BAY AREA HOSPITAL DISTRICT BOARD MEETING MINUTES

September 9 2025, Bay Area Hospital Myrtle Conference Room @ 6:05 pm

CALL TO ORDER

Simon Alonzo, Board Chairperson, called the Bay Area Hospital District (BAHD) Board meeting to order at 6:05 pm. A quorum was present.

BOARD ATTENDANCE

Simon Alonzo; Tom McAndrew; Patrice Parrott *(via Teams)*; Brandon Saada; Kyle Stevens; John Uno

STAFF ATTENDANCE

Kelly Morgan, interim CEO; Kelli Dion, CQO; Tom Fredette, HR Director; Gretchen Nichols, COO; Karen Miller, Controller; Mel Stibal, interim CNO; Kim Winker, Marketing & Communications Director; Dr. Paavani Atluri, MD, COS (Chief of Staff); Aaron Orchard, IT Support Tech IV ; Troy Shumaker, IT Support Tech 1; Denise Bowers, EA

ABSENT: None

LEGAL COUNSEL

Megan Kronsteiner, Esq.

PUBLIC ATTENDANCE AND INPUT

Chairperson Alonzo opened the Public Input Session at 6:05 pm, just after the call to order, with 25 in-person public attendees, and 14 persons attending virtually.

Jennifer Briggs (Silverton, OR resident) expressed appreciation for the transparency of board materials and the inclusion of complete business reports in the minutes. She clarified misinformation regarding campaign contributions and encouraged public access to meeting packets online.

As no additional public comments were received in person or online, Chairperson Alonzo closed the Public Input Session at 6:08 pm.

CONSENT AGENDA

The consent agenda included:

- Board Meeting Minutes of August 12, 2025
- Board Education Session Minutes of August 12, 2025
- Finance Approved Minutes of July 22, 2025
- MEC Approved Minutes of July 30, 2025
- QPSC Approved Minutes of July 26, 2025

Action Taken by the Board:

Kyle Stevens moved to approve the Consent Agenda as cited above and as included in the board packet. Tom McAndrew seconded, and the motion carried on call of vote with all board members present casting a vote of approval.

CHIEF EXECUTIVE OFFICER REPORT – Mr. Kelly Morgan, interim CEO

Kelly Morgan presented a comprehensive update covering:

Financial Overview

- FY23 loss: $32M; FY24 loss: $24M.
- Cash reserves dropped from $41.9M to $39.6M.
- $35.3M balloon payment due to Bank of Montreal in December 2030.

- Epic system migration cost estimated at $22.3M.

Turnaround Plan
- $30M turnaround goal.
- Proposed reduction of 83.8 FTEs (~$10.2M savings).
- Hiring freeze and 50% reduction in traveler staff.
- Contract renegotiations and supply savings totaling ~$19.9M.
- Revenue cycle improvements projected to generate $6M annually.

Advocacy Efforts
- Upcoming meetings with Oregon Health Authority and state officials.
- Requesting $10M cash infusion, refinancing of BMO loan, and legislative support for lottery bonds and Medicaid reimbursement reform.

Market Share & Recruitment
- Commercial payer mix and service line performance reviewed.
- Recruitment strategy includes partnerships being explored with North Bend Medical Center and Bay Clinic.
- 39 physician positions identified as potential recruitment targets.

Contingency Planning (Plan B)
- Potential conversion to Type B hospital (50 licensed beds) to improve Medicaid reimbursement.
- No immediate service line closures planned except for Employee Wellness Center.
- APU to remain open with reduced costs, Signet APU Management contract being terminated.

Tax Levy Education Session – Megan Kronsteiner (BAHD Attorney)
- Investigating feasibility of a public option levy.
- Coos County Assessor lacks historical data; efforts ongoing to gather district-specific figures.
- No formal action being pursued at this time, only exploration.

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

The board received a report summarizing the Quality Committee's activities and presentations from the June meeting from Patrice Parrott, QPSC Chairperson.

