

**RANGELY DISTRICT HOSPITAL
BOARD OF DIRECTORS MEETING
May 29, 2014**

BOARD MEMBERS PRESENT

Jack Rich, Chairman
Stephen Petersburg, Vice Chairman
Robert Mackey, Secretary/Treasurer
Buford Adams, Director
John Payne, Director/elect
Jason Kurrasch, Director/elect

OTHERS PRESENT

Nick Goshe III, CEO
Jim Dillon, CFO
Timothy Y Hsu MD, COS
Frank Huitt
Sam Tolley

I. WELCOME/CALL TO ORDER

A quorum being present, this regular meeting of the Rangely Hospital District Board of Directors was called to order at 6:00p.m. by Mr. Stephen Petersburg, Vice Chairman. It was noted that Jack Rich, Chairman has sold his home and has moved out of the district and has resigned his seat effective today 5/29/2014. Rob Mackey has served for 8 years and has term limited out and his seat will be replaced by the newly elected Jason Kurrasch. John Payne was elected to retained his seat. Both Jack and Rob were thanked for their willingness to serve and all of their past efforts on behalf of RDH. The Board and staff wish them well in their new endeavors.

- A. Newly elected Board Members, Mr. John Payne and Mr. Jason Kurrasch were sworn in as Directors based on the results of the May 6, 2014 election.
- B. The newly sworn in board elected and appointed Mr. Stephen Peterburg as Chairman, Mr. Buford Adams as Vice Chairman and Mr. John Payne as Secretary Treasurer. **(ACTION/TAKEN/CLOSED)**

II. APPROVAL OF MINUTES

Minutes of the Rangely District Hospital Board of Director's meeting dated April 24, 2014 were presented for review. A motion was made and seconded to accept the minutes as presented. The motion carried unanimously.
(ACTION/TAKEN/CLOSED)

III. PUBLIC FORUM

A. Correspondence: There was no correspondence presented.

B. General Public: There were two speakers from the general public present. Sam Tolley expressed his concern that Jack did not resign prior to the election so that the community could have elected three seats instead of two. It was explained to Mr. Tolley that in order to run for office, petitions for candidacy had to be turned into the state by February 28th, 2014. In February 2014, Jack had no idea he would be leaving Rangely. They did not even decide to put their home up for sale until late March when it became apparent that his work was taking him to the Front Range more than the Western Slope. Their home sold in less than two weeks, which was a miracle in and of itself, as there are homes in Rangely that have been on the market for well over a year. There was no way to know in January-February that their plans would change so quickly. Secondly, Mr. Tolley explained that he has employees that complain to him that they cannot get into the after-hours care here and have to go to Vernal to be seen. He has been told by some to just come to afterhours to be seen and by others that when they call for an after hours appointment they are told it is full and he would like directions on what to tell his employees. Issues of the past year were explained. Nick will look into the discrepancy of the after hours availability and report back to the board. Frank Huitt also spoke and said he felt that because of Jack's resigning so close to the election that the appropriate action of the board should be to appoint the #3 vote placement to the board as they have already shown an interest in serving. The by-laws were discussed that it is the board's responsibility to appoint the replacement. It has been the practice of the board to announce the vacancy in the paper, interview the applicants and then the board decides whom to appoint. Mr. Huitt feels that in this case with the current perception of the public it would be wisest to appoint the #3 vote placement to avoid the perception that the board appoints only who it wants.

IV. MEDICAL STAFF REPORT

A. Review of Medical Staff Report (Accepted): Minutes of the May 8th, 2014 Medical Staff Report were presented for review. Cindy will mail out an updated schedule for the Board members to attend Med Staff Meetings. A motion was made and seconded to approve minutes as presented. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

B. It was recommended to approve Active staff privileges to S. Kathleen Rieves MD. A motion was made and seconded. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

C. It was recommended to reappoint Consulting staff privileges to Ross. S Pacini, MD, Cardiologist. A motion was made and seconded. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

V. COMPLIANCE REPORT

A. **EHR update:**

Presently Bernie is in Boston for Patient Portal training at Meditech, which is a part of the rules for Electronic Healthcare Records (EHR). This encompasses three different areas including patient portal, dealing with patient access to health records, scheduling, information and even billing. It is all electronic so security mapping, and directing will be challenging to say the least. There are two other portals required CCD and Syndromic which deal with auto reporting of communicable diseases to various agencies and informational sharing with other healthcare providers, billers and a number of other agencies the government deems necessary for tracking healthcare and patient information. We are finding that numerous agencies, both governmental and government contractors are able to mine data about our patients. We are proceeding with extreme caution with what we are “turning on” in these portals.

We have encountered another governmental change in the attestation rule, they are wavering between the timeline regulations from 2011 and 2014 versions. I do not have any idea at this time what, if any, effect that will have on us. At this point we are proceeding as planned as we have already committed time, effort and money and it will undoubtedly end up the same place. The other issue is one of testing the ICD10 code implementation. As I mentioned two meetings ago the implementation of the new coding system, ICD10 was postponed until 2015 in order to let everyone get better prepared for the change. In the CMS’s infinite wisdom, instead of going through with the test period, they cancelled it until later (when they won’t have time to fix anything).

