

RANGELY DISTRICT HOSPITAL
BOARD OF DIRECTORS MEETING
May 28, 2015

BOARD MEMBERS PRESENT

Stephen Petersburg, Chairman
Buford Adams, Vice Chairman
John Payne, Secretary/Treasurer
Jason Kurrasch, Director (arrived at 6:12pm)
Nathaniel Polley, Director

OTHERS PRESENT

Nick Goshe III, CEO
Jim Dillon, CFO
Bernie Rice, CCO
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 5:58p.m. by Stephen Petersburg, Chairman.

II. APPROVAL OF MINUTES

Minutes of the Rangely District Hospital Board of Director's meeting dated April 30, 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.** The Medical Staff meeting was cancelled this month as a quorum was not present.

V. COMPLIANCE REPORT

- A. EMR update:** We kicked off the Meditech 5.67 upgrade on Tuesday May 26, 2015. This upgrade was required in order to incorporate the ICD-10 changes that are due to be implemented in October 2015.

- B. Internal Audits:** We are working with the Clinic, Billing and Monument Medical to expand our internal audits for billing. We are targeting areas in order to be ready and steady for ICD-10.

VI. FINANCIAL REPORTS

- A. Presentation of April's Financial Report:** We just finished a state audit for the Medicaid meaningful use incentive and should receive about \$400,000 within the next 60 days. This is money that we should have had last October, but the state ran into some systems delays. We have received notification about the Healthcare Provider Fee (HPF) indicating that CMS is expected to finish their approval process in the first week of June. As far as we know, we are still receiving about \$1.4MM in HPF funds. According to the correspondence, makeup payments will begin in July and continue through September reverting back to regular monthly payments in October through December. Our cost report for 2014 has been submitted and we should hear back within the next couple of months. We expect to receive about \$2.78MM. We have supplied all the information requested for, and are still waiting to hear the results for our cost report audit for 2013. Hopefully, after this audit, the "cap" for ongoing payments from CMS will be lifted. Stats remain fairly flat for April, with the exception of Acute, which dropped significantly in April. Long Term Care, Physical Therapy and Respiratory Therapy are doing well with favorable variances to both budget and last year. However, Lab and Retail Pharmacy are well below budget and last year. The balance of the departments remain in between or close. Revenue is 2% more than last year and 4% more than budget. However, Gross Profit is 4% less than last year and 1% less than budget due to lower than expected Medicare monthly payments. Note however that April was better with Medicare payments exceeding budget. Total Expenses are 2% greater than budget but 3% less than last year. Payroll Expense is 7% above budget and 13% more than last year. Purchased service expenses are 9% better than budget and 54% less than last year. The wide variances to last year are due to the shortage of doctors and use of locums for the first few months of 2014. 2015 doctor wages are \$219,988 more than 2014 while locum expense is \$304,194 less than in 2014. Net Income for the first four months is (\$335,864) which is less than last year's figure of (\$200,827) and less than the budgeted figure of (\$190,395). Cash balances for April are about as expected. The Check Register for April was reviewed. A motion was made and seconded to accept the April 2015 Financial Report as presented. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

VII. OLD BUSINESS

- A. CEO Evaluation:** This will be discussed in Executive session this evening. Steve Petersburg presented a review of RDH Administrators from 1985 to date.
- B. A & P Parking Lot Repairs:** A & P questioned me two weeks ago about paying for everything they did last fall in the amount of close to \$30,000. This was a total surprise. It was my understanding, as well as that of the maintenance department that they would cover this and the parking lot this spring. A & P hired the work done and from everything I understand this was faulty construction. That being said I do not think we pay for any of the fees to fix the plumbing problems but we may be left with repairing the parking lot ourselves. I

am getting prices now. Dave thinks we can get a reasonable price from someone in town. We have documentation that the drainage issue was not due to settling, but because it was not graded correctly. A&P was told not to expect a reference from us if they were going to go back on their word. It is my understanding that they will pay for the repairs, I will let you know when I know more.

C. Accountable Care Organizations (ACO): The federal government is pushing the idea of putting Medicare into ACO's. Its design is to reimburse providers based on the health of the patients and not the pay for service as was currently used. The problem is forming an ACO is cost prohibitive in rural areas so the federal government is putting some grant money out there to help us join an ACO. To form an ACO it needs to cover 5,000 Medicare lives, by ourselves, we currently only have 200 covered lives. We are currently members and part owners of Western Healthcare Alliance (WHA) and by joining our resources with Meeker, Rifle, Glenwood and Aspen with the WHA we should be able to network together to form an ACO. WHA has hired an ACO director to help us facilitate this. They have also received a grant to help pay for it for the next two years. At this point we are still investigating it. Of note, each hospital will be responsible for its own Medicare lives. The resources of the combined facilities will be shared, but ultimately each hospital is responsible for its own patients and taking care of its own community. If CMS and other insurance companies such as Rocky Mountain HMO require their insureds to only use ACO's it could be devastating to our hospital if we are not part of one. An ACO will give us more data about our traditional Medicare patients which we will use to help better coordinate their care. I guess what I am asking is for Board approval to continue to investigate the feasibility of applying for an ACO (applications to form an ACO are due in July 2015) The Board instructed Nick to go ahead with the investigation of forming the ACO with WHA. Nick will report his findings as this goes along.

VIII. NEW BUSINESS

A. Election of Officers for 2015 - 2016: Steve Petersburg called for the election of officers for the June 2015 – June 2016 year as both he and Buford will be term limiting out in 2016. The Marine Corp has a mission statement that says its “Primary Mission to train their replacements”. He feels that the hospital would do well to follow that admonition in the officers and directors of the Board for a continuity of leadership. It was proposed to retain Steve Petersburg as Chairman, to appoint John Payne as Vice Chairman and appoint Jason Kurrasch as Secretary/Treasurer as officers for the 2015-2016 year. A motion was made and seconded to accept the appointed officers as proposed for the 2015-2016 year. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

IX. BUSINESS FROM THE FLOOR

A. No business from the floor was presented.

X. EXECUTIVE SESSION

A motion was made and seconded to enter Executive Session at 7:31 p.m. per C.R.S. §24-6-402(4) (f) “personnel matters.” 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 8:02 p.m. Motion approved. **(ACTION TAKEN/CLOSED)**

Submitted By:

Jason Kurrasch, Secretary/Treasurer, Board of Directors

Date: _____

Cynthia Stults, Executive Assistant

Date: _____