

RANGELY DISTRICT HOSPITAL
BOARD OF DIRECTORS MEETING
September 25, 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
Katy Rieves, MD, COS
Cynthia Stults, Administrative Asst.
Melissa Norman, New Eden Pregnancy Center

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 Stephen Petersburg, Chairman.

II. APPROVAL OF MINUTES

Minutes of the Rangely District Hospital Board of Director's meeting dated August 28, 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: **Melissa Norman** from the New Eden Pregnancy Center made a request for a donation from the hospital to purchase car seats and breast pumps for new infants and mothers that come to their pregnancy centers. A motion was made and seconded to donate \$500.00 to the New Eden Pregnancy Center for the purchase of infant car seats and breast pumps. The motion carried unanimously.
(ACTION/TAKEN/CLOSED)

IV. MEDICAL STAFF REPORT

- A.** Review of Medical Staff Report (Accepted): Minutes of the September 10th, 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 Debra Smith MD, appointment for Provisional Privileges. A motion was made and seconded. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

V. COMPLIANCE REPORT

A. EMR and ICD10 Update:

Bernie Rice presented a powerpoint presentation to the board in regards to the ICD-10 and EMR issues the hospital faces and discussed the importance of being on the cutting edge of healthcare. With the rules and regulations of the government requiring hospitals to change from paper charts to electronic medical records (EMR), we currently have an EMR expense of over \$700,000 a year that we did not have at all 3 years ago. This is a huge expense for a hospital our size. Forecasts say to plan on a 10% increase to that cost annually in order to stay up-to-date and compliant. The new ICD-10 coding system is also scheduled to come online in October 2015. CMS (Medicare) has warned that it is not prepared for the new system and to expect delays in payments for as many as 3 months once it is implemented. This is in addition to the funds they already owe us from the cost reports. Not to mention that when the code sets change there will be a learning curve in code reimbursements and coding correctly for the new ICD-10 system. It will be imperative to be educated and trained in the new code sets. As you are aware we had begun training and education on ICD10 last year and then the legislature delayed the implementation to October 2015. In order to keep our costs under control for all these changes it will be crucial to keep and retain our employees. The state average for turnover for hospitals is 17%. We currently are running at an 8.3%. Which number was the best in the state of the 42 hospitals involved in the Colorado Hospital 2014 Survey. We will need to continue to retain our employees in order to keep our costs down and save money. Turnover is very expensive. Critical Access Hospitals are under attack under the Affordable Care Act. The government seems to think it is better to centralize care to the bigger urban hospitals. Forecasts are for 1 in 4 or 4 in 10 hospitals to close under the new regulations, depending on which report you read. In order for us to survive these increased costs and regulations this board and this hospital will need to position ourselves to be on the forefront and cutting edge of healthcare.

VI. FINANCIAL REPORTS

- A. Financial Report:** On July 8th, we paid our \$1.5MM Line of Credit down to \$0. However, CMS (Medicare) owes us about \$1.9 million. As was mentioned at previous meetings, CMS is going to do an additional review toward the end of this year. We are making inquiries as to when this will happen. Once CMS has done its review, they may pay us all, part or none of the money owed for the 2014 cost

report. Ultimately, we may have to wait until we file the 2014 cost report (in 2015) to receive payment. If they pay us none, we will have a cash flow shortage of about \$500,000 in the first part of 2015. If they elect to wait until the 2014 cost report is filed, we will have to reopen the line of credit. Our \$3.5MM Debt Service Reserve (DSR) has been moved from the Bank of the West to UMB without a loss in book value. Stats as of August indicate continuing weakness in all activity levels with the exception of Long Term Care, Endoscopies and Physical Therapy. For 2014 YTD, Gross Profit is even with budget and 11% 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 9% above budget and 10% more than last year. Net Income as of August is (\$1,027,93) which is less than the budget of \$283,440 and last year's figure of (\$459,046) at this point in the year. Cash balances declined a little steeper than normal for August as this August was a 3 payroll month. The Check Register for August was reviewed. A motion was made and seconded to accept the August 2014 Financial Report as presented. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

- B. Preliminary 2015 Budget:** Jim Dillon, CFO presented a preliminary budget for 2015 for approval to be posted in the paper as required by October 15th, 2014. The final 2015 Budget will be presented at the December 11, 2014 Board Meeting. A motion was made and seconded to accept the Preliminary 2015 to post in the paper as required. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

VII. OLD BUSINESS

- A. Physician Recruitment:** I continue to exchange both verbal and email correspondence with Dr. Abigail Urish. She is hoping to nail down where she signs by this fall. I will keep you updated as I know more. Right now I will say she is very interested but I temper that excitement with the realization that she has not signed yet and I know she is fielding multiple offers.
- B. Eagle Crest Generator:** I presented to CCITF on Sept 15th for the funds necessary to complete the generator hookup at Eagle Crest. It may be a few months before we here and I would like some direction on if we start now or wait. We are still working on a second quote but do not have one at present. Right now the quote we have is for \$46,500 and this does not include a fuel tank or fuel line hookup which we will need to do ourselves. If we wait we will run into problems with frost again for pouring the concrete. I guess my point is if we want this done this year we need to start ASAP regardless of what CCITF gives us. It has proved difficult to obtain a second bid, I am asking for the board's approval to begin to pour the pad regardless of what or if the CCITF will approve our grant request. A motion was made and seconded to authorize to begin work on pouring the pad for the generator. The motion carried unanimously. **(ACTION TAKEN/CLOSED)**

VIII. NEW BUSINESS

A. Community Meetings: We feel that in order to build trust with our community we need to be more transparent with them in our efforts of what we are trying to accomplish here. When we were building the hospital, the Town Hall meetings seemed to be very well accepted and I believe were instrumental in our passing the bond. We feel it would be very beneficial for us to again present Town Hall meetings to discuss with the public where we are at and what we are focusing on and gain their support. After discussing with the board, it was decided that the Administration team will put together some power point presentations and that the timeline to present these to the community should be as soon as possible.

B. Parking Lot: The parking lot in the front of the hospital by the flag pole is beginning to sink. We have put up cones to prevent the public from parking there. It is in the area for the drainage from the roof. We have contacted A&P to see if there is anything they can do or if we need to take care of it ourselves. Either way it will need to be repaired soon.

IX. BUSINESS FROM THE FLOOR

A. No business from the floor was presented.

X. EXECUTIVE SESSION

There was no need for an executive session presented.

XI. ADJOURNMENT

A motion was made and seconded to adjourn this regular meeting of the Rangely Hospital District Board of Directors at 8:10 p.m. Motion approved. **(ACTION TAKEN/CLOSED)**

Submitted By:

John Payne, Secretary/Treasurer, Board of Directors

Date: _____

Cynthia Stults, Executive Assistant

Date: _____