparable services might influence Quorum's approach to quality of care, potentially leading to neglect in areas with less competition.

The abundance of talented and experienced individuals in the community was highlighted, with a call for the board to take advantage of their ideas and input. The importance of collaboration and the desire for the best possible outcome for the community were emphasized.

A different perspective was shared, expressing appreciation for the executive team's efforts in navigating the challenging process of seeking alignment with a partner. The benefits of the executives' understanding of the current challenges faced by Bay Area Hospital were acknowledged. Their dedication and hard work, despite facing criticism, were also appreciated. Gratitude was extended to the board members for their commitment to helping the hospital and the community, recognizing that serving on the board is not an easy task and not one that many choose. The importance of pursuing this path to ensure the hospital's financial stability and continued operation was emphasized, given the current financial challenges.

Finally, thanks were given to Ms. Mary Lou Tate, CFO, whose last board meeting is this evening. Well wishes were extended to Ms. Tate. With no additional public input being offered, Acting Chairperson McAndrew ended the public input session at 6:16 pm.

#### **REPORT OF THE BOARD CHAIRPERSON**

##### *RECOGNITION OF Mary Lou Tate, CFO*

Acting Chairperson McAndrew recognized the remarkable body of work performed by Ms. Mary Lou Tate on behalf of the BAHD Board of Directors.

##### *NEW BOARD MEMBER APPOINTED*

Acting Chairperson McAndrew formally recognized Darin O'Brien, DDS, a local dentist, and businessman, as the newly appointed board member and expressed excitement about working with Board Member O'Bryan and acknowledged the ongoing movement and challenges faced by the board.

##### *LEGISLATIVE UPDATE*

Acting Chairperson McAndrew additionally mentioned the educational session about Senate Bill 1000, which could potentially provide \$10 million in funding for the hospital. The bill also aims to address Medicaid reimbursement issues, and he emphasized the need for continued input from the community to keep the hospital thriving.

#### **BOARD COMMENTS**

Each of the board members addressed the room, and the below captures the general theme and summary of their comments.

Ms. Patrice Parrott stated that the board was doing their very best to protect the interests of the District and that the board wants people to get the healthcare they need.

Dr. Darin O'Bryan stated that as a new board member, he has quickly gotten up to speed. In reviewing the board's work on the affiliation, he states that the board has examined all alternatives possible and that solutions considered behind closed doors have all been considered for viability.

Ms. Barb Taylor remarked that none of the options proposed by the community will work for BAH; they will either take too long or don't meet legal requirements. She emphasized that the bank regulators will not work with BAH much farther – we must get our house in order as it is vital to keep the hospital open and serving the community. She reminded the public that going around the board is helpful to none and asked them to trust that the board is doing what they need to do to keep the doors of BAH open.

## **CONSENT AGENDA**

The consent agenda included:

- Board Meeting Minutes of February 11, 2025
- Board Education Session Minutes of February 11, 2025
- Board Work Session Minutes of February 12, 2025
- Board Open House Community Forum of February 18, 2025
- Board Open House Community Forum of March 6, 2025
- QPSC Approved Minutes of January 23, 2025
- Finance Approved Minutes of January 28, 2025
- MEC Approved Minutes of January 29, 2025

## **Action Taken by the Board:**

Ms. Taylor moved to approve the Consent Agenda as cited above and as included in the board packet. Dr. O'Bryan seconded, and the motion carried on a call of vote with all board members present casting a vote of approval.

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

Ms. Parrott reviewed the activities of the QPSC at their last meeting as below:

Ms. Parrott provided an update on the Quality and Patient Safety Committee's efforts in working on improving readmissions and mortality rates. Ms. Parrott reported that the committee is working on various quality initiatives to ensure readiness for the upcoming Joint Commission survey, including tracking and addressing workplace violence incidents and radiation exposure issues. The committee is focusing on improving readmissions and mortality rates, with readmissions being counted as a strike against the hospital if a patient is readmitted within 30 days of discharge, regardless of the diagnosis. Ms. Parrott noted that the hospital has been performing well in infection control, with no urinary tract infections or central line bloodstream infections reported recently.

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

### **FINANCIAL PERFORMANCE REVIEW**

Ms. Barb Taylor presented the finance report, highlighting the hospital's operating loss for January and year-to-date, as well as the status of loan covenants and forbearance requests. The report also included discussions on retiree health benefits and potential plans to liquidate designated funds set aside for future capital needs, as discussed with Morgan Stanley Graystone Investments.

Overall, Bay Area Hospital reported a loss of \$1.4M in January, against a budgeted loss of \$403K. Gross Revenue for January was \$67.2M and Net Revenue ended the month at \$21.0M, with a Net to Gross Revenue Margin of 32.2%.

January's Gross Revenues came in at \$67.2M, which is \$2.3M (3.6%) above the budget of \$64.9M. Cardiac Cath Lab and Prefontaine revenues are the drivers of the positive budget variance as a physician caught up on their documentation and charges were able to drop. Departments with large deficits to budget include Operating Room and Pharmacy-Infusion. Compared to last year, gross revenue is \$6.1M (10.1%) higher (\$67.2M vs. \$61.1M).

