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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 26, 2024

Present: Bruce Williams, President; Tom Baranouskas, Vice President; Jessica Kendall, Commissioner; Gustavo Montoya, Commissioner; Shari Campbell, Commissioner; Diane Blake, Chief Executive Officer; Pat Songer, Chief Operations Officer; Marianne Vincent, Chief Financial Officer; Melissa Grimm, Chief Human Resources Officer; Megan Baker, Executive Assistant
Via Zoom: Chad Schmitt, Virtual Fractional Chief Information Officer
Guests: Kathy Jo Evans, Director of Accounting; Rich Adamson, CM Foundation; Kami Matzek, DZA; Kathleen Lince, SAO

Topics	Actions/Discussions
Call to Order	• President Bruce Williams called the meeting to order at 5:31 pm. Tom then led the pledge of allegiance.
Consent Agenda	• Jessica moved to approve the consent agenda. Tom seconded the motion and the group unanimously approved.
(Action Item) New Commissioner Appointment, Position No.5	• Bruce Williams moved to appoint Shari Campbell to Position No. 5. Gustavo seconded and the group unanimously approved.
Oath of Office	• Megan Baker administered the oath of office to Shari Campbell, who affirmed her commitment as a commissioner to Cascade Medical. • Shari joined the other Commissioners and participated in her newly designated capacity.
Community Input	• None

Foundation Report	Rich Adamson provided the Foundation Report.
	• The CM Foundation hosted their annual golf tournament on June 17, 2024, which was a great success. The event attracted 116 golfers and generated approximately $40,000 in sponsorship revenue. Due to high demand, two new sponsorships were created, resulting in a total of just over 50 sponsors. The Foundation hopes to net around $49,000 from the event.
	• The group has fully funded the hematology analyzer and has approximately $22,000 in excess funds, which will contribute towards their stretch goal of purchasing an MIH vehicle.
	• Upcoming Benevolent Nights:
	  ○ Plain Cellars: July 6
	  ○ Squirrel Tree: July 17
	  ○ Jive Time in the Cascades: September 21

CM Values	Diane Blake provided the report. • CM defines quality as "We demonstrate an exceptional and enduring commitment to excellence. We are devoted to processes and systems that align our actions to excellence, compassion and effectiveness on a daily basis." At CM, quality behaviors include but are not limited to expecting excellence, being the best we can be, going the "second mile," and fixing not blaming. • The EMS team responded promptly to a patient experiencing a stroke, arriving quickly after being dispatched to an in-town call. Initially the patient's family requested transport to Confluence. A team member explained CM's access to the University of Washington's Telestroke program, and the family elected to be routed to CM, a

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	Level III Trauma Center. One of the Chelan County Fire District No.3 personnel accompanied the EMS team during the transport. The patient received rapid response and care from the CRN, Dr. Gentles, and the UW telestroke team. Overall, the patient was assessed, treated, and transferred in under an hour. This swift and coordinated effort highlights the importance of excellent communication, teamwork, and collaboration in supporting high quality patient care. The team member who submitted the patient story also expressed their gratitude to all staff and personnel involved.
Public Relations Report	No report.
Financial Audit Report	Kami Matzek from DZA presented the report. **Basic Financial Statements and Independent Auditors' Reports** • **Initial Items to Note** o Unqualified opinion: clean opinion of financial statements o No audit findings. o The District changed accounting policies related to accounting for leases by adopting Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, in 2023. • **Assets and Deferred Outflows of Resources** o Nearly $3,000,000 cash increase in Current Assets in 2023 • **Liabilities, Deferred Inflows of Resources, and Net Position** o The electronic health records incentive of $741,000 is still reflected under Current liabilities; whether repayment will be required in a subsequent period remains uncertain. • **Income Statement** o CM is in a strong cash position. o Net Patient Service revenue increased 14% from 2022. o Most ancillary services saw increases. o Salaries and benefits were 61% of operating expenses. o Professional fees increased by $800,000 from 2022. o CM experienced an operating loss $3.4 million. o CM's net position was a loss of $95,000. • Patient Accounts Receivable o Patient accounts receivable, $5,026,265 were reduced by an allowance for uncollectible accounts, $1,395,335 yielding a net of $3,630,930. **Notes to Basic Financial Statements** • Note 1: CM appropriately adopted the GASB Statement accounting principle. • Note 3: CM had $2,955,281 in receivables from patients and their insurance carriers. • Note 6: CM had $41,852 in lease liabilities in 2023. • Note 7: The 340B Contract yielded an increase of $81,606 in 2023 compared to 2022. Additionally, Medicare Advantage insurance payors were mapped differently in contractual adjustments compared to revenues, which did not impact CM's financials overall. Patient reports were utilized to create a more accurate reflection of the payor mix, which has been updated in the reissued financial statements. **Financial Indicators** • **Total Margin: -0.3%** o The ratio reflects profits from both operational and non-operational sources.

