

RANGELY DISTRICT HOSPITAL  
**BOARD OF DIRECTORS MEETING**  
March 26, 2015

**BOARD MEMBERS PRESENT**

Stephen Petersburg, Chairman  
Buford Adams, Vice Chairman (Absent / Excused)  
John Payne, Secretary/Treasurer  
Jason Kurrasch, Director  
Nathaniel Polley, Director

**OTHERS PRESENT**

Nick Goshe III, CEO  
Jim Dillon, CFO  
Katie Rieves MD, COS( arrived at 6:20pm)  
Cynthia Stults, Executive Assistant/HR Director

**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 6:03p.m. by Stephen Petersburg, Chairman. Buford Adams is currently out of state. His absence is excused.

**II. APPROVAL OF MINUTES**

Minutes of the Rangely District Hospital Board of Director's meeting dated February 26, 2015 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 at this meeting.
- B. General Public:** There were no speakers from the general public present.

**IV. MEDICAL STAFF REPORT**

- A. Review of Medical Staff Report (Accepted):** Minutes of the March 12<sup>th</sup>, 2015 Medical Staff Report were presented for review. A motion was made and seconded to approve minutes as presented. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

## V. COMPLIANCE REPORT

**A. EMR update:** Bernie is out of town on a Family Emergency. In his absence Nick presented the compliance report. We are continuing to prepare/train for the ICD-10 implementation that is on the horizon.

**B. Rural Hospitals Under Attack:** Enclosed in your packets is an article entitled *Obamacare 'Designed' to Close Rural Hospitals*. This is the first article that we have seen that comes right out and says that the ACA was designed to close rural hospitals. This reiterates what we have been discussing for the past three months. Also Heather Zadra did a very nice job in reporting on the town hall meeting we held. She researched articles in addition to the ones that I had given her. I think it was very well written and would ask that you read the article that came out in today's paper.

## VII. OLD BUSINESS

**A. Dr. Ken Sutton:** We met Dr. Sutton a couple of weeks ago and he seems like he could be a good fit here. He sounds open to working as a fill in which is all we have at present. We will proceed with credentialing him and see where it goes from there. Also I understand that Dr. Urish and Dr. Sutton purchased a house in town over his visit. So that will mean that we are going to have four providers living in town.

## VI. FINANCIAL REPORTS

**A. Presentation of February's Financial Report:** We are still waiting for the State's recalculations of the healthcare provider fee (HPF). We had hoped to hear from them by the time of this meeting, unfortunately we still have not heard from them. In January, we borrowed \$750,000 from our line of credit (LOC) as expected. In order to ensure cash through mid-March, we borrowed another \$500,000 from the LOC in February. We remain at about \$220,000 under cash budget for Medicare receipts (\$440,000 less than last year). We were expecting a \$250,000 Meaningful Use payment from the state (Medicaid). In March we were informed that the payment was on hold until all hospitals in Colorado are reviewed. In addition, we usually receive about \$700,000 of our tax revenues in March but we have to wait until the April payment this year as Chevron didn't pay until March. Due to this we may have to borrow more from our line of credit. Our Cost Report preparer will be on site April 15-17, so our cost report should be filed by the end of April. This means that Medicare's response has to be made by the end of June (60 days) and we should receive our 2014 payment shortly after. Stats were mixed in February. Long Term Care, Physical Therapy, and Respiratory Therapy are doing especially well with favorable variances to both budget and last year. However Lab and Retail Pharmacy are below budget and last year. The balance of the departments remain near budgeted levels. Revenue is 9% more than last year but 3% less than budget. Gross Profit was 11% less than last year and 10% less than budget due to lower than expected Medicare monthly payments. Total Expenses are 1% greater than budget but 2% less than last year. Payroll Expense is at 9% above budget and 13% more than last year, mostly due to higher provider costs. Purchased service expenses are 38% better than budget and 67% less than last year due to the reduction in locum tenens usage. Net

Income for the month is (\$341,235) which is less than last year's figure of (\$97,624) as well as less than the budgeted figure of (\$85,719). Most of the variance is due to lower than expected Medicare payments which reduced Gross Profit. Cash balances for February are about as expected. Balance includes the \$1,250,000 borrowed from the line of credit. Last year at this point we had borrowed \$1,500,000 from the line of credit. The Check Register for February was reviewed. A motion was made and seconded to accept the February 2015 Financial Report as presented. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

## **VIII. NEW BUSINESS**

- A. Budget Cuts:** After meeting with management I believe we have come up with a reasonable plan to cut expenses by \$1 million dollars by July 1<sup>st</sup>. Over the course of our two weeks of meetings with management we became aware of 11 positions that are either currently open or coming open in the next couple of months. It was decided that we will not replace 10 of these positions which with benefits taken into account resulted in a savings of \$500,000 per year. With the state of the economy I believe this is the best option as we did not have to lay anyone off but that being said we will be slower and it will cause some internal hardships at times. This amount got us half way. We realized another \$150,000 in random ideas taken from the managers including some reduction of service contracts, reductions in travel and training where feasible. This left us \$350,000 which we will get by raising the employee portion of health insurance to 15% of the premium for full-time and 30% for part-time. This will affect everyone so there should be no infighting over who gave up more.

Overall these meetings were a huge success but I want to stress this was a significant cut and that cuts from here on out will almost certainly mean we start offering less services.

- B. Community Presentation:** As all of you already know we had a community presentation on March 19 in meeting rooms 1 and 2 that was not very well attended. I think the overall meeting went well and it seemed like it was well received by those in attendance but unfortunately not many people heard the message. We will be presenting this again at the April 28<sup>th</sup> Community Meeting at CNCC. So hopefully we can get the word out to more people.

## **IX. BUSINESS FROM THE FLOOR**

- A.** Our Health Fair is scheduled for Saturday April 11<sup>th</sup> from 7am to 11 am. We usually have a good turn out from our community. We would like the Board to attend. Kyle does a very good job at organizing this and it is a great community outreach opportunity.

## **X. EXECUTIVE SESSION**

It was noted that there was not a 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 7:38 p.m. Motion approved. **(ACTION TAKEN/CLOSED)**

Submitted By:

\_\_\_\_\_  
John Payne, Secretary/Treasurer, Board of Directors

Date: \_\_\_\_\_

\_\_\_\_\_  
Cynthia Stults, Executive Assistant

Date: \_\_\_\_\_