

**BAY AREA HOSPITAL DISTRICT BOARD WORK SESSION
JULY 9, 2025 MINUTES**

SpruceFir Conference Room @ 11:30 am

CALL TO ORDER

Chairperson Simon Alonzo, called the Bay Area Hospital (BAH) District Board Work Session to order at 11:33 am.

BOARD ATTENDANCE

Simon Alonzo; Tom McAndrew, MD; Patrice Parrott; Brandon Saada; Kyle Stevens; John Uno, MD

ABSENT (*excused*)

STAFF ATTENDANCE

Brian Moore, CEO; Jennifer Collins, CNO; Kelli Dion, CQO; Tom Fredette, HR Director; Karen Miller, interim CFO; Gretchen Nichols, COO; Kim Winker, Marketing and Communications Director; Denise Bowers, EA

LEGAL COUNSEL

Megan Kronsteiner, Esq.

PUBLIC ATTENDANCE AND INPUT

Members of the public were in attendance during the meeting.

FY26 Budget and Staffing Reductions

The board discussed the 5.9% staffing reduction outlined in the FY26 budget, noting that implementation has not yet begun despite the start of the fiscal year. Management emphasized the urgency of proceeding with the reductions to align with the approved budget and address the hospital's ongoing financial challenges. The staffing reduction plan was developed through a structured position control process and executive review, with a focus on minimizing impacts to safety, quality, and patient experience. While the decision to reduce staffing was made by the previous board, the current board acknowledged its responsibility to oversee the implementation. Leadership confirmed that the reduction process will begin this month, with union engagement and legal review in progress. Implementation timelines will vary depending on union contract requirements.

Key Points:

- 62 FTEs are targeted for reduction, with a mix of clinical and non-clinical roles.
- Voluntary resignation and early retirement options are being explored to reduce involuntary layoffs.
- Communication with unions has been general to date; detailed discussions are forthcoming.

Revenue Cycle and Savista Contract

The board expressed significant concern regarding the Savista revenue cycle outsourcing contract, citing a \$4 million annual cost increase without corresponding improvements in performance. Leadership explained that the decision to outsource was driven by workforce shortages and the complexity of hospital billing. While Savista is currently meeting the baseline contractual metrics, they have not delivered the anticipated revenue enhancements. In response, the board requested that the executive team prioritize a thorough review of the contract, explore options for breach or renegotiation, and consider transitioning some billing functions back in-house. Additional suggestions included partnering with local institutions, such as SWOCC, for workforce development and exploring regional billing collaborations to strengthen internal capabilities.

Bank Relations and Debt Obligations

Management provided an update on ongoing communications with the hospital's lender, noting that a formal forbearance agreement has not yet been established. The bank has proposed a \$25 million payment to reduce the hospital's interest rate from 7.5% to 5%; however, management is weighing the legal costs and the impact such a payment would have on cash reserves. The board expressed concern about the absence of a clear contingency plan should the proposed affiliation with Quorum not proceed. In response, leadership acknowledged the need for backup planning and indicated that alternative financing options and consulting support are actively being explored.

Budget Implementation Status

Aside from the staffing reductions, most other budget components are on track:

- Commercial payer rate increases (6%) went into effect July 1.
- Negotiations with Advanced Health are ongoing, with a potential \$2.4M impact.
- Federal reimbursement assumptions will be tested in October.
- Department-led cost-saving initiatives from the "Spring Sprint" are in progress.

Employee Engagement and Communication

The board discussed the importance of staff morale and the broader perception of the hospital, particularly during a time of financial and operational transition. Leadership acknowledged the need for improved communication and greater transparency with staff. It was noted that a staff-wide engagement survey has not been conducted in recent years due to cost and timing constraints. In response, the board suggested exploring more affordable alternatives or potential collaboration with labor unions to support the implementation of a future survey.

Capital Needs

Leadership identified the need for a second cath lab as a high-priority capital investment (~\$6M), which could generate significant revenue and support regional service expansion.

Regional Partnerships and Alternative Solutions

Board members expressed interest in exploring regional partnerships with other hospitals and healthcare entities. A proposal was made to invite Brightworks, a consulting group working with Southern Coos Hospital, to present regional collaboration opportunities. Leadership acknowledged prior discussions with local partners and welcomed further exploration. The board emphasized the need for transparency, collaboration, and urgency in addressing financial challenges. Leadership acknowledged the board's concerns and committed to improved communication and timely updates. This portion of the work session concluded with a call by the board for management's continued focus on financial recovery and community trust.

Dr. Paavani Atluri, attending the session as guest staff in the absence of a Chief Medical Officer, provided input on the proposed addition of a second cath lab. Dr. Atluri emphasized the strategic importance of this investment, citing the following:

- The cardiology program has grown significantly, now including a third electrophysiologist.
- The hospital serves a wide regional catchment area, including patients from Coos, Curry, and Douglas counties, as well as referrals from Florence, Cottage Grove, and Newport.
- The program has established strong clinical partnerships with OHSU, particularly for advanced heart failure and pulmonary hypertension cases.
- A second Cath lab would support expanded EP coverage, reduce patient transfers, and enhance the hospital's role as a regional cardiac care center.

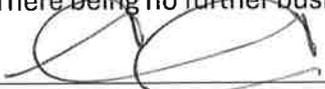
Dr. Atluri also addressed the tone of the meeting, encouraging unity between the current and prior board members. She acknowledged the new board's commitment to financial stabilization and urged that discussions avoid creating a sense of division or blame. Board Chair Simon acknowledged Dr. Atluri's comments and thanked her for her perspective. He affirmed the board's shared goal of financial recovery and maintaining high-quality patient care. He also agreed with the importance of improving communication and perception, both internally and externally.

Action Items

- Cath Lab Consideration: The board will continue to evaluate the feasibility and timing of investing in a second Cath lab as part of broader capital planning.
- Physician Participation: Dr. Atluri requested advance notice when physician input is needed for future work sessions, given the difficulty of attending lengthy meetings during clinical hours.
- Coordination: Leadership will coordinate with Dr. Atluri and incoming Chief of Staff Dr. Qadir to ensure physician engagement is targeted and efficient.
- Next Work Session: Denise will send out a Doodle poll to schedule the next 90-minute work session within two weeks. Brian will assist Simon in developing the agenda.

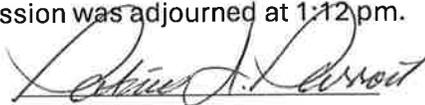
ADJOURNMENT

There being no further business, the board work session was adjourned at 1:12 pm.



Simon Alonzo, Board Chairperson

Date: 8/12/2025



Patrice Parrott, Secretary

Date: 8/12/2025