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	• **Operating Margin: -13.4%**
	  o The goal is to break even or achieve an operating margin closer to -4% or -5%, given the tax revenue for service line support is not reported as part of operations.
	• **Days Cash on Hand: 189 days**
	  o DZA recommends maintaining minimum 90 days cash on hand.
	  o Although CM's reserves are slightly decreasing, the hospital's reserves remain significantly higher than comparable benchmarks.
	• **Current Ratio: 5.0**
	  o CM's ratio decreased from 5.5 in 2022 to 5.0 in 2023 yet remains above comparable benchmarks.
	• **Capital Expenditures Percentage of Annual Depreciation: 27%**
	  o CM has a rolling average of 100% over the last five years, which aligns with industry recommendation.
	• **Long-term Debt to Net Position: 37%**
	  o CM is right in the average with comparable benchmarks.
	• **Days in Net Patient Accounts Receivable: 52 days**
	  o CM saw a decrease from 57 days in 2022 to 52 days in 2023.
	• **Gross Days in Patient Accounts Receivable: 65 days**
	  o Gross days in accounts receivable will always be higher than net days. Overall, CM has maintained steady numbers over the past five years.
	• **Contractual Adjustment Percentage: 31%**
	  o Medicare rates typically drive changes in contractual adjustments. CM has remained steady in this area.
	• **Bad Debt as a Percentage Net Patient Revenue: 4.8%**
	  o In 2023, CM experienced a slight increase from the 2.6% rate in 2022.
	• **Bad Debt and Charity Care Percentage: BD 2.9% | 1.7 CC %**
	  o CM remained within 1% from 2022 to 2023.
	• **Full-time Equivalent Employees FTE: 126 Employees**
	  o Full-time equivalent employees represent the largest single expense of the organization. There was a slight increase in FTE from 2022 to 2023.
	• **Salaries and Benefits per FTE: $142,200**
	  o CM's salaries and benefits per FTE increased from $135,135 in 2022 to $142,200 in 2023.
	• **Net Patient Service Revenue per FTE: $201,607**
	  o This number does not reflect contracted employees. The rate is increasing faster than salaries, which is a positive trend.
	
	Letter to the Commissioners
	• There were no difficulties performing the audit and no disagreements with CM leadership.
	
	A big thanks to Marianne and Kathy Jo for leading yet another year of clean financials.

Discussions & Reports	**A. IT Security/System Update** Chad Schmitt provided the report. • CM staff has shown resilience and responsiveness when faced with suspicious behavior. CM continues to invest time and effort in providing the right tools and education. • Regarding Artificial Intelligence (AI), CM is keeping pace with other hospitals, and leadership is developing a strategic approach to effectively access and utilize AI opportunities. • CM is collaborating with organizations that can assist us in recovering

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costs from technology procurement. We aim to be prepared to access those funds by 2025.

B. Hematology Analyzer Purchase

Pat Songer provided the report.

- Thanks to the CM Foundation for their outstanding fundraising efforts!
- Tom moved to approve purchase authorization; Shari seconded. The Commissioners unanimously approved.

C. Meditech System Addition

Pat Songer provided the report.

- CM is considering the purchase of three new Meditech solutions—Expanse Now, Virtual Care, and High Availability Snapshot. Dr. Wefel, the Meditech Provider Champion, has thoroughly reviewed the products and strongly supports their value in enhancing workflows. Additionally, a Meditech Physician Lead visited CM and clinic physicians in May to deliver a presentation on the products.
- CM currently pays around $44,000/month for Meditech and the add-ons would increase the total by a little over $2,500/mo.
- The Commissioners engaged in a discussion around the value add of these programs.
- Shari moved to approve purchase authorization; Gustavo seconded. The Commissioners unanimously approved.