We are moving ahead with going paperless by implementing FormFast an electronic administration program and reevaluating the T-sheet system interface for the ER, it is apparently now possible to interface the T-Sheet system into Meditech without buying the ER module.

VI. FINANCIAL REPORTS

- A. Financial Report:** We have received about \$960,000 for the Meaningful Use incentive payment (\$980,000 approved less \$20,000 sequestration). This leaves a balance of about \$3,000,000 in additional Medicare Cost Report monies still outstanding from which we will pay the \$1,500,000 line of credit outstanding. We expect to see a Cost Report resolution by the end of June. As a reminder, on March 10, we were notified that our Healthcare Provider Fee net will go from \$78,316 annually to \$492,399 annually. We received our first make up payment of \$92,000 in April and our second in May. March 2014 Gross Profit includes \$243,393 in net Health Fair charges, (about like 2013) but most of this will be adjusted off later, (just like in 2013), when charges are reconciled against actual amounts paid. Those Health Fair revenues are reported separately for comparison. Stats for April indicate continuing weakness in all activity levels with the exception of Long Term Care, Endoscopies and Physical Therapy. In spite of lower activity, actual revenues are up in some areas. The second page has a brief discussion of this. For 2014 YTD, Gross Profit is 12% above budget and 16% more than the same period in 2013. However, netting out the Health Fair adjustments expected later (mentioned above), Gross Profit would have been 6.2% better than budget and 17.3% better than last year. Total Expenses are 13% greater than budget and 12% more than last year. Much of the negative variance in Total Expense is due to

locum tenens expenses in “Purchased Services” (\$66,247), and software in “Other Operating Expense” (\$25,606) These expenses continue to be somewhat higher than expected when we were budgeting last August. But the Locums expense should drop off in June as our new medical staff takes over. YTD Payroll expense is 5% above budget and 1% more than last year. This variance is mostly due to Recruitment Expenses and Vacation accruals for physicians. Net Income as of April is (\$260,621) which is less than the budget of \$48,102 and last year’s figure of (\$136,021). Cash balances are up for April as we began to receive some of the amount due from Medicare. We expect significant increases over the next two quarters as we receive the additional amounts due from Medicare. The Check Register was reviewed. A motion was made and seconded to accept the April 2014 Financial Report as presented. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

VII. OLD BUSINESS

- A. New Pharmacy Hours:** Vanessa Rogers started full-time May 1st. The pharmacy began staying open until 7pm on Monday May 5th. We had a grand reopening of the pharmacy on May 19th to introduce the team including the new pharmacist and to promote the new hours to the community. That went very well and initial comments have been positive about the extended hours.

VIII. NEW BUSINESS

- A. Physician Recruitment & Retention Presentation:** Nick wanted to go over issues with Physician recruitment, what our plan is and what we are doing. There is a perception that we “run off doctors” and I want to address that. Nationally there 2780 practice residents scheduled to graduate in 2014. There are 8000 vacancies in Family Practice currently. So for every graduate there are 3 positions. By 2020 (in six years) there will be a shortfall of 46,000 positions. Currently most residents do not want to practice in a community of less than 10,000. For every 20 doctor I have talked to there is only 1 that would even be interested in coming here. And the competition is going to get worse. We participate in the Colorado Hospital Association annual salary survey’s to be competitive with our salaries for all positions here. We offer competitive wages in the 90 percentile. In addition we offer student loan forgiveness and 6 weeks vacation and 6 paid holidays. Most ER docs do not receive vacation time. St Mary’s and Community do not offer vacation. We do this because we have to in order to remain competitive. We provide malpractice insurance in addition to 100% premium paid on dental, vision, health and life insurance. We offer a retirement plan with a 6% match, as well as opportunities for continuing education courses so that our physicians can continue their education and stay up to date on best practices. We cannot control our location, but we offer benefits that are unheard of in the recruiting industry to attract physicians to our rural area. Our work hours are family friendly. We expect a 4-day a week workweek which is almost unheard of in the industry in an effort to attract and keep physicians.

B. Board Vacancy. It was discussed that it would be in the best interest of the hospital to update the by-laws for direction on filling vacancies as currently the procedure is vaguely stated. Due to the public perception and in the best interest of the hospital with the elections so recently held and Jack’s sudden resignation, the board vacancy will be filled with the #3 vote placement. A motion was made and seconded to revisit the by-laws regarding directions for filling board vacancies and to appoint Nate Polley, the 3rd place vote placement to fill the vacancy left by Jack Rich’s resignation. Motion approved. **(ACTION TAKEN/CLOSED)**

IX. BUSINESS FROM THE FLOOR

A. Eagle Crest Generator Issue. There was a question as to where we stood on the generator/power issue for Eagle Crest now that the weather was better. Nick said that he would talk to Mike and report back to the board.

X. EXECUTIVE SESSION

It was noted that there was no need for an executive session.

XI. ADJOURNMENT

A motion was made and seconded to adjourn this regular meeting of the Rangely Hospital District Board of Directors at 8:20 p.m. Motion approved. **(ACTION TAKEN/CLOSED)**

Submitted By:

John Payne, Secretary/Treasurer, Board of Directors

Date: _____

Cynthia Stults, Executive Assistant

Date: _____