

CLALLAM COUNTY PUBLIC HOSPITAL DISTRICT NO. 1
FORKS COMMUNITY HOSPITAL

Board of Commissioners Meeting Minutes
Lee Merrick Conference Center
September 25, 2018

Those present were Commissioners: Don Lawley, President; Patricia Birch, Vice President; Sandy Schier, Secretary; Daisy Anderson, Commissioner, and Jerry George, Commissioner. Additional attendees included: Tim Cournyer, CEO; Andrea Perkins-Peppers, CIO; Heidi Anderson, CNO; and Paul Babcock, CFO.

Guests: Aaron Gee

The meeting was called to order a 4:00 p.m. by Don Lawley

Don Lawley announced that the Board is convening to executive session pursuant to RCW 42.30.110(1) (g) - To evaluate the qualification of an applicant for public employment or to review the performance of a public employee and evaluate salary and benefits.

Executive Session: The Board convened to executive session at 4:00 pm for sixty minutes.

The board reconvened to open meeting at 5:00 p.m.

There was no action taken during Executive Session.

Addition or Changes to the Agenda

1. Add New Business- CEO Compensation

Public Comments

There were no Public Comments

Community Communication

Medical Staff Meeting

The August 8, 2018, Medical Staff meeting minutes were reviewed. Jerry made a motion to approve the meeting minutes; Patty seconded, and the motion carried.

ACTION: It was moved, seconded, and passed to approve the Medical Staff meeting minutes from August 8, 2018, as presented.

Medical Staff Privileges

The request to approve privileges for Rienra Sivesind, MD; Teresa Neprud, MD; Jubilee Mattix, ARNP; and Rachael Adair, CNM, was reviewed. Patty made a motion to approve the Medical Staff privileges, Jerry seconded, and the motion carried.

ACTION: It was moved, seconded, and passed to approve the appointment of privileges for Rienra Sivesind, MD; Teresa Neprud, MD; Jubilee Mattix, ARNP; and Rachael Adair, CNM.

Performance Improvement Committee

The August 20, 2018, Performance Improvement Committee meeting minutes were reviewed. Sandy made a motion to approve the meeting minutes; Jerry seconded, and the motion carried.

ACTION: It was moved, seconded, and passed to approve the Performance Improvement Committee meeting minutes from August 20, 2018, as presented.

Board of Commissioners Meeting

The Board of Commissioners meeting minutes from September 6, 2018, were reviewed. Daisy made a motion to approve the meeting minutes; Jerry seconded, and the motion carried.

ACTION: It was moved, seconded, and passed to approve the Board of Commissioners meeting minutes from September 6, 2018.

Vouchers:

August 2018 Vouchers were reviewed. Sandy made a motion to approve the vouchers; Daisy seconded, and the motion carried.

ACTION: It was moved, seconded, and passed to approve the August 2018 General A/P vouchers numbered 099481 to 099867 the amount of \$1,668,941.24 and the General P/R vouchers numbered 546932 to 547028 in the amount of \$111,600.51.

Write Offs:

September 2018 write offs were reviewed. Daisy asked about the high amount of write offs. Paul responded that the patient was preauthorized, but then wasn't paying his insurance premium, so the insurance company withdrew the funds. Daisy made a motion to approve the write offs; Sandy seconded, and the motion carried.

ACTION: It was moved, seconded, and passed to approve the September 2018 Write-offs totaling \$51,916.25.

Old Business:

Harrison Clinic

Patty and Tim had a conversation about Dr. James leaving and Dr. Shima eventually retiring. They both feel that there needs to be more options in town than one medical clinic and we also need more room for future providers. Tim reached out to Harrison and they no longer have the lease from the Clinic on G Street, where Dr. James was located. Tim will reach out to Stephen Kreible about the possibility of leasing the building and also schedule a walkthrough of the building. Don asked about what we would use the building for and Tim said he has some ideas and would like to meet with the Board at a later date to discuss.

New Business:

CEO Compensation and Resolution 2018-513

The Board met with Tim and preformed his annual evaluation. Jerry made a motion to approve Resolution No. 2018-513 to increase Tim Cournyer, CEO, compensation 10% for an annual salary of \$189,200 effective October 1, 2018; Daisy seconded and the motion carried.

ACTION: It was moved, seconded, and passed to approve Resolution No. 2018-513 to increase Tim Cournyer, CEO, and compensations by 10% for an annual salary of \$189,200 effective October 1, 2018.

Tim Cournyer, CEO, reported:

WIPFLi Audit Report:

Wes Thew, Managing Partner of Wipfli, LLC reported on the 2017 Forks Community Hospital audit:

WIPFLi performed the audit according to the planned scope and timing previously communicated in the engagement letter and related discussions with management. Their responsibility was to read other documents and consider whether such information is materially inconsistent with information, or the manner of presