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CASCADE MEDICAL
PARTNERS IN YOUR HEALTH

Minutes of the Board of Commissioners Meeting
Chelan County Public Hospital District No. 1
Arleen Blackburn Conference Room & Video Conference Connection
June 28, 2023

Present: Mall Boyd, Secretary; Gustavo Montoya, Commissioner; Jessica Kendall, Commissioner; Diane Blake, Chief Executive Officer; Pat Songer, Chief Operating Officer; Marianne Vincent, Chief Financial Officer; Megan Baker, Executive Assistant
Via Zoom: Bruce Williams, Vice President; Clint Strand, Director of Public Relations

Excused: Tom Baranouskas, Board President; Melissa Grimm, Chief Human Resources Officer; Chad Schmitt, VFCIO

Guests: Whitney Lak, Clinic Director; Dr. Mark Wefel; Kathy Jo Evans, Director of Accounting; Ted Montgomery, CM Foundation; Kami Maztek, DZA
Via Zoom: Tyler Anderson, DZA; Mary Morse, Patient Services Representative; Duane Goehner, Community Member

Topics	Actions/Discussions
Call to Order	• Vice President Bruce Williams called the meeting to order at 5:32 pm. Gustavo then led the pledge of allegiance.
Consent Agenda	• Mall moved to approve consent the agenda. • Gustavo seconded the motion and the commissioners unanimously approved.
Community Input	• None
Introduction: Dr. Mark Wefel	• Diane introduced Dr. Wefel. • Dr. Wefel joined us June 1, 2023 from Laramie, WY. He received his MD from the University of Washington and participated in a family practice residency at the University of Wyoming. He is the recipient of many Antarctica Service Medals for his service on U.S. Antarctic expeditions. • Dr. Wefel will work 4 days per week in the clinic and will also work in the Emergency Department.

Foundation Report	• Ted Montgomery provided the Foundation Report.
	• The foundation hosted their annual golf tournament on June 19, 2023. The group anticipates clearing $40,000 which will put them closer to their Cardiac Rehabilitation goal.
	• Upcoming Benevolent Nights
	  ○ Sunday, July 1 @ Plain Cellars
	  ○ July 11 @ Squirrel Tree
	  ○ August 16 @ Wok About Grill
	  ○ September 21 @ Colchuck's
	  ○ October 12 @ Wildflower at Kahler Mountain Club
	  ○ Benevolent Nights have raised $7,500 so far this year.
	• Jive Time- September 16th

Financial Audit Report	• Kami Matzek from DZA presented the Financial Audit Report. **Basic Financial Statements and Independent Auditors' Reports**

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- **Initial items to Note**
  - Unqualified opinion: clean opinion of financial statements
  - No audit findings
  - In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No.87, *Leases* which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases.
- **Assets and Deferred Outflows of Resources**
  - $1,000,000 increase in total current assets.
  - The Medicare cost report was a big end of year return yielding $1.4 million.
  - Law Enforcement Officers' and Fire Fighters' Benefits
    - A state program that is recognized as an asset and liability.
- **Liabilities, Deferred Inflows of Resources, and Net Position**
  - EHR incentive payback overpayment due to HCA error remains booked until resolved.
- **Income Statement**
  - Net patient service revenue saw an increase of 2% from 2021 mostly attributed to commercial insurance payments.
  - About 64% of our operating expenses were related to salaries, wages, and employee benefits.
  - We have almost $3,000,000 of tax revenue.
  - CM ended the year with a positive net income of $164,771 for 2022. Diane reported the significance of CM ending the year in a positive position compared to $2.1 billion total loss across Washington state hospital systems.
- **Patient Accounts Receivable**
  - The internal mapping of Medicare Advantage plans in Meditech impacted the distribution of payor accounts from 2021 to 2022. The change is reflected on the general ledger in the account mapped.
  - Kami noted the value of optimizing Medicare reimbursement.
- **Net Patient Service Revenue**
  - CM received over $10,000,000 from Medicare and about $2,000,000 from Medicaid.

Financial Indicators

- **Total Margin: 0.6%**
  - CM netted nearly $165,000 in 2022. The goal over time should be to generate total margin of 3-6%. The prior margin of 9.5% in 2020 allowed us to sustain ourselves throughout the COVID pandemic.
- **Days Cash on Hand: 199**
  - DZA recommendation is 99 days cash on hand. CM noted 199 days cash on hand, which is significantly over the benchmark.
- **Capital Expenditures Percentage of Annual Depreciation: 23%**
  - DZA recommendation of 100% every 5 years which indicates that capital assets are being updated and replaced. CM is well over this mark.
- **Long- term Debt to Net Position: 38%**

