

BAY AREA HOSPITAL DISTRICT BOARD MEETING**April 8, 2025, MINUTES***Bay Area Hospital Myrtle Conference Room @ 6:05 pm***BOARD WORK SESSION at 5:30 pm****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, Tom McAndrew, MD; Patrice Parrott; Renee Nelson, Barbara Taylor; Darin O'Bryan, DDS

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; Denise Bowers, EA

LEGAL COUNSEL

Megan Kronsteiner, Esq.

PUBLIC ATTENDANCE AND INPUT

The public input session commenced at 6:03 pm, with 37 attendees, a couple of whom expressed concerns regarding the proposed affiliation between Bay Area Hospital and Quorum Health. Public comments highlighted fears about potential loss of access to healthcare for vulnerable populations due to the profit-driven nature of Quorum Health. Concerns were raised about the hospital's tax-exempt status and the implications for charity care and community benefits.

With no additional comments being offered, Chairperson Cribbins closed the public input session at 6:13 pm.

REPORT OF THE BOARD CHAIRPERSON

Chairperson Cribbins acknowledges ongoing concerns about the progress of the affiliation between Bay Area Hospital and Quorum Health. They had initially hoped to have a defined agreement by the end of March, but the timeline has been extended to ensure the process is done correctly, emphasizing that it is not just about completing the agreement, but about doing it right, which requires thorough due diligence. The timeframe might be stretched out to almost six months. Brian Moore and the executive team, along with Juniper Advisory, are working diligently to address the hospital's needs and concerns. Chairperson Cribbins reassured the room that there are no issues with the process, just that it is taking longer than expected.

BOARD COMMENTS

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

Patrice Parrott

I'm continuing to gather information, looking at what's being presented. I'm going through the information with the idea that I want to support the community as best I can with continuing health care and not decreasing what is available and supporting the employees and anyone that's retired and making sure that they have the adequate employment and benefits that they have been promised.

Dr. Tom McAndrew

I participated in a group focused on a Transportation Demand Management (TDM) grant. We discussed the potential development of approximately 12 acres of unusable property on the other side of our ravine as a residential area. The meeting included representatives from local, state, and city governments, as well as educational institutions, creating a unique synergy among various community organizations. The primary focus was addressing the lack of available housing, which is a significant issue for recruiting hospital staff who struggle to find accommodation. This ongoing conversation has led to securing state funding to explore the development further.

Renee Nelson

First, I would like to commend the participants of the Red-Carpet Health Event held in February. It was a fantastic event that highlighted personal stories and short films, including testimonies from ER nurses and caregivers. It was truly remarkable, and I hope we can host similar events in the future.

Regarding the extended due diligence period for the proposed merger, having been involved in mergers throughout my career in the financial industry, I understand that this is a normal part of the process. Taking the time to ensure thorough due diligence is crucial, as the details are essential. This period allows us to review partner objectives and ensure the long-term financial sustainability of Bay Area Hospital, not just for immediate needs but for the future as well.

Ms. Nelson encouraged everyone to revisit the 2020 strategic plan available on the website. It provides valuable insights into the vision and goals established before the current situation. Additionally, I came across a concerning statistic: during 2024, 25 hospitals closed in the US, with 10 more slated to close in the first three months of 2025. This highlights the significant challenges faced by hospitals, including broken supply chains, workforce shortages, and cyber threats.

Locally, I have attempted to find financial information for various hospitals in our area, but transparency is lacking. Some hospitals do not provide reports, while others only have financials through October. This lack of transparency is concerning, and I urge our peers to share information openly. If anyone has access to financial data, it would be greatly appreciated.

In conclusion, I invite everyone to engage in open communication and collaboration to find solutions for our community's healthcare needs.

Dr. Darin O'Bryan

Reflecting on the current situation, we are taking the necessary time to conduct thorough due diligence on this project to explore all viable options. Despite examining various proposals from every angle, none have proven feasible within the required timeframe. One pressing issue is the imminent threat of banks closing on our loan, which could demand repayment at any moment and potentially shut us down.

If we cannot develop a timely solution to ensure the hospital's long-term financial viability, we may need to consider partnering with Quorum Health to maintain hospital operations beyond just critical care services. Unfortunately, this is the reality we face given the rising supply costs and economic challenges. Larger companies have the advantage of bulk buying, which helps reduce costs—something smaller entities like ours struggle with. During our business session, we discussed the possibility of a tax levy. However, tax levies are notoriously difficult to pass in this area and would need to cover not only our immediate financial needs but also future investments in capital projects and equipment maintenance. Given the history of tax levies here, the required amount might be more than the community is willing to support. We are exploring all options, but unfortunately, there are limited solutions that can keep the hospital afloat long enough to avoid shutting down.

