**Southern Coos Health District**
**Minutes**
**Board of Directors Regular Meeting & Executive Session**
**July 28, 2016**
**7:00 p.m.**

## I. Call to Order

This regular meeting of the Board of Directors for Southern Coos Health District was called to order at 7:00 p.m. by Esther Williams, Board Chair.

**Members Present**: Esther Williams, Board Chair; Carol Acklin, David Allen, Directors; Bob Hundhausen, Secretary, and Brian Vick, Treasurer. **Administration**: Charles Johnston, Robin Triplett, Carol Meijer, and Kim Russell. **Additional Staff Present:** Mandy Calvert, Dennis Jurgenson, Scott McEachern, Donna Reilly, and Cyndy Vollmer. **Public:** Linda Olsen, Jim Reilly.

## II. Public Input

No public input.

## III. Consent Agenda

David Allen **motioned** to approve the Consent Agenda, including the Foundation Report, with kudos to the Foundation for putting on another great annual golf tournament. Bob Hundhausen **seconded the motion**. Scott McEachern, Foundation Executive Director, added a big thank you to everyone who participated and provided support. Final accounting for the event is still underway, but Scott estimates they earned just above $20,000. **All in favor. The motion passed unanimously.**

### A. CEO Report

**Final 2016 Joint Conference Goals:** The 2016 Joint Conference goal report is included in the board packet. It is time to select a date for the 2016 Joint Conference. Administration will communicate with the board for selection of a preferred date. Tonight we will provide reports on final goals for the year. While Swing Bed did not meet the goal of increasing by 30%, we are seeing very positive results from our efforts and Carol Meijer will report further later in our meeting. **Presentation on HCAPHS and Core Measures:** Heather Edwards will provide a review of HCAPHS and Core Measures reports and the difference between the two. **Presentation on PQRS:** Heather will also report on PQRS, the new Physician Quality Reporting System that is primarily for Clinic and ER providers. **Laundry Conversion:** The laundry conversion is underway with the new commercial washer and dryer to be received and installed by mid-August

resulting in a $40,000-$50,000 annual savings. **Clinic Update:** We have two new receptionists starting this week, with one having moved to support Dr. Baharloo in the Specialty Clinic. We have a finalist for the Clinic Manager position. The new Lab Manager will begin after Labor Day. Clarice Tyler who has been our Lab Manager has accepted another position in the department. Both Dr. Baharloo and Dr. Pense's practices are growing as Robin Triplett will share in the CFO Report. **Marketing Report:** Scott McEachern, Foundation Executive Director, is working on the Marketing Plan for the rest of the year to present next month. **Roche Update:** Robin Miller and Clarice Tyler have been working with Roche Diagnostics to separate from the analyzer agreement. We have communicated that we feel they were in default. Their position is that we had a voluntary termination of the agreement however we had previously expressed they were in breach of the contract. We have not received a response from Roche. **Auxiliary:** The SCHD Hospital Auxiliary Annual Report includes 2,540 volunteer hours and year-end cash on hand is $1,556. They have contributed $3,000 toward healthcare scholarships via the Mary Richards Scholarship Fund, contributions to the flu clinic, and purchase of a leaf on the Foundation Tree of Giving, for a total of $5,873 total donations. We sincerely appreciate the work and efforts of our Hospital Auxiliary.

**B. CFO Report**

Robin Triplett, CFO, presented the June and end of fiscal year report. The trend for the year has been down for inpatient days with Swing Bed days increasing. Outpatient services are also increasing including observation, ER, and all ancillary services having outpaced the prior year. Some of this can be attributed to the WOAH agreement increasing Medicare patient volume. Primary Care was up at 36.3% and ER up 8.8%. Other hospitals express similar trends. For the month we have a positive bottom line of $105,243 and YTD $132,000. Not the best or the worst year, missing budget by $54,000. In June our average revenue per day is back up to where it should be at $65,000 where it had been down at about $60,000 per day. Expenses for the month are down. Contributions to revenue include increased volume in ancillary areas. The contractual adjustment from our mid-year Cost Report was beneficial and Medicare is paying a better rate. We continue to have some registry use but less than last year with those open positions soon to be filled. There was a large reagent purchase this month that includes stock to be used next month. We will be working on a buying pattern to coordinate those purchase and delivery dates. We received the refund from insurance for the Operating Room room flooding with expenses that were booked in the prior month. Other revenue includes $36,000 for our quarterly Disproportionate Share of our Medicare population, for a bottom line of $105,243 for the month. Net operating revenue is 3.1% above prior year. Revenue had been down then came back up to be above the prior year. Expenses were 3.7% above last year. Days of Cash on Hand are 86.2. Total Cash on Hand increased $448,000 from last month to $4.454M. Our expenses are all current, within the 30-day window. Volume is down but we are still collecting at a good rate at 55