D. EMS Levy Prep

Diane Blake provided the report.

- 2025 is the last year of tax collections under the current EMS Levy. Brad Berg provided a levy presentation at the May Board meeting, highlighting the timeline for the ballot proposition, the duration of the levy, and the levy amount as areas that need to be determined by the Commissioners.
- The report provided detail on other agencies and the timing of their planned ballot propositions. Agencies prefer not to compete with one another on the same ballot. Other local agencies are planning ballot propositions for August 2024, potentially November 2024, and February 2025.
- The Commissioners plan to finalize their decisions in July, but no later than September.
- Effectively communicating CM's story to the community through marketing and social media will be crucial to levy renewal.

E. Conference Discussion/Education

The Commissioners shared their experiences from the June 23-26th WSHA + AWPHD Annual Conference.

- **AI & the Digital Transformation in Healthcare** presentation raised many questions around policy, communication, and insurance components.
- **Engaging Community When Running Levy was** beneficial, as it provided insights into other hospital's strategies for running bonds or levies. Key takeaways included organizing a CEO/leadership speaking tour and hiring a temporary coordinator to manage levy education initiatives, emphasizing the value of CM services and building community trust.
- **Reproductive Health Services in Rural Communities: Legal Requirements, Quality Considerations, and Community Engagement** affirmed that Washington medical providers must have termination services available if also offering obstetric care. Additionally,

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	Washington state will continue to protect patient access to emergency care and provider ability to deliver that care. • **Stealth Jets, Helicopters & Space Stations: The Role of Boards in Using Data to Guide Strategy** demonstrated the opportunity to share more about quality initiatives during board meetings, as long as the content remains focused on strategic insights rather than operational details. • **The CEO Performance Evaluation: Best Practices & Recommendations** affirmed CM's intention to revise and refresh the current review process. • **Navigating Washington's New Hospital Staffing Laws: How Governance Boards Can Support Implementation** described the labor standards and enforcement regarding mandatory overtime and uninterrupted meal and rest breaks for certain health care workers. The law goes into effect July 1 and applies to all hourly employees involved in direct patient care activities or clinical services, including those who are covered by a collective bargaining agreement.
Committee Reports	**Governance Committee** Bruce Williams provided the report. • The committee focused primarily on succession planning. The retreat is tentatively scheduled for the first half of October and will likely include components on Urgent Care, a CHNA update, and organizational risk assessment. An updated board education plan is included in the packet. Diane has created a three-year document outlining the roles and responsibilities of management and the board, in relation to strategic planning, which will be shared in July. The group will also advance efforts to redesign the CEO review process.
Action Items	**Motion: Officer Election- Board Secretary** • Bruce nominated Shari as board secretary; Gustavo seconded. Motion unanimously approved. **Motion: Committee Appointments: Appoint QOC Member** • Bruce moved to appoint Shari to the Quality Oversight Committee; Jessica seconded. Motion unanimously approved. **Motion: Approve Resolution 2024-05: Surplus Items** • Tom moved to approve; Gustavo seconded. Motion unanimously approved. **Motion: Approve Resolution 2024-06: Authorization to join The Rural Collaborative's Enterprise Interlocal Agreement** • CM joined The Rural Collaborative (TRC) last fall and currently pays dues. By joining the Enterprise, CM would collaborate with other hospitals to enhance group buying power, jointly negotiate contracts, and secure better vendor pricing. CM has already moved a few contracts to a TRC vendor and anticipates value to exceed the cost of annual dues in the future. • Certain highly valuable contracts allow non-TRC members to access them, potentially lowering prices for everyone. Participation in the Rural Health Enterprise is not mandatory, but CM believes that, if successful, it will eventually generate a revenue stream. This agreement to join the RHE has been reviewed by legal. • TRC is working on a system to credit back dues without affecting cost reimbursement. • Tom moved to approve; Jessica seconded. Motion unanimously approved. **Motion: Approve Credentialing** • Jessica moved to approve; Tom seconded. Motion unanimously approved.

