Bay Area Hospital

BAY AREA HOSPITAL
FINANCE COMMITTEE MEETING
June 24, 2025, MINUTES
Myrtle Conference Room / Microsoft Teams

CALL TO ORDER
Acting Finance Chair Tom McAndrew called the meeting to order at 5:15 p.m.; he requested the administrative assistant to take roll call. The administrative assistant did so and established there was a quorum in attendance at this time.

FINANCE COMMITTEE MEMBER ATTENDANCE
Acting Finance Committee Chair, Tom McAndrew, MD, Jim Hough, Taylor Cribbins, Barb Taylor, and Eric Farm

ABSENT *(excused)*
Fred Messerle; and Linet Samson

BAHD BOARD OF DIRECTORS ATTENDANCE
Arlene Roblan, Troy Cribbins, and Renee Nelson

STAFF ATTENDANCE
Mark Hadley, Senior Finance Analyst; Karen Miller, CFO; Brian Moore, CEO; Jenn Collins, CNO; Carla Ballou, Dir. Revenue Cycle Kelli Dion, CQO; Gretchen Nichols, COO; Jeanie Ortiz, Accountant IV; Denise Bowers, Executive Assistant; and Claudia Wells, Clinical Analyst and Support Specialist

LEGAL COUNSEL
Megan Kronsteiner, Esq.

PUBLIC ATTENDANCE
The public was in Attendance

APPROVAL OF FINANCE COMMITTEE MINUTES – Mr. Tom McAndrew, Acting Chairperson
Ms. Barb Taylor moved to approve the Finance Committee minutes for May 27, 2025, as presented in the packet. Mr. Taylor Cribbins, MD, seconded. The motion carried on a call of a vote.

Old Business – There wasn't any old business to address.

New Business – Mr. Brian Moore, CEO
Mr. Brian Moore, CEO, introduced Karen Miller to the committee as the Interim Chief Finance Officer. Sherri Horne will be providing help on a part-time basis for the finance team.

He also said that the Human Resources Director, Tom Fredette, would be starting on Monday. Tom has worked for the VA in Walla Walla, Washington, for the last 12 years. He has a strong background in Human Resources. The role was downsized to a director level.

Mr. Moore went on to talk about the financial performance. BAH has seen a protracted slowdown in volumes in years as we got to the end of May and the beginning of June. Since labor was one of the largest controllable expenses was something that was immediately jumped on. Mitch Watson, the previous CFO, had helped us to augment and expand our productivity tool. The productivity report was being produced at the end of the pay period and is now being distributed to the leaders daily. There is still a two-day lag between hours and when it gets posted. Training on how to use the new productivity tool was presented to the leaders. We are implementing in June, non-contractual, and leaders to take additional time off between now and the end of the month to align our expenses with reduced revenues. Union members were also asked to volunteer to take time off.

A conversation has been started with Advanced Health, the largest Medicaid payor, in terms of the CCO. We've been seeing a gap in reimbursement levels between other Medicaid payors and the largest payor. Advanced Health would be paying the same rate as the State Open Care Medicaid. We shared some of our patient information so they could do some comparison, and are in the process of following up to see what can be agreed upon as a cost. Mr. McAndrew asked, "How far back does this discrepancy go?" About 1.5 years ago, we moved from a capitated rate to a fee for service, which was after an actuarial study validated that we should move to a fee for service. Our rates would have been enhanced over what we received from a capitated rate. Capitated meant that we received a monthly payment, whereas the fee-for-service would mean that we would bill for each line item. Mr. McAndrew wanted to know if there was any legislative ombudsman who supervises the CCO? There is a contract out to the legal counsel to understand the ORS and rules surrounding this matter to determine if there is any recourse for payment. OHA is a starting point, and then the court for enforcement.

CFO Update

The patient discharge is below budget. This is happening across the state. Ms. Taylor asked what the cause of the lower volume was. The answer was lower admissions from the Emergency Department and lower discharges.

Overall

- Volume had a big impact for the month. We'll talk about this more as we go through the individual pieces.