Variance in Gross Revenues vs budget is \$8.9M favorable due to Rate and \$6.6M unfavorable due to Volume.

Current month actuals are \$651K vs \$273K budget vs \$321K last year. Higher 340B rebates is the driver of the increase. YTD \$2.7M actual vs \$1.9M budget vs \$1.8M last year. Again, the increase is due to 340B Pharmacy rebates.

Net Revenue for the month is below budget by \$1.1M and below last year by \$651K (\$21.6M vs. \$22.6M vs. \$22.2M). YTD is below budget by \$13.8M and above last year by \$2.2M (\$142.6M vs. \$156.4M vs. \$140.5M).

Cash and Cash Equivalents are \$8.1M at the end of January and Assets limited to use are \$36M for an overall cash balance of \$44.2M. Overall cash and investments decreased about \$8.9M over last month. Days Cash on Hand is 64 days. Account Receivable (net) increased slightly from the prior month to end at \$30.2M. Prepaids increased by \$2.1M due to payment of Insurance, Workday and other contracts. Current liabilities decreased by \$5.8M compared to last month, primarily in Accounts Payable (\$4.3M) and Accrued Payroll (\$2.8M). PTO Payable increased by \$871K. The Current Ratio is 2.92 and Debt to Capitalization is 39.8%.

#### **MEETING DATE CHANGE ANNOUNCEMENT**

Ms. Tate announced that the next Finance Committee meeting will be held on Wednesday, March 19.

#### ***Retiree Health Benefits***

Ms. Tate discussed the need to cease the practice of offering retiree health benefits due to the transition to Quorum. At that point the District will no longer have employees and the board was asked to approve to discontinue the practice effective April 1, 2025 and to notify retirees that their benefits will cease on June 30th.

#### **Action Taken by the Board:**

Ms. Taylor moved to approve the discontinuation of the practice of offering retirees health benefits due to the transition to Quorum as cited above and as included in the board packet. Ms. Parrott seconded, and the motion carried on a call of vote with all board members present casting a vote of approval.

#### ***Lifetime and AARP Health Benefits***

The Finance committee has recommended to the board the following changes in practice: Terminate the AARP and lifetime subsidy's effective June 30, 2025, and provide the retiree's receiving this benefit a one-time payment worth up to 12 months of benefit payments (max of \$1,500), depending on when their subsidy is scheduled to end.

Also proposed is an additional 12-month payment to the 3 retirees with lifetime dental and vision for the estimated premiums for those insurance plans.

**Action Taken by the Board:**

Dr. O'Bryan moved to approve the termination of the AARP lifetime subsidy effective 6/30/25 and provide the retirees receiving this benefit a one-time payment worth up to 12 months of benefit payments to a max of \$1,500 due to the transition to Quorum as cited above and as included in the board packet. Ms. Taylor seconded, and the motion carried on a call of vote with all board members present casting a vote of approval.

**CHIEF EXECUTIVE OFFICER REPORT – Mr. Brian Moore, CEO**

Mr. Moore reported on the below items in summary:

*Operational and Advocacy Update:* Brian provided an update on the hospital's operational status, including the impact of respiratory season on staff and patient volumes. He also discussed the hospital's recent accreditation as a platinum-level chest pain center and the ongoing work with United Strategies and Consulting to manage the hospital's message in Salem.

*Bank Negotiations*

Mr. Moore provided an update on the ongoing negotiations with the bank, including the forbearance request and the bank's response. The bank has requested immediate repayment of \$30 million, and the hospital is working to secure an agreement that supports a smooth transition. Mr. Moore and Ms. Tate collaborated on a measured response to the bank on forbearance and, by Thursday of this week the bank indicated understanding of our current cash flow issues and needs additional information to take the negotiated items back to credit committee.

*Community Open Houses*

Mr. Moore shared details about the two community open house forums hosted by Bay Area Hospital, which provided an opportunity for board members and management to listen to concerns and respond to questions. The sessions aimed to improve communication and understanding between the board and the community and were well attended.

*Affiliation Progress*

Mr. Moore updated the board on the progress of the affiliation with Quorum, including the completion of drafts for the lease and asset purchase agreements. He emphasized the importance of finalizing the transaction to ensure the hospital's continued operations.

**EXECUTIVE SESSION**

The Board went into Executive Session as authorized by ORS 192.660(2) at 6:58 pm. Chairperson Cribbins reopened the meeting into public session at 7:11 pm.

**MEDICAL STAFF CREDENTIALS REPORT – Dr. Lee Saltzgaber, CMO**

Dr. Saltzgaber reviewed this report in Executive Session.

**APPROVAL OF CREDENTIALING REPORT**

**Action taken by the Board:** Ms. Patrice Parrott moved to approve the Credentialing Report as discussed in the Executive Session and presented in the packet. Dr. Darin O'Bryan seconded, and the motion was carried out on a call of vote by all board members.

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

Dr. Atluri gave her report in the Executive Session.

**ADJOURNMENT**

There being no further business, the District Board meeting was adjourned at 7:11 pm.

  
Troy Cribbins, Board Chairperson

Date: 4/8/2025

  
Patrice Parrott, Secretary

Date: 04/08/2025