

**BAY AREA HOSPITAL DISTRICT JOINT BOARD AND FINANCE COMMITTEE  
MEETING MINUTES**

*December 10, 2025, Bay Area Hospital Myrtle Conference Room @ 6:05 pm*

**CALL TO ORDER**

Simon Alonzo, Board Chair, called the meeting to order at 6:05 pm with a quorum present.

**BOARD ATTENDANCE**

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

**STAFF ATTENDANCE**

Gretchen Nichols, CEO; Patrick Banks, CFO; Kelli Dion, CQO; Tom Fredette, CHRO; Derrick Oaxaca, MD, CMO; Mel Stibal, interim CNO Kim Winker, Marketing & Communications Director (*via Teams*); Dr. Paavani Atluri, MD, COS (Chief of Staff); Denise Bowers, EA

**ABSENT:** None

**LEGAL COUNSEL**

Megan Kronsteiner, Esq.

**PUBLIC ATTENDANCE AND INPUT**

Chairperson Alonzo opened the Public Input Session at 6:05 p.m., with 9 in-person public attendees and 10 persons attending virtually. As no public comments were received in person or online, Chairperson Alonzo closed the Public Input Session at 6:05 pm.

**PATIENT SUCCESS STORY**

Brandon Saada read a patient success story from a grateful family member who expressed heartfelt appreciation to the ER staff, the 2nd floor Intermediate Care team, the 4th floor Medical Care team, and Dr. Lanier at Bay Area Hospital for their outstanding and compassionate care of their mother. The note highlighted the team's kindness and professionalism, even during challenging moments, and emphasized how positive experiences like these deserve recognition. The family thanked Bay Area Hospital for the exceptional care provided and continued support of the community.

**CONSENT AGENDA** The consent agenda included: Board Meeting Minutes of November 18, 2025; MEC Approved Minutes of October 29, 2025; 3rd Quarter Risk Management report

**Action Taken by the Board:**

Brandon Saada moved to approve the Consent Agenda as cited above. Patrice Parrott seconded, and the motion carried on a call of vote with all board members present casting a vote of approval.

**REPORT OF THE CEO, GRETCHEN NICHOLS**

*Financial Recovery & Expense Discipline*

November volumes and net patient revenue were soft, but strong expense management supported overall performance improvement.

### *Payer Contracting*

Continuing appointments with commercial payers to negotiate rate improvements.

### *Temporary Labor Reductions*

- Aggressive actions to reduce temporary labor (including locums).
- Removing a single locum can yield ~\$600,000 annual savings.

### *Physician Recruitment / Service Line Opportunities*

- Exploring orthopedic service expansion opportunities due to program closures elsewhere (e.g., Ashland).
- Active dialogue with providers in joint replacement and orthopedic spine.

### *Physician Experience & Operational Efficiency*

- Focus on making BAHD a preferred practice location by improving operational flow and patient throughput.

### *Clinically Integrated Network (CIN) Exploration*

- Early-stage discussions with other Oregon hospitals on a CIN for potential payer contracting leverage, shared administrative functions (e.g., credentialing, compliance), and group purchasing.
- Oregon Office of Rural Health is providing leadership/support for exploration.

### *Academic/Referral Relationships*

- Met with OHSU Hospital President; further meetings planned with strategic outreach and clinical leaders to explore program collaboration and workforce support.
- Prior Knight Cancer Institute affiliation was ended earlier in 2025 due to low utilization of services; BAHD continues to use OHSU for registry support for accreditation. Future collaboration may be revisited if aligned to workforce and coverage needs.

### *Operating Controls*

- Launching monthly management operating reports starting January to review variances and implement corrective actions; leadership education planned on operations rigor.

### *Government Relations / Legislative Strategy*

- Finalizing an E-Board (Emergency Board) request for \$10M; potential January testimony.
- Meeting with Representative Diehl; ongoing outreach to legislators to build support.
- Coastal Caucus letter fully signed and sent to bank; draft bill for Treasury refinancing of debt appears favorable and may allow similar hospitals to participate.