The activities at the QPSC meeting of August 28, 2025 are as follows:
- Mr. Gary Salcedo gave a presentation on The Joint Replacement Destination Center, which included data, outcomes, and achievements
- Two Quality, Safety, Oversight (QSO) memos were revised with no actions needed by Bay Area Hospital.
- 2025 CMS Star Rating - Ms. Dion reviewed the score of the 2025 CMS Star rating, which reflects 2 stars for a second year in a row. Action: Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) and Readmissions remain priority opportunities.
- Federal Fiscal Year 2026 CMS Final Rule
  (1) Medicare Advantage beneficiaries added to multiple programs. (2) Performance period reduced from 3 to 2 years in multiple programs. (3) COVID-19 removed as an exclusion from denominators. (4) New benchmarks through Federal Fiscal Year (FY) 2031 released. (5) New market basket rates released through FY28.
- Quarterly Board Report Card - Ms. Dion reviewed the Quality Board Report Card.

FINANCE REPORT – Mr. Doug Dickson, interim CFO

RESOLUTION RELEASING SIGNORS ON INVESTMENT ACCOUNTS:

Doug Dickson requested the board approve the resolution handed out to release the former Chief Executive Officer (CEO) Brian Moore and former Chief Financial Officer (CFO), Mary Lou Tate as signors on the Deschutes Investment/Charles Schwab accounts and provided the following information: Deschutes Investments reached out to our Benefits Coordinator and Controller advising that Schwab is not accepting the letter of authorization to remove Brian Moore and Mary Lou Tate as signers, that was signed by Simon Alonzo and Kyle Stevens, Board Members. They now need either a copy of an organizational document (e.g., Corporate Resolution, Board Resolution, or Board Meeting Minutes) stating as such.

Action taken by the Board: Tom McAndrew moved to approve the resolution to release the former Chief Executive Officer (CEO) Brian Moore and former Chief Financial Officer (CFO), Mary Lou Tate as signors on the Deschutes Investment/Charles Schwab accounts. Brandon Saada seconded, and the motion was carried out on call of vote by all board members.

FINANCIAL REPORT TO THE BOARD OF JULY 2025

The board received a report of the activities of the Finance Committee at their meeting of August 26, 2025, from Doug Dickson as follows:

For the month of July 2025, Bay Area Hospital's financial operating results are summarized as below:

Revenue

- Inpatient Discharges were down 9% to budget.
- Average Length of Stay (ALOS) was down 14% to budget (3.75 v 4.77).
- Combined to reduce IP Days and, therefore, revenue by $3.4 million or 11.9%.

Outpatient

- Outpatient services as measured by OP Visits were down by 10 visits on a budget of 11,317 visits.
- OP revenue was up compared to budget by $1.2 million or 2.9% due to service mix -Increase in Cath Lab, Emergency and Surgical services which have higher per visit revenue than clinical lab, or radiology.

Net Patient Revenue came in $966K or 4.5% below budget.

Expenses

- Salaries, Benefits and Contract Labor combined were over budget by $1.4 million or 12.1%. Total Paid FTEs were over budget by 54.3 or 6.4%.
- Physician and Pro Fees were over budget by $41,311 or 2.7%.
- Supplies were below budget by $320,992 or 7.9%.
- Purchased Services were under budget by $8,300 or 0.4%.
- Leases/Rentals, Depreciation and Other Operating Expenses were over budget by a combined $198,216 or 8.4% driven by an increase in the Provider tax of $265,000.

Operating Expenses, therefore, were over budget by $1.3 million or 6%. The combination of lower revenues and higher expenses resulted in an operating loss of $2,341,013 compared to a budgeted operating loss of $88,136. For the month of July 2025, BAH did not meet Debt Service Coverage Ratio, Days Cash on Hand or Liquidity requirements for its loan with BMO. *Comprehensive financials were included in the board packet.*

REPORT OF THE BOARD CHAIRPERSON and **BOARD COMMENTS**

- Simon Alonzo expressed appreciation expressed for recent employee forums and staff engagement; they were well attended, and he heard reports that more people were reached in 4 sessions than historically reached in 7 sessions, with robust question and answer sessions at the end of each forum. He attended all 4 sessions and shared that staff thanked the board for the direct conversations. Simon further thanked the executive team and other staff for all the work done on the financial sustainability and assured the public that no stone has been left unturned in the dive for data driven decisions regarding the financial health of the organization. He gave recognition of executive team's transparency and effort in budget restructuring.