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May Financial Report	**Marianne Vincent provided the financial report.** • May gross patient revenue of $3,930,000 exceeded the budgeted amount of $3,130,000 by $800,000. • The May net margin of $281,000 was greater than the budgeted net margin of ($105,000) by $386,000. • Professional fees were over budget in May by ($117,000) due to Acute nurse registry expense, Hospitalist expense, Clinic Medical Director coaching, Clinic practice share consulting and Fiscal Services expense for actuarial consulting and audit fees. • Purchased Services for May were over budget by ($51,000) due to Business Office Support expenses and Plant expenses for an MRI connectivity assessment and sounds system repairs. • Collections on patient accounts of $2,330,000 in May were above budgeted patient account collections of $1,850,000 by $480,000. • Days in Net Accounts Receivable decreased from 53.7 days in April to 51.0 days in May. Gross Accounts Receivable has increased by $417,000 from April. • Clinic Volumes: 1.2% ahead on clinic volumes. • CM ended the 2023 year in a $95,000 deficit. CM is collaborating with the statement vendor to develop a billing solution for recurring services, which is those from our Rehab department. Patients receiving Rehab services have been informed of the delay.
Administrator Report	**Diane Blake provided the report.** **CM Updates** • Public Relations: The June 8th Health and Safety Fair was a great success. CM also participated in Wenatchee Pride on Saturday, June 22. Our summer outreach efforts include regularly staffing a booth at the Leavenworth Farmer's Market. • X-ray Suite: All equipment has been successfully installed and the team loves it. We experienced our busiest day ever in radiology when having to access portable-only equipment during the transition. • CRN (Charge Nurse) Retreat**:** Natasha has gathered feedback and collaborated with CRN's on developing a work plan aimed at aligning job approaches and demonstrating cohesive expectations. This effort has introduced added structure and included training on policies, which has been received positively. The executive team attended a portion of the retreat and enjoyed the opportunity to connect. • Interim Clinic Medical Director: Dr. Richardson has graciously stepped in as Interim Clinic Medical Director, and the team appreciates his commitment to fulfilling this dual role. • Part-time Resident Advisory Council (PTRAC) Recruitment: A big thank you to Tom for assisting in recruiting a new PTRAC member who plans to attend the October meeting. **Meal/Rest Breaks Staffing Discussion** • CM's staffing committee charter is due to the Department of Health by July 1, or we risk being considered out of compliance. Melissa plans to submit our current progress and highlight areas still under discussion. Our current staffing matrix, due to the CEO by July 1, meets operational and team needs, and we anticipate no issues in finalizing it in the new required format. However, recent legislation has removed the flexibility employees previously enjoyed around meal and rest breaks; CM's change to comply with the law may lead to dissatisfaction among staff. **External Collaboration** • At a recent meeting between the WSHA executive committee and Dr. Shah, the Secretary of Health for the Washington State Department of Health, the group discussed how WSHA and hospitals can collaborate more effectively with the DOH. The discussion was positive. There is an

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	opportunity to explore forward-thinking approaches to workforce flexibility and continue building positive relationships. • Region 10 CMS Team Visit: Dr. Wolfe, the regional Chief Medical Officer at the Centers for Medicare and Medicaid Services, recently discussed with Pat the potential for community paramedicine and hospital-at-home services. There are opportunities to innovate further in the rural setting. Kudos to Pat for making and maintaining this connection.
Board Action Items	• Please continue recruitment efforts for the CM Foundation and PTRAC. • Please check your email. • No August board meeting.
Meeting Evaluation/Commissioner Comments	• The Commissioners noted that the July meeting went well. They requested no executive session after the conference in 2025.
Executive Session: Performance of a Public Employee (RCW 42.30.110(1)(g)	• Bruce called the executive session to order at 8:25 PM for 30 minutes. • At 8:55 PM, the group extended the meeting for an additional 15 minutes. • The group exited the executive session at 9:10 PM.
Adjournment	• Jessica moved to adjourn; Tom seconded and the group unanimously agreed.

Signed by:
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Bruce Williams, President

Signed by:
Shari Day-Campbell
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Shari Campbell, Secretary