### *Medical Staff Hiring*

- OB/GYN hospitalist: Offer accepted by Dr. Kenneth Jacobs (former locum; now joining BAHD to provide deliveries/OB hospitalist coverage).
- Active recruitment for orthopedics, cardiology (candidate with offer; fellowship completion targeted June), and additional OB provider visit planned next month.
- OB plan is hospitalist coverage, not opening a new clinic; local clinics were involved and supportive.

#### *Trauma Survey*

- BAHHD achieved three-year recertification with no deficiencies; recognition for ED, Trauma/General Surgery teams, and providers (including Dr. Oaxaca) for the collective effort.

#### **QUALITY AND PATIENT SAFETY COMMITTEE (QPSC) REPORT - PATRICE PARROTT, QPSC CHAIR**

- Patrice reported that the Committee indicated no formal quality updates for this meeting.
- Kelli Dion, CQO, noted that the FY2026 Quality Plan will be presented for review/approval at the next meeting.

#### **FINANCE COMMITTEE MEETING - KYLE STEVENS, FINANCE COMMITTEE CHAIR**

Gretchen gave the floor to Kyle Stevens, Finance Committee Chairman, for the Finance Committee to conduct its business.

**Attendance:** In addition to the three board members on the Finance Committee (*Kyle Stevens, Tom McAndrew, and Brandon Saada*), community members appointed to the Finance Committee were all in attendance (*Judy Moody, John Briggs, and Barbara Taylor*). The business of the Finance Committee proceeded with a full quorum.

Kyle turned the floor over to Patrick Banks, CFO, for his financial update to the committee. The bulleted summary of key highlights of Patrick's report is below.

#### **CFO Monthly Report (November 2025 Results)**

##### *Executive Summary*

- Operating Loss: \$320K for November (meaningful improvement vs. prior months); combined two-month loss < \$1M.
- Volumes: Discharges 19% under budget; outpatient visits 13% under; ED visits 5% under; ED admission conversion 16.5% (historical ~20%).
- Net Patient Revenue (NPR): \$17.5M (low), offset by strong expense discipline, especially labor.

##### *Performance Drivers & Expense Management*

- Labor Costs: Budgeted \$11.2M; ~\$500K favorable:
  - ~\$440K from fewer hours/FTEs aligned to volume.
  - ~\$52K from lower staffing matrix.
- Cash Collections: Slightly soft; YTD ~97% of NPR.
- Contractual Allowance Analysis: Updated; receivables reflect current payer yields.

##### *Financial Dashboard (Key Indicators)*

- Days Cash on Hand: Trending upward due to lower daily cost; still below target (~120 days).
- Adjusted EBITDA Margin (ex provider tax): Positive; long-term goal 10–12%.
- Net AR Days: ~47; goal <45 remains challenging.
- Compensation Cost as % of NPR: YTD ~63% vs. sustainability benchmark ~50%.
- Cost to Collect: Target ~5%; multi-month reduction initiative underway.

##### *Recovery Plan Progress*

- Expense Reduction Plan (~\$20M): On track; FY26 net operating loss goal ~\$11M; breakeven targeted FY27.
- Revenue Cycle Improvements (≥ \$6M):
  - Internal fixes: issue correction, charge capture, denials.
  - External: underpayments, charge standardization, cost-to-collect improvements.

### Capital & Financing Strategy

- State Support Requests:
  - Debt refinancing via Treasury (critical for sustainability).
  - \$10M Emergency Board request (medical staff development/stabilization).
- Capital Needs: ~\$60M; pursuing grants, state appropriations, and external grant-writing support.

### Workforce & Governance

- Controller Hire: Mark Hadley appointed (remote with monthly onsite cadence).
- Audit:
  - Report delivered to bank on time; Board wrap-up in February (January meeting shift).
  - Expected going-concern opinion (due to forbearance/covenants); no material weaknesses or significant audit adjustments.
  - CFO to ensure pre-issuance touchpoints with Treasurer/Finance Committee.

### Observation Status & Patient Impact

- Observation Days: Budget 86 → actual 150; drivers include case management turnover, criteria changes, discharge barriers.
- Actions: Daily reviews with UMT/case management; third-party criteria tool; Medicare observation notice process; assistance programs for copays.

### Defined Benefit (DB) Pension Plan

- Plan Status: Closed; ~97–98% funded; liquidity held for ~3 years of payments.
- Upcoming Discussion: Deschutes recommendation for plan to pay own administrative expenses; participant communications in January.
- Long-Term Consideration: Transition to defined contribution to be revisited.

### Upcoming Items

- January: DB plan manager presentation; pension communications.
- February: Auditor wrap-up presentation.
- Budget Planning: FY27 calendar forthcoming; continued dashboard reporting with “blue boxes” and granular service-line visuals.

### Board Q&A

- Q: *Oregon nursing costs vs. national—can we benchmark statewide instead of nationally?*  
A: Yes. We’ll add statewide benchmarks. We use a 50% compensation-to-NPR ratio as the sustainability anchor because Oregon’s payer yields (Medicare/Medicaid) are comparable nationally; success requires driving toward that ~50% ratio.
- Q: *Debt covenant requirement—ratio or threshold?*  
A: Current covenants rely on dollar-based thresholds (not a simple ratio). We are not in compliance today and continue under bank support while pursuing state refinancing.
- Q: *Auditor communications appear light—will the Finance Committee connect pre-issuance?*  
A: Yes. CFO will contact the auditor to schedule pre-issuance discussions with the Treasurer/Committee. The audit report will be delivered to the bank on time; the Board wrap-up is planned for February. Expect a going-concern opinion due to current forbearance; no material weaknesses or significant audit adjustments have been indicated.

- Q: *Observation days spike (86 budget → 150 actual); patient cost exposure?*  
A: Multifactor drivers (criteria changes, turnover, discharge barriers). We meet daily to reassess status, use a third-party criteria tool, ensure Medicare observation notices, and offer estimates. Monitoring continues; assistance programs address copays/financial need.
- Q: *Can visuals help the Board see monthly drivers (e.g., OR, Cath Lab, inpatient)?*  
A: Yes. We'll continue to report on the blue-box dashboard and add granular views of the drivers (service line/unit impacts, revenue/expense bridges) on a monthly basis.

#### **EXECUTIVE SESSION**

The Board went into Executive Session at 7:01 pm as authorized by **ORS 192.660(2)**  
*(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.*

#### **RETURN TO REGULAR SESSION**

Chairperson Alonzo reopened the meeting into public session at 7:06 pm.

#### **APPROVAL OF CREDENTIALING REPORT**

**Action taken by the Board:** John Uno moved to approve the Credentialing Report as discussed in the Executive Session and presented in the packet. Tom McAndrew seconded, and the motion was carried out on call of vote by all board members.

#### **MEDICAL STAFF REPORT, DR. PAAVANI ATLURI, CHIEF OF STAFF**

Dr. Atluri announced the following incoming officers for 2026:

##### **Medical Staff**

Incoming Chief of Staff - Dr. Hammad Qadir  
Vice Chief of Staff - Dr. Rohit Nanda  
Secretary/Treasurer Member at Large - Dr. Ryan Pederson  
Past Chief of Staff - Dr. Paavani Atluri  
Chief Medical Officer - Dr. Derrick Oaxaca

##### **SWOMS -**

President - Dr. Charles Toledo  
Vice President - Dr. Bhargavbhai Patel  
Secretary/Treasurer - Dr. Hyun Jang  
Advanced Practice Professional Representative - Benjamin Chu, PAC

#### **BOARD COMMENTS**

The floor was opened for board member comments and all were wished a merry holiday season.

#### **GOOD OF THE ORDER**

Ms. Deborah Herman, Medical Staff Office Manager, requested a change in name for the Credentialing Report to "MEC Report". This change will be implemented with the January board agenda and minutes.

**ADJOURNMENT**

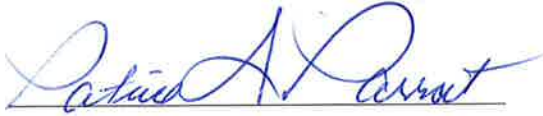
The next regular joint Board/Finance Committee Meeting will be on January 20, 2026 at 5:00 pm. The meeting adjourned at 7:13 PM.

**Simon Alonzo, Board Chair**



Date: 1/20/2026

**Patrice Parrott, Board Secretary**



Date: 01/20/2024.