

RANGELY DISTRICT HOSPITAL
BOARD OF DIRECTORS MEETING

August 28, 2014

BOARD MEMBERS PRESENT

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

OTHERS PRESENT

Nick Goshe III, CEO
Bernie Rice, CCO
Jim Dillon, CFO
Sharma Vaughn, CNO
Katy Rieves, MD , COS (called to ER/arrived 7:15p)
Cynthia Stults, Administrative Asst.
Beth Wiley
Duane Stevens

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 6:01p.m. by Stephen Petersburg, Chairman.

II. APPROVAL OF MINUTES

Minutes of the Rangely District Hospital Board of Director's meeting dated July 31, 2014 were presented for review. A motion was made and seconded to accept the minutes as amended. The motion carried unanimously.
(ACTION/TAKEN/CLOSED)

III. PUBLIC FORUM

A. Correspondence: There was no correspondence presented.

B. General Public: Beth Wiley from the Community Gardens made a presentation to the board in regards to report on their progress of involving children and creating a children's garden this year. They are asking for a donation from the hospital to helping to expanding the children's program and to help with the planting of a fruit orchard. They are asking for \$1,000 to help with their operating budget. A motion was made and seconded to donate \$500.00 to the Community Gardens for operating expenses. The motion carried unanimously.
(ACTION/TAKEN/CLOSED)

IV. MEDICAL STAFF REPORT

- A.** Review of Medical Staff Report (Accepted): Minutes of the August 13th, 2014 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)**
- B.** It was recommended to approve Shelby Lindsay for Mid-Level ER Privileges for a 2 year appointment. A motion was made and seconded. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**
- C.** It was recommended to reappoint Daniel J Duffey, MD and Charlie E Brunson, MD- Cardiologists to Consulting Staff privileges. A motion was made and seconded. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**
- D.** It was recommended to approve the updates for Heparin Drip protocols, VTE orders and orders for anatomical gifts, as presented at Med Staff. A motion was made and seconded. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

V. COMPLIANCE REPORT

A. EHR Update:

We have started on the path to go completely paperless(as completely as possible). We have initiated the FormFast software implementation which will do away with a significant amount of the paper and scanning that we do now. As we move toward being paperless we are hoping to remove a good deal of the redundancy that plagues the providers and costs extra time. The trick is to get it to do this without affecting any of the other areas of Meditech.

B. Investigating New Childcare Benefit:

We are gathering information on the logistical, staffing, and regulation issues with this project. I met with the Board at Giant Step last night, they are very interested in working with us. I have been out of town the last few weeks, but I will report more information as we find out more about the logistics of this benefit.

VI. FINANCIAL REPORTS

- A. Financial Report:** On July 8th, we paid our \$1.5MM Line of Credit down to \$0. This is reflected in the attached financials and the cash flow graph. We are working with departments to have a preliminary budget for approval by the board at the September meeting. We are in the process of moving our \$3.5MM Debt Service Reserve (DSR) from Bank of the West to UMB. Bank of the West is no longer allowed to manage the DSR under new federal regulations. In order to move the funds to ColoTrust, the securities would have to be liquidated and we would have taken a \$30,000 to \$40,000 mark to market loss due to market conditions. UMB holds our Bond Fund and is currently working with Bank of the West to move the securities. Under the Custodial Agreement, UMB will hold the funds to the benefit

of the bondholders for a fee of \$1,200 per year. We will provide guidance for investments as current ones mature and intend to invest in only AAA rated federal securities. This will actually save us about \$18,000 per year in fees. The Custodial Agreement has already been reviewed and approved by our attorneys. Stats as of July indicate continuing weakness in all activity levels with the exception of Long Term Care, Endoscopies and Physical Therapy. However, the ER had its best month of the year. For 2014 YTD, Gross Profit is 1% above budget and 14% more than the same period in 2013. Total Expenses are 11% greater than budget and 11% more than last year. Most of the negative variance in non-payroll expense is due to locum tenens expenses in "Purchased Services", Electronic Medical Record (EMR) consultants in "Purchased Services" and EMR software in "Other Operating Expense" EMR expenses continue to be somewhat higher than expected when we were budgeting last August, but the Locums expense dropped off significantly in June as our new medical staff took over. YTD Payroll expense is 8% above budget and 8% more than last year. Net Income as of July is (\$840,290) which is less than the budget of \$231,874 and last year's figure of (\$449,532) at this point in the year. Cash balances declined about \$800,000 for July due to the repayment of the \$1,500,000 on the Line of Credit. Otherwise, cash balances would have been up about \$700,000. The Check Register for July was reviewed. A motion was made and seconded to accept the July 2014 Financial Report as presented. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

- B. Board Orientation / Financial Overview:** Jim Dillon, CFO presented Part 2 of the Financial Overview for the Board members outlining the issues and projections for Cash Flow and meeting RDH's obligations. He also explained the differences between assets and cash flow statements and projections. This is important in order to see where we draw our numbers from and how we matrix them with taxes, bonds, depreciations etc. Also discussed were current cash flow issues facing RDH.

VII. OLD BUSINESS

- A. Physician Recruitment:** On August 1st we interviewed Dr. Abigail Urish whom graduates in June 2015. She was well received by all who met her and seemed to be very interested. She has a few other interviews that she hopes to finish up with by September before she wants to make a decision. From my standpoint she would be a good fit here and I will be staying in contact with her and will keep you updated as I know more. In my last conversation with her last week she states she continues to be excited about the opportunity here and I think this bodes well for us. Bernie also reached out to some people in Lander to get started on some informal reference checks. These turned out overwhelmingly positive. All signs point to if we can get her she would be a good hire.
- B. Eagle Crest Generator:** We have been working more than a month now trying to get a second quote from EC Electric and have to this point been unsuccessful. We have been met with several dates that he will have it by only for the date to come and go with no quote in hand. Maybe they do not want the business. Unfortunately the CCITF deadline is this week so I have applied Ducey's bid of \$46,500 to CCITF for their consideration. This quote is not complete because it does not

include a fuel tank or fuel tank hookups but is otherwise complete and will cover 90% or more of the cost. I believe this is a good project to submit to CCITF.

VIII. NEW BUSINESS

- A. Community Service:** We feel that in order to build trust with our community we need to be more transparent with them in our efforts. One way to do that is through increased efforts in customer service. Last month at a board meeting a letter from a member of the public stated eating at the front desk looked bad from a public perspective. After talking with Steve about this I wanted to elaborate a little about what we are doing for customer service. Due to that letter, all food at the front has been moved out of sight and placed in less publicly accessible areas of the business office. From a broader perspective the last year has had a number of customer service initiatives that maybe helpful to review. The problem is and will continue to be that public opinion lags behind what we are doing by at least six months.

Initiatives started over the last year in response to concerns we have received include the following;

In January we began separating out clinic and ER duties so that we could dramatically reduce clinic cancelations because of the ER being busy. Since January 1st we have consistently had two providers in the Clinic and one provider working the hospital/ER side of operations. This has reduced clinic cancelations from several every week to what has now become a rare occasion. Prior to January 1st there was at least one complaint (formal complaint as in written or made an appointment to see me) a month regarding having a long standing clinic appointment cancelled because of the provider being busy in the ER.

The next thing we were hearing is that we were not following up with patients in a timely manner. With that feedback we have changed the way we are following up in the clinic by revamping processes under Meditech. This has resulted in significantly improved follow-up times. As an example if you received an x-ray before Tammy set up a new system within Meditech the results had to be reviewed by radiology and then delivered to the physician. Now when radiology gets the result, the ordering physician gets the result simultaneously. This elimination of a step has allowed us to get the patient the results sooner. As another example of focusing on patient follow-up, we have started calling all patients treated in the ER just to check on them and help them schedule follow-up testing if needed. The number of complaints about this has dropped significantly and we have even received some positive reactions to getting called after being treated in the ER when not expecting a follow-up phone call. We are further tracking follow-up through the Quality Assurance program for both follow-up calls and follow-up appointments made. In July alone, 23 ER follow-up appointments were made as a result of the follow-up ER call.