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	○ Paying off loans as they are becoming due. A large net income of $7,000,000 is reflected from 2020 to 2022. • **Days in Net Patient Accounts Receivable: 57** ○ CM is in alignment with Washington State hospitals, but DZA recommended working to reduce days in net patient accounts receivable to 40 days. • **Gross Days in Patient Accounts Receivable: 65** ○ The average time that receivables are outstanding, or the average collection period. ○ It's positive that CM has been consistent in the last few years. • **Contractual Adjustment Percentage: 30%** ○ As a CAH, Medicare percentage of cost will increase and decrease. It is desirable to be consistent, which CM is. • **Bad Debt as a Percentage Net Patient Revenue: 2.6%** ○ CM is below Washington state benchmarks at 2.6% which is positive. • **Bad Debt and Charity Care Percentage: BD 1.8% | CC 0.6%** ○ This is an indicator of the benefit the hospital provides to in-need members of the community from a service perspective. ○ Low number of bad debt is desirable. • **Full-time Equivalent Employees FTE: 121** ○ The trend in the largest single expense of the organization. ○ CM trended consistent FTE numbers for the last few years. • **Salaries and Benefits per FTE: $135,135** ○ The increase in cost positively correlates with demands from supply chain costs associated with COVID, soaring inflation, and increased wages to hire and retain workers. • **Net Patient Service Revenue per FTE: $183,842** ○ The indicator is used as a board measure of productivity. ○ The denominator does not include contracted employees. **Letter to the Board** • There were no difficulties performing the audit and no disagreements with CM leadership. • The concept of management override of controls is a risk in any audit and DZA is required to disclose this information. Commissioner Comments • Mall expressed significant pride in CM for having an unremarkable audit. • Kami's Highlights of Positive CM Financial Decisions: ○ Tracking and use of provider relief funds were well used and invested into assets that were used to generate growth. ○ CM demonstrated good financial stewardship of The District's money. ○ The mobile clinic was a great asset and support for the community and a positive decision. • Marianne reported the value of collaborative efforts. Sarah and Jerri worked to pull data and assess inpatient registration. Kathy Jo led the audit schedule so Marianne could focus on the cost report. The team identified areas of priority and worked together to manage many efforts to sustain CM's financial health.
CM Values	• Diane Blake provided the CM Values report. • Both stories reflect three of our seven values including community, quality, and empowerment.

	• Kudos for the Natasha, Chris, and nursing and radiology team members who were quick to respond to help requested by a nurse in the ED. The feedback included much appreciation for their quick response and care for one another.
	• A patient reported great service from Sam and Lucy during an appointment in the Mobile Clinic. Sam and Lucy provided great care and demonstrated our commitment to quality by ensuring a speedy transfer of record information for the patient.
	• The value definitions highlighted in these stories include:
	  ○ Community: to enjoy helping others.
	  ○ Empowerment: loving what you do
	  ○ Quality: expect and deliver upon high standards.

Public Relations Report	• Clint Strand provided the Public Relations Report. • CM began June and Pride month with internal tie-dye stations. Over 100 team members participated and shared joy developing their creations. CM tabled a booth at the Wenatchee Pride event on June 3, 2023. Kudos to Dr. Kendall who highlighted CM's commitment to provide affirming care to our community. • Health and Safety Fair: June 24, 2023. This was our second year hosting this event at Alpine Lakes Elementary. There were about 200 folks between 11:00 AM and 2:00 PM. A big thanks to CCSO, CCFD3, Simplisafe, Airlift NW, Life Flight, Evergreen Mountain Bike Alliance, Mountain Highway Towing, and our CM EMS crew. • Looking ahead to July, CM will be working to get the word out about Dr. Wefel and produce an updated brochure to capture our updates. • The final pieces of the website refresh are coming together.

Old Business	• **Team-based Care**
	• Whitney Lak presented the Team-based Care update.
	  ○ Two teams: 3 MD/DOs and 1 PA-C. The teams will include a patient service representative imbedded in each team. The purpose is to facilitate a one-touch experience for patients. PSRs will move into their teams next week.
	  ▪ Team 1: Drs. Richardson, Jerome, and Kendall, with Kelly Boeing, PA-C.
	  ▪ Team 2: Drs. Merritt, Butruille, and Wefel, with Sam Linn, PA-C.
	  ○ The team is working to implement best practices and optimized workflows.
	  ○ CM can get patients established with two weeks.
	• **Billing Statements**
	• Marianne Vincent presented the Billing Statements update.
	  ○ There was an issue with our third-party billing vendor. Our build sat in a holding pattern for some time. There is a great volume of work for our team to catch issues before errored statements reach patients. The business office is exploring moving to a different vendor.
	  ○ There is an opportunity to offer billing statements in the desired language identified by patients.