- John Uno stated a request that the board be provided with a sandwich, a candy bar and a bottle of water at the board meetings.
- Patrice Parrott shared that she is digesting data, and feels hopeful for the upcoming visit that Kelly and team will be making to the legislators next Tuesday, with hope that our plight is heard.
- Brandon Saada asked if the public could write letters to the legislators and Kelly Morgan responded that calls and contact with Senator Dick Anderson and Representative Boomer Wright would be helpful. Kyle Stevens asked if those legislative addresses could be posted on the BAH website.

Simon ended by sharing with the community that they can help BAH by rallying behind us and partnering with the hospital in our efforts to save Bay Area Hospital and giving encouragement for the community to provide support and positive advocacy to all.

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

- Volumes increased in August.
- Two candidates interviewed for CMO position.
- Fall picnic announced for September 28th.
- Plans to expand outpatient oncology services and restart inpatient chemotherapy.
- Request for public feedback to improve patient experience and perception.

CEO Hiring Policy Review and Public Input Session

Existing policies and procedures were displayed in the meeting and provided to the public in the online board packet.

Public input session on CEO Hiring Policy Review was opened at 7:06 pm for the public to ask questions or make comments as a result of their review of the CEO Hiring Policies and Procedures and Hiring Practices of Bay Area Hospital. No questions were asked, and one comment was noted regarding CEO licensing legislation in Washington, which does not apply to Oregon. The

EXECUTIVE SESSION

The Board went into Executive Session at 7:07 pm as authorized by:

ORS 192.660(2)

(a) To consider the employment of a public officer, employee, staff member or individual agent.
(c) To consider matters pertaining to the function of the medical staff at a public hospital.
(f) To consider information or records that are exempt by law from public inspection.
(h) To consult with legal counsel concerning the legal rights and duties of the district regarding current litigation or litigation likely to be filed.

ORS 192.660(7)(d) requires that the public body:

(a) Advertise the vacancy.
(b) Adopt regular hiring procedures.
(c) In the case of an officer, offer the public an opportunity to comment on the employment of the officer; and
(d) In the case of a chief executive officer, the governing body must have adopted hiring standards, criteria and policy directives in meetings open to the public in which the public has had the opportunity to comment on the standards, criteria and policy directives.

RETURN TO REGULAR SESSION

Chairperson Alonzo reopened the meeting into public session at 8:08 pm.

MEDICAL STAFF REPORT

Dr. Paavani Atluri, Chief of Staff, gave report from the Medical Staff as summarized bullets below:

- Patient Volumes: Notable increase in patient volumes observed in August and continuing into September, with expectations for positive financial impact.
- CMA Recruitment: Two candidates interviewed for the part-time Chief Medical Administrator (CMA) position. A decision is expected shortly. The role will support Medical Staff Office operations and accreditation compliance.
- Provider Engagement: Efforts underway to strengthen collaboration among physicians, advanced practice providers, and outpatient clinics including NBMC, Waterfall, Coquille Valley Hospital, and Southern Coast Swamps.
- Community Event: The Oregon Medical Society's Fall Picnic is scheduled for September 28th at Ferry Rd. Park. All medical professionals are invited to attend.
- Oncology Services: Two full-time oncology providers have joined. Expansion of outpatient oncology services via telehealth is in progress, with plans to resume inpatient chemotherapy once stable.
- Inpatient Limitations: Inpatient services remain financially constrained due to lack of reimbursement for certain treatments.
- Patient Experience & Survey Results: Recent LEAK survey results were disappointing, largely due to patient experience and public perception. Feedback from the community is welcomed to help improve performance and support advocacy efforts with the Oregon Health Authority.

APPROVAL OF CREDENTIALING REPORT

Action taken by the Board: Kyle Stevens moved to approve the Credentialing Report as discussed in the Executive Session and presented in the packet. Brandon Saada seconded, and the motion was carried out on call of vote by all board members.

ADJOURNMENT

There being no further business, the District Board meeting was adjourned at 8:09 pm.

Simon Alonzo, Board Chairperson	Patrice Parrott, Secretary
Date: 10/20/2025	Date: 10/23/2025