Barbara Taylor

My primary concern, as echoed by several other board members, is our ongoing relationship with the bank. It is

crucial that we develop a viable solution to ensure the long-term sustainability of our organization. I am hopeful that management is maintaining constant communication with the bank and that they are supportive of our plans for the upcoming months. This is essential for our progress and stability. I wanted to cover this point tonight and reiterate the sentiments shared by others at the table.

Troy Cribbins

Brian and I have been actively communicating with state and federal legislators, as well as the governor, to address structural issues in healthcare. Despite suggestions to reduce reliance on government funding, we emphasized our community's dependence on government coverage. The reimbursement rates we receive are insufficient to cover costs, pay staff, and maintain facilities. Our patients deserve adequate coverage for their Medicaid or Medicare benefits, and the hospital needs proper reimbursement to sustain operations. Our discussions with legislators will continue, focusing on securing bridge funding to avoid service cuts and advocating for long-term changes in Medicaid reimbursement structures at the state level to improve the financial situation for all hospitals.

I also want to commend our hospital staff for their exceptional response to a recent plane accident. The team efficiently set up the incident command system, showcasing their dedication and skill. This incident highlights the importance of maintaining our emergency room as a Level 3 trauma center, especially with potential economic growth from the port development. Engineers involved in the port project are already inquiring about our hospital's capabilities.

Our hospital is crucial to the community, and we will continue working towards ensuring its sustainability and ability to serve effectively.

RISK MANAGEMENT QUARTERLY REPORT – FIRST QUARTER 2025 - Quinn Myers, Risk Manager

Ms. Myers reviewed the risk management summary included in the packet; questions were asked and answered. The summary of First Quarter Report Highlights is below.

QUANTROS Reports: Increased staff participation and reporting, providing valuable details. This has led to more open events and multiple reviewers assigned to investigations.

- Easy Button Reports: Slight decrease but increasing as I become more familiar with providers.
- Executive Team Meetings: Two events primarily investigated by an executive team member. 20 new cases sent to the peer review committee.
- Complaints and Grievances: 33 total for the first quarter—23 customer service complaints and 10 grievances about clinical care.
- Legal Activity:
 - Two open lawsuits.
 - Eight open claims for professional liability.
 - One open lawsuit for employment liability, with a potential second claim pending.
 - One professional lawsuit dismissed with prejudice.
 - No new Joint Commission complaints or complaints from the Oregon Health Authority.
- Safety Events: No events met the Joint Commission's criteria for Sentinel events.
- Falls with Injury: Reported for appropriate investigation.
- Workplace Violence: Expanded trainers and scheduled monthly CPI training programs for staff competency in de-escalation techniques.
- Overall Performance: On track for total events reported for the year. Increased reporting from staff is a positive sign. Working closely with Kelly D, our Chief Quality Officer, on conducting RCA's when indicated.

Ms. Myers concluded her report to the board by stating that the increase in QUANTROS reports is due to more staff participation, which is encouraging. The dismissal of a lawsuit with prejudice is significant as it indicates no further involvement from the hospital. We are developing industry standards for open legal claims as I gain more experience in the role.

Action taken by the Board: Dr. Tom McAndrew moved to approve the Risk Management 2025 1st Quarter report as reviewed by Ms. Quinn Myers and summarized above and as included in the board packet. Ms. Barbara Taylor seconded, and the motion was carried out on a call of vote by all board members.

CONSENT AGENDA

The consent agenda included:

- Board Meeting Minutes of March 11, 2025
- Board Education Session Minutes of March 11, 2025
- Board Work Session Minutes of March 12, 2025
- QPSC Approved Minutes of February 27, 2025
- Finance Approved Minutes of February 25, 2025
- MEC Approved Minutes of February 26, 2025

Action Taken by the Board:

Ms. Patrice Parrott 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:

During Quality Committee meeting in February, several important presentations were made.

Ms. Danielle Gledhill, Infection Control Nurse: Evaluated the 2024 Infection Prevention and Control plan, noting one goal still in the surveillance period. Presented and received committee approval for the 2025 plan, which will require board action.

Mr. Randy Noggle, Emergency Preparedness Coordinator: Presented the Emergency Preparedness program, implemented on Monday, and reviewed training goals for 2025.

Ms. Kelli Dion, CQO: Gave the annual QAPI report, highlighting the quality plan, measurement goals, and tracer schedule. The committee will need to take action on the 2025 QAPI.

Ms. Michelle Merrick, Manager Accreditation Nurse: Updated on preparations for the Joint Commission visit, ensuring readiness for inspection.

Quality Safety Report Card:

- No catheter-associated urinary tract infections or central line-associated bloodstream infections in the last quarter.
- PSI 90 met the goal for January.
- Readmissions and mortality rates did not meet the goal for January.

Overall Performance:

- Improvement due to collaborative efforts of nursing, case management, and hospitalists.
- Benchmarks recalibrated to align with regional hospitals in the Pacific Northwest, leading to better outcomes.
- Team navigated challenges and maintained high standards of patient care.

Ms. Parrott concluded that credit goes to all participants for their continued discipline and hard work in improving processes and performance.

Action Taken by the Board

There were two actions requested of the board as follows:

2025 Infection Prevention Plan - Kelli Dion, CQO

Action Taken by the Board:

Dr. Tom McAndrew moved to approve the 2025 Quality Infection Prevention Plan 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.

2025 Quality and Patient Safety Plan - Kelli Dion, CQO

Action Taken by the Board:

Ms. Barbara Taylor moved to approve the 2025 Quality and Patient Safety Plan as cited above and as included in the board packet. Dr. Tom McAndrew seconded, and the motion carried on a call of vote with all board members present casting a vote of approval.

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

FINANCIAL PERFORMANCE REVIEW

Ms. Barbara Taylor reviewed the financials for February 2025 with highlights as below. Comprehensive financials were included in the board packet.

Overall, Bay Area Hospital reported a loss of \$831K in February, against budgeted loss of \$730K. Gross Revenue for February was \$58.8M and Net Revenue ended the month at \$20.3M, with a Net to Gross Revenue Margin of 34.5%.

February's Gross Revenues came in at \$58.8M, which is \$333K (-0.6%) below the budget of \$59.2M. Emergency Room showed higher than budgeted gross revenue for the month (\$1.2M). Departments with large deficits to budget include Operating Room, Cardiac Cath Lab, and Pharmacy-Infusion. Compared to last year, gross revenue is \$4.8M (7.6%) lower (\$58.8M vs. \$63.7M). Variance in Gross Revenues vs budget is \$335K unfavorable due to Rate and \$2K favorable due to Volume.

Net Revenue for the month is below budget by \$401K and below last year by \$370K (\$20.3M vs. \$20.7M vs. \$20.7M).

YTD is below budget by \$14.2M and above last year by \$1.8M (\$162.9M vs. \$177.1M vs. \$161.2M).

Cash and Cash Equivalents are \$12.3M at the end of February and Assets limited to use are \$36M for an overall cash balance of \$48.7M. Overall cash and investments increased about \$4.6M over last month.

Days Cash on Hand is 70 days.

Account Receivable (net) decreased slightly from the prior month to end at \$29.2M.

Current liabilities increased by \$1.7M compared to last month, primarily in Accounts Payable (\$3.6M).

The Current Ratio is 2.80 and Debt to Capitalization is 40.0%.

Bank Signing Authority

The proposed resolution was withdrawn from board action by Mr. Brian Moore, who stated that a previous resolution, Bay Area Hospital District Resolution No. 2024-07-09, granted that the Chief Executive Officer and

Chief Financial Officer of the Bay Area Hospital District are authorized to access and manage the Accounts of the District to the fullest extent permitted by law, and may *also delegate additional signing authority for any of the Accounts to other employees of the District as may they may deem necessary and appropriate*. Mr. Moore converted his request for resolution to informing the board that his intention was to extend that signing authority to Ms. Gretchen Nicholas, Chief Operations Officer, to fill the gap created with the departure of our former CFO earlier in the month.

Action Taken by the Board:

No action was taken by the board on the agenda item, Bank Signing Authority.

Defined Benefit Plan Funding Policy

The Finance Committee has recommended retiring the BAH District Retirement Plan Funding Policy due to the district's anticipated loss of a reliable, recurring income source as it transitions out of hospital operations. The district's board is currently exploring alternative ways to ensure the pension plan remains fully funded in the future.

Action Taken by the Board:

Dr. Tom McAndrew moved to approve the retiring of the BAH District Retirement Plan Funding Policy due to the district's anticipated loss of a reliable, recurring income source as it transitions out of hospital operations. Dr. O'Bryan seconded, and the motion carried on a call of vote with all board members present casting a vote of approval.

Funding Approval for Foundation Capital Project

The Finance Committee has recommended the board approve a \$250,000 capital project to remodel family housing at the Bay Area Cancer Center. Any changes to recommended changes to project scope or budget will be referred to the board for approval. This donation of funds for this project by Michael Keiser and the Bandon Dunes Charitable Foundation occurred many years ago. This project has been delayed due to the COVID-19 pandemic and financial troubles that followed for hospitals across the country, including Bay Area Hospital. The project is now ready to begin awarding contracts to begin the work. Approval is requested by the board so that the project can stay on schedule.

Action Taken by the Board:

Dr. Tom McAndrew moved to approve the funding of the Foundation Capital Project 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.

CHIEF EXECUTIVE OFFICER REPORT – Mr. Brian Moore, CEO

Mr. Moore shared that Mr. Mitch Watson has joined as the interim Chief Financial Officer, starting his third week and shared a story about how Mitch described improving productivity standards by ensuring nurses have the

necessary equipment, aligning with the hospital's approach to support clinical care while balancing efficiency. Mitch's background includes hospital turnaround work and acquisitions, fitting well with the hospital's current needs. Mitch has already started sharing recommendations for areas of focus and opportunity.

Financial Performance Highlights:

March financial performance is not fully closed but shows a step back after six months of improvement. Outpatient volumes were down, and key revenue drivers like length of stay decreased, impacting inpatient charges. The hospital is focused on the revenue cycle but anticipates a challenging financial month.

Advocacy Efforts:

Senate Bill 1000 did not move forward, but local support was strong during the Senate hearing. Senator Smith requested Bay Area Hospital to submit a \$7.4 million capital project request. Discussions are ongoing about exploring state funding options, including loan forgiveness and interest cost coverage. Support for House Bill 2385, which prohibits pharmacies from limiting contract pharmacies in the 340B program, is crucial for maintaining discounted cancer treatment services.

Strategic Affiliation Update:

The merger with Quorum is delayed, potentially stretching to the end of the year. Quorum continues due diligence, and the transaction is still expected to move forward. Discussions are ongoing about interim support from Quorum to capture savings before the transaction closes.

Bank Update:

Regular meetings with Ron Freed from BMO have been positive, with the bank showing a bit of flexibility. The bank is considering a forbearance through September, with a significant paydown request expected. The hospital aims to maintain honest communication with the bank to ensure continued support.

Operational Changes and Forecast:

The hospital is working with ECG to extend the cash projection and forecast numbers through October. Operational changes will be evaluated to ensure financial stability and meet healthcare needs. An update on liquidity with bonds will be provided after the market-to-market assessment for March.

EXECUTIVE SESSION

The Board went into Executive Session as authorized by ORS 192.660(2) (c) consider matters pertaining to the function of the medical staff at a public hospital and (f) consider information or records that are exempt by law from public inspection at 7:15 pm.

RETURN TO REGULAR SESSION

Chairperson Cribbins reopened the meeting into public session at 7:22 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: Dr. Tom McAndrew moved to approve the Credentialing Report as discussed in the Executive Session and presented in the packet. Ms. Barbara Taylor 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. She ceded the floor to Dr. El Youssef for his comments, as below:

Upon receiving the call, I immediately went to the hospital. Dr. Oaxaca took the lead on triage, and we managed five patients, which was a good test of our resources. Thankfully, none of the patients were critically injured, and everything was handled efficiently. We had two fantastic OHSU residents with us who were properly trained for such scenarios. Another physician, who was coming off a night shift, also assisted despite being exhausted. The response from our team was exemplary. The nurses and staff did an outstanding job, and everything ran smoothly. Although we didn't need to triage anyone, the process was executed perfectly. This incident, which even made the ABC National News, demonstrated our preparedness and capability.

From a medical staff perspective, I want to acknowledge the efforts of everyone involved. The pre-incident briefing and the quick response were commendable. This event highlighted the importance of our hospital's policies and the dedication of our team.

Additionally, Dr. El Youssef expressed appreciation for the activities during Doctor's Week last week, which were well-received by the medical staff.

Dr. Atluri thanked Dr. El Youssef for his kind words, expressing gratitude for hearing that the efforts for the physicians and providers were well received. She went on to state that they are moving forward with administratively closing any records or orders that are more than six months overdue. Additionally, they are still working on the process for EPIC reporting to automatically roll in suspensions on Day 14; reporting that this is still a work in progress, but they are making strides towards improving their systems and processes.

ADJOURNMENT

There being no further business, the District Board meeting was adjourned at 7:26 pm.


Troy Cribbins, Board Chairperson

Date:

5/13/25


Patrice Parrott, Secretary

Date:

05/13/2025