Committee Reports	• **Governance Committee**
	• Bruce Williams provided the Governance Committee report.
	  ○ There is value in board education and the list of topics provided by WSHA was included in the board packet.
	  ○ The group plans to review the recorded webinar, *What Boards Should Know about New CMS QAPI Requirements* in August.

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	○ The annual board retreat may be held in late November. Diane is working to identify a facilitator. ○ The board self-assessment may be deployed before the annual board retreat, within the fall. ○ The group requested continual input from Jessica and Gustavo as we navigate their commitments that differ from our retired commissioners. ○ Diane values the quarterly CEO review period and appreciates the feedback. There is an opportunity to shift the timing of the review from the end of the meeting at the quarter.
Action Items	• **MOTION**: **Approve Governance Charter** ○ Mall moved to approve. Jessica seconded the motion and the board unanimously approved.
May Finance Report	• Marianne provided the Finance Report. ○ We have a budget variance of $133,000. Professional fees are over budget by ($135,000) in May due to Meditech consulting fees, Nurse Registry Fees, and Clinic Provider feeds due to Locum PA. ○ Purchased Services and Repairs & Maintenance expenses are over budget ($82,000) and ($42,000) respectively in May due to Pharmacy reclassification of expenses from Professional Fees to Purchased Services of $38,000, Business Office support services of $15,000 and Plant Expenses for Chiller repairs of $42,000. ○ Year-to-date positive variance of $1,700,000. ○ Days in Net AR: 62.2 days in May. ○ The group began implementing Chargemaster Review. ○ There is an in-house audit review on 2020 Medicare Bad Debt and provider-based physician activity by Noridian coming up.
Administrator Report	• Diane provided the Administrator Report. • **Network & Firewall Update** ○ CM's current network infrastructure needs an upgrade to keep pace with internal operations. Leadership anticipates the cost between $200,000 and $225,000 to update our network which was on our radar to be addressed in the next couple of years. Leadership may be coming to the board to with a financial request to speed up the work. ○ We may need to replace our firewall for $8,000-$10,000. • **Fire Doors** ○ Our doors need to be replaced. We were cited in our Fire and Life Safety Survey. 8 doors are $30,000-$35,000. This is another needed expense. • **Badge Entry System** ○ CM may need to replace the system as it is phasing out which will cost between $125,000-$150,000. • **Free Sports Physicals** ○ CM was able to provide free sports physicals to about 80 kids on Sports Physical Night in May. • **Patient and Family Advisory Council** ○ The group had their first meeting on June 20 and plans to meet monthly. ○ Kudos to Clint and Jade as this has been a longstanding effort to launch the group..

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	• **Rehab Services**
	  ○ Otago, an evidence-based structured balance and fall program recently launched with 33 initial assessments. The 8-week course will be held on Tuesdays and Thursdays from 11-12 at the senior center. Katie Faw, Gwen Baldock, and Jenn Crawford are facilitating the program.
	• **Rural Hospital Committee Meeting- Rural Payments**
	  ○ There is an ongoing attempt to implement a different payment model. Rural Health Clinics are not allowed to participate in the pilot model. There is a working group in WA (comprised of WSHA CEOs) that will meet to develop a framework to pitch to the Healthcare Authority.
	• **Upper Valley Mend Steering Committee- Workforce Housing**
	  ○ Diane will co-chair the committee with two other community members. The first meeting is July 5, 2023.
	• **Onboarding Hospitalists**
	  ○ We are revising our weekend hospitalist back up coverage.
	• **Department of Health Survey**
	  ○ Diane expressed great pride in our team who participated in and connected with our surveyors.
	  ○ There are 1-2 fewer items than the DOH provided in our exit interview.
	  ○ CM has seen a longer list of deficiencies in previous years.
	  ○ The surveyors praised CM's great work they experienced with our team, significant care provided by our staff, and excellent working relationships between leadership and staff. CM staff were engaged and demonstrated an interest in learning and implementing DOH improvements.
	  ○ CM is the cleanest hospital they've ever been in.
	  ○ This is the best survey in Diane's tenure.

Board Action Items	• Check your email. Megan will include "Response Needed" in the email subject line.

Meeting Evaluation/ Commissioner Comments	• The commissioners were pleased with the evening of such great news between the audit and DOH survey. The culture at CM is special and immeasurable.
	• Updates Requested:
	  ○ Mobile clinic update
	  ○ End date for consultants
	  ○ Public Records
	• Continue learning about gender-affirming care.
	• As a board, discuss executive burnout.

Adjournment	• Gustavo made a motion to adjourn the meeting at 8:32. Jessica seconded the motion and the commissioners unanimously agreed.

DocuSigned by:
Tom Baranouskas
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Tom Baranouskas, President

DocuSigned by:
Mall Boyd
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Mall Boyd, Secretary