Next, we have received and continue to receive a number of complaints about not having regular doctors. Almost all of last year was spent in crisis mode from a physician standpoint but, that being said, we have had a successful year of recruiting and have now have gone out of our way to increase marketing efforts for our new medical staff. For instance, we have had articles in the paper, physician receptions, all resident town mailers, and posters displayed throughout the hospital, all with the intent of increasing familiarity with our providers. I expect this will take several more months to really come to fruition but we have significantly reduced locum use and since public opinion lags behind what is actually occurring I expect we should start

receiving a bump in customer service favorability in the coming months. In addition to providers, we spent a year recruiting a pharmacist. We started searching for one while Erin was still here and once hired we were able to expand the retail pharmacy hours until 7pm matching the clinic hours as of May of this year. It took a while to recruit another pharmacist but once this happened the increased hours were immediately well received.

The above examples are for just the last eight months. They are also all expansion of services and process renovations that have led to better customer service. In addition, we have also been focusing on the people side of this equation. Customer service is a frequent topic at monthly managers meetings and on top of monthly manger meetings (which include all managers), I meet weekly with Tammy who is new to the clinic management and Sharma who is new to the nursing management. These are the two areas that get the greatest amount of public exposure and a standing topic of our discussions is improving community perception. Furthermore, this year both of our all staff meetings have focused on the importance of patient follow-up. Clinic staff has received training, started by Shelby and continued by Tammy, for responding to difficult customers with the art of saying yes which is in short finding a way to say yes to something even if it is not exactly what they were looking for in the first place. For example, patient X wants to be seen today but Dr. X's schedule is full for the day. Instead of saying I am sorry the doctor is not available today the clinic staff says can you be here at 4:30 for our Afterhours clinic. Due to this simple change in what we were saying the perception has significantly improved. Tammy is carrying this even further by focusing on team work and respect for one another. She has also streamlined operations by not replacing individuals that have moved on in a way that has made the whole clinic operation flow better.

I think the public as a whole is largely dissatisfied with healthcare and you can see this by turning on the news every day. Much of what is going on outside from insurance, the federal government, and state regulators remains out of our control. I would expect that as the world of healthcare continues to change at light speed the number of frustrated patients is going to continue to expand. Although much of this remains outside of our control we still feel the brunt of the frustration, from the patients we serve.

One example of this that I am taking increased complaints on is changes to insurance. For instance, this is the first year I have had an insured patient complain to me about cost. In one example, a patient complained that we informed her a procedure was covered only for her to find out she had a several thousand dollar deductible that she could not meet. The procedure was indeed covered but only after she met the deductible. She did not understand this at the time of receiving service. She also was not stupid she honestly did not realize this as she was young and otherwise healthy and never needed her insurance before. Five years ago complaints like this did not exist. There is also pressure from insurers to use mail order prescription services instead of retail pharmacies like ours, or to switch from one drug to another. These create complaints in the "it must be something we are doing wrong department because my insurance paid for this before". Furthermore, insurance companies are changing the rules faster than the public can understand with regards to Obamacare leading to frustration that customers take out on us.

Another thing we continue to struggle with and we are continuing to work through is Dr. Adams' prescribing tendencies which were out of line with the rest of our medical staff. We continue to get increased complaints about physicians not

following their previous doctors regimes. I would expect as time goes on these complaints will continue to decrease but for many this is still fresh in their minds. In short, healthcare is in a state of turmoil and the complaints are going to be coming at an increased rate over the coming years. We strive and will continue to strive to stay ahead of the curve but it is and will continue to be a struggle.

It was discussed that beginning this fall the hospital will once again begin to hold community meetings in an effort to be transparent with our efforts in providing quality health care to our community.

IX. BUSINESS FROM THE FLOOR

A. Approval of CEO Contract. It was discussed that the board would renew Nick's contract for three years as CEO, retroactive to the date his current contract expired in June 2014. Terms and conditions would remain the same as the prior contract with the salary change as agreed. A motion was made and seconded to offer a 3 year contract for Nick as CEO as discussed. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

X. EXECUTIVE SESSION

A motion was made and seconded to enter Executive Session at 8:11 p.m. per C.R.S. §24-6-402(4) (f) "personnel issues." The motion was approved unanimously. **(ACTION TAKEN/CLOSED)**

XI. ADJOURNMENT

A motion was made and seconded to adjourn this regular meeting of the Rangely Hospital District Board of Directors at 8:48 p.m. Motion approved. **(ACTION TAKEN/CLOSED)**

Submitted By:

John Payne, Secretary/Treasurer, Board of Directors

Date: _____

Cynthia Stults, Executive Assistant

Date: _____