days in A/R which is actually below our goal. We are now seeing payments from WOAH within the same month of service. Payroll is in-line with last year. Overtime has dropped 44% with management doing a great job on staffing and scheduling. Operating Room revenue with Dr. Pense has increased 35% on gross charges. Podiatry previously averaging $14,000 a month revenue, is now at $43,000 per month in the Specialty Clinic (not including surgeries); a 200% increase. The State Pool has $3.870M and $5,550 was transferred to the restricted investment account. Charles Johnston noted that this is the 4th year in a row of having a positive bottom line. He gave special thanks to our Managers and Directors for their hard work and for holding back expenses and to all staff for another year of providing excellent patient care; Dr. Holland and Amy Wood, NP, have done a great job at the Primary Care Clinic in response to the increasing trend in outpatient care. Dr. Baharloo and Dr. Pense have come on strong, and Patient Financial Services and Accounting are doing a great job. Thank you to all staff.

### C. Medical Staff Report

**Dr. Holland presented the Medical Staff Report.**

Consideration for 6 months Provisional Privileges

Babak Baharloo, DPM
Margaret McLain, NP

Maggie McLain has signed an agreement as our Hospitalist to begin September 5.

Brian Vick **moved** to approve the Medical Staff Report as presented. Carol Acklin **seconded** the motion. **All in favor. Unanimous decision**.

## V. Old Business

### A. Presentation on HCAHPS & Core Measure Surveys -

**HCAHPS** - Heather Edwards, Informatics/Quality Control/Pharmacy Manager, provided a review of the of HCAHPS and Core Measures patient care survey reports available via the Medicare.gov website. The Hospital Consumer Assessment of Healthcare Providers and Systems, was the first standardized national survey for hospitals to compare themselves on patient perception of care across the US. For larger hospitals such as Bay Area there is a payment adjustment based on their scores, but that is not so for Critical Access Hospitals at this time. The goal for hospitals to not have too few survey respondents is 300 surveys per year. SCHD submitted 200 surveys in this period, not meeting that goal. Our average response rate is good at 37%-40%. We provide a report of patient contact information to the third party survey group that follows strict Medicare rules including 3 chances to complete the survey and a required

minimum response to 50% of the questions to be accepted into results. With these constraints, in order to utilize results, smaller hospitals must review longer review periods bearing in mind other conditions over that time that impact results such as changes in providers. Tthe survey is lengthy and patients may simply be selecting relevant questions or may tire of completing the survey. We average between 3 and 10 completed surveys per month. Non-participation by a hospital creates an image of non-transparency. The star rating is new to this system. Of note is that Bay Area received a low mark in the star rating. There may be some items that pulled that rating down for Bay Area that probably should not have. SCHHC and Coquille Valley do not show star ratings because we are too small.

**Core Measures** - A similar but different survey provided to the Board is the Core Measures Report for Timeliness and Effective Care that collects information reported to Medicare through a survey vendor. Southern Coos selects topics on which to report and when CMS determines they are satisfied with our reporting, they will then select a new topic on which we will report. Looking at the subject of Heart Failure where we audit charts and setup systems, we rarely have enough patients to report on. Nearly all hospitals in Oregon participate, as to not report creates a public image of non-transparency. We have been participating in these surveys for many years.

B. **Presentation: PQRS** – The Physician Quality Reporting System for physicians and mid-level practitioners will allow us to provide more survey data resulting in reports with relevant findings. Our reported survey numbers are larger when drawing from a larger pool of all ER and Clinic patients. Only Medicare patients are included in this at this time, but next year it may be all patients regardless of payer source. Included are eligible providers for outpatients (ER, Primary Care, Specialty Care, Radiology procedures) that will cover areas formerly reserved for intpatients. This PQRS survey is the first to include a penalty for non-participation. Our successful report in 2016 will result in no 2% negative payment adjustment, with data pulled manually this first reporting year. For 2017 we will have built into our computer system the codes for extracting the data. We will work with providers to select up to 9 meaningful measures such as flu vaccine, pneumonia vaccine, proper use of antibiotics for ear infections, etc. Already at this time we are showing compliant on evidence-based medicine requirements. For example, in this reporting period in the Primary Care Clinic and in the ER, we are already at 100% for the first half of the year on the measure that we do not give antibiotics when antibiotics systemics are not needed but give the ear drops. A full year is being submitted in February/March 2017, but will require more process time to be made available to the public. For instance with the other surveys we are currently only able to view 2014 data. Also with PQRS this is the first survey where we also report the provider NPI number, with data attached to both the facility the provider.

**C. Report: Swing Bed Census** – Carol Meijer, CNO, provided the Swing Bed report. The Joint Conference objective to increase Swing Bed by 30% was not met. We were able to achieve an increase of 19.1% but are still seeing results of our efforts as in July 2016 we have 54 Swing Bed days, reflecting a positive response to our outreach and marketing efforts. Karen Jaster, Swing Bed Coordinator, is meeting with discharge planners at Bay Area, McKenzie-Willamette Hospital, and Mercy Medical in Roseburg, and with South Coast Orthopedic Assoc. surgeons and staff. Sacred Heart will only receive electronic brochures or materials as no meetings are allowed. Karen maintains a patient spreadsheet to track patient-requested transfer dates, admit date, why accepted, or why not accepted. This is reviewed by the CNO and Swing Bed Coordinator weekly or daily when there is a complicated case (involving completion of antibiotics, heart rhythm issues, etc). Criteria for Swing Bed includes that a patient must be able to participate with the Physical Therapist and must have goal and upward movement to 'baseline quality of life' to manage activities of daily living. Our tracking has indicated that many hospitals have patients with complicated co-morbidities who have lost their baseline. These hospitals make attempts to discharge patients to Swing care, essentially in need of a discharge center. However, our criteria requires that we know that Swing Bed planning began upon admission to that hospital. CMS regulations require that a patient cannot be admitted to Swing Bed unless they meet all criteria as documented by the Swing Bed Coordinator, nurses, and by the accepting hospital. If a PT baseline assessment is not available within 24-hours we cannot admit. Many variables are not within our control. Karen makes calls twice weekly to report Swing Bed availability to the hospitals listed above. Two years ago we met with SWPT but they are experiencing the same staffing challenges as other south coast healthcare providers. We are working to identify what is in our control and have a team meeting scheduled in 2 weeks.

**D. Report: Turnover Rate** – A national survey by Compdata of 10,250 healthcare facilities indicates the average national turnover rate in 2015 of 19.2%, up from 2014. Employers are reporting rising voluntary turnover rates, indicating the workforce has increasing confidence in the job market. National figures for 2016 will not be available until September. Recruiting in rural areas is challenging due to lack of job opportunities for spouses, housing, and other features of urban areas not abundantly available in rural areas. From July 1, 2015 to June 30, 2016 the SCH rate of 28% includes 6 retirements and 4 terminations. Removing those 10 places our actual turnover rate nearer the 19% national average. As a smaller hospital, many clinical staff begin work with us to gain experience and then as jobs open in their desired areas, such as Bay Area or elsewhere, they move on. Cyndy cited a whitepaper study by PayScale, a national compensation information company, about turnover as an opportunity for employers to select, place, and develop incumbent and new employees. Exit interviews are completed by more than half of SCHHC staff who voluntarily separate employment. We look forward to seeing the results of the August survey by HR Answers to compare to our previous survey. Results will be

reported to the Board as soon as they are available. We continue to work toward an engaged work culture with better communication, education and networking.

E. **Report: Community Outreach Programs** – The Joint Conference goal to raise our visibility by establishing premium community outreach is being achieved by defining 3 components: a quarterly speaker series, the health fair, and staff outreach programs. These will both bring community members to the hospital and take our staff out into the community. Quarterly rather than monthly speakers maximizes our community support, tapping into local and regional healthcare experts similar to the model used for Women's and Men's Health Days. For the Health Fair scheduled October 1 from 10:00-4:00 at The Barn we will invite other healthcare providers from the Bandon and regional area to have tables at the event. We will offer health screenings and coordinate with Bandon Fitness, CCHC, local dental offices, etc. Local service organizations have expressed interest in having Hospital and Health Center staffs peak at their meetings. Additionally, the Bandon School District invites staff to speak and we participate in the regional healthcare careers program.

## VI. New Business

### A. Consideration of Moss-Adams as Auditor

**A. Consideration of Moss-Adams as Auditor** – Robin Triplett reviewed the annual Moss-Adams engagement letter. Their fee increased by $1,000.00 but they do not charge us on our infrequent phone calls or questions outside of the formal meetings.

David Allen voiced his approval of past performance and **moved** that the Board approve Moss-Adams as SCHD auditors for the next year. Brian Vick **seconded** the motion, adding that they are an outstanding audit firm. **All in favor. Unanimous decision**.

### B. Benchmark Reports

1. **Quarterly Risk Management** – Mandy Calvert presented the Quarterly Risk Management Report. SCHHC saw 120 more patients in the 2nd quarter. The increase in ER transfers relates directly to the increased number of patients. All transfers are reviewed individually. Of medication errors, 2 were related to system entry of tapering doses. Heather explained the methods of how tapering doses may be entered. The Pyxis system does reduce errors by verifying what is prescribed vs. what is being removed from the cabinet. At SCHHC error reporting is encouraged at all levels as a method of identification and training rather than punitive action.

## VII. Executive Session under ORS 192.660(2)(i) and ORS 192.660(8) to review and evaluate the performance of an officer, employee or staff member if the person does not request an open meeting. This reason for executive session may not be used to do a general evaluation of an agency goal, objective or operation or any directive to personnel concerning these subjects.

**At 8:22 p.m. Board Chair Esther Williams excused members of the public to enter Executive Session.**

**At 8:46 p.m. the Board returned to Return to Open Session**

Carol Acklin **moved** to terminate the contract of CEO Charles Johnston immediately. David Allen **seconded** the motion. No discussion. **All in favor. Unanimous decision.**

## VIII. Open Discussion

David Allen spoke in appreciation of all that Charles has done for the hospital. Esther Williams concurred. Bob Hundhausen recognized all that Charles Johnston has accomplished as administrator. The termination is not for cause. The Board has lost confidence in Mr. Johnston's ability to lead. Robert Miller reviewed the termination notice effective as of July 28, 2016. Mr. Johnston stated that he is proud of what has been accomplished and has enjoyed his time with the Southern Coos Health District.

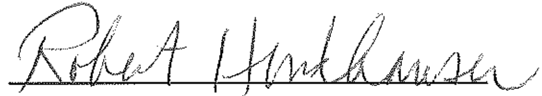
David Allen suggested that the Board Chair meet with the Leadership team in the morning and prepare a statement for employees and the press. During the interim while we search for a new CEO, Mr. Allen had considered several who are not available, then suggested Jim Wathen, former CEO, strictly on an interim basis during the search for a permanent CEO. Jim is familiar with the hospital, had good employee relations, and the issues that existed at that time are no longer in place. Carol Acklin and Bob Hundhausen objected. Board Chair Williams agreed to consider Mr. Wathen strictly on an interim basis. There is no assistant administrator and while Leadership may be able to run department operations for a week or two, an interim administrator is necessary. Brian Vick shared his concern regarding the length of time it is taking the City of Bandon to find a permanent City Administrator. There are recruiters that could place an interim CEO, but then you have someone who does not know staff or the hospital. Bob Hundhausen suggested formation of a CEO Search Committee. David Allen asked for consensus that he may contact Mr. Wathen regarding the interim position. Mr. Hundhausen again expressed dissatisfaction with these actions. Brian Vick expressed concern about public sentiment. Carol Acklin suggested contacting local area CEOs for suggestions, or the hospital association. Mr. Hundhausen withdrew his objection to Mr. Allen contacting Jim Wathen to inquire of his interest or availability. The Board will meet again August 4 to conclude the discussion. David Allen will contact Mr. Wathen and Ms. Williams will research additional interim and permanent CEO resources.

**Adjournment**

With no further discussion, Ms. Williams adjourned the meeting at 9:12 p.m. A special meeting will be held Thursday, August 4, 7:00 p.m. to review interim CEO options and formation a permanent CEO selection committee.

The next regular meeting of the Southern Coos Health District Board of Directors will be held on Thursday, August 25, at 7:00 p.m. in the Hospital Conference Room.

Esther Williams, Board Chair



Robert Hundhausen, Secretary