Gross Revenues

- **Patient discharges** - were below budget 28, down 3 compared to prior year and decreased about 431 to date compared to budget. This decline is primarily due to the overall patient volume.
- **Emergency Department Room Visits** – there has been an increase in ED. Unfortunately, less convert to admits. It was asked why the fewer admits and what the reason was. It was probably due to lower acuity or not needing to be admitted as a patient. It was noted that across the state that there are lower volumes starting in June.
- **Operating Room** – volume decreased by 5.5% compared to budget and 3.4% compared to prior year. The year-over-year decline was primarily driven by reduction of 13 Podiatry cases.
- **Cath Lab** – Cath Lab patient visits are tracking to budget got month-to-date and year-to-date. They have had an increase by 21 compared to the prior year. The current year-to-date performance reflects a variance of 7 under budget.
- **Outpatient Visits** – month-to-date, visits are down 1056 compared to budget, and down 4756 year-to-date. When compared to the 3-month run rate, the most significant visit decline occurred in Cardiology Clinic by 364, Radiation Oncology 153, and Laboratory 143.
- **Operating Income** – With the decline in volume, we came in with a negative $4m.
- **Gross Healthcare Revenue** – inpatient gross revenue is down 14.8% compared to budget and 11.6% compared to the prior year. Outpatient Gross Revenue is 0.8% below budget but shows a 6.4% increase over the prior year. Overall Gross Revenue is 6.8% below budget and 1.4% lower than the prior year.
- **Payor Mix** – Medicare Advantage volumes declined 2% to the three-month run rate and 4% year-over-year, resulting in gross charge shortfalls of $1.4M and $2.8M. This was partially offset by a 3.2% increase in Medicare Basic volumes versus the three-month run rate, contributing to $1.5M in gross charges. Overall, Medicaid volume decreased 3.3% compared to the three-month run rate, with a resulting gross charge impact of $2.2M. Commercial volume saw a modest 1.42% increase, adding $696K in gross charges.
- **Net Healthcare Revenue** – Net Healthcare Revenues were down $3.1M to budget and down $1.3M to prior year. Net Revenue margin for the month is 32.7% vs. a budgeted 35% and 34% prior year.
- **Presumptive Charity (HB3320)** – Bad debt catch-up in February 2024. May reflected a decrease of 42.83% over the previous 3-month run rate. Estimated annual impact of $5M.
- **Salary/Contract Labor** – MTD Salaries were unfavorable 3.6% to budget and 10.6% to prior year; Contract Labor unfavorable to budget by 22.9% and favorable to prior year by 20.7%. Rolling 12-month SWB+C reflect an upward trend that includes hourly rate market adjustments and annual increases.
- **Supplies** – MTD Supplies are up 8.1% to budget and 9.2% to prior year. As a percentage of Gross Revenue, supplies are up 1% compared to both the budget and prior year.
- **Physician and Purchased Services -** Physician and Purchased Services Fees exceeded budget by $726K month-to-date and are $1.1M higher than the prior year. The current year variance is primarily due to a $480K increase in legal expenses, with the year-over-year increase also driven by higher legal costs and revenue cycle outsourcing.

- **Other Operating Expense** - Other operating expenses are consistent with the budget but have increased by $130K yearover-year, driven by higher relocation expense, employee engagement activities, education, and freight expenses.

- **Cash/Investments and Total Debt** - Total cash decreased ($9.3M) from the prior year and ($3M) to the 3-month run rate. Total debt owed $48.3M; $45M bank loan • Current Ratio is 2.48 • Debt to Capitalization is 41.8%, up 3.18% to the prior year.

- **Current Liabilities** - May liabilities $35M • Increase of $3M to 3-month run rate. • $600K increase in Payroll/PTO. • $15K increase in accounts payable. • $150K increase in third-party payable. • $2.4M increase in other.

Compared to our industry's benchmarks, we're still falling short in some areas and even to our 24-goal. There is no change in capital. On the income statement, net income and net operating income are down $4M, and actual year-to-date down $21M. Currently, we have 62 days' cash on hand, which equals out to $43M cash and equivalent.

Questions were asked and answered.

GOOD OF THE ORDER
The next meeting will be July 22, 2025, at 5:15 p.m.

ADJOURNMENT
There being no further business, the Finance Committee was adjourned at 5:53 p.m.

Kyle Stevens
Finance Committee Chairperson

Date: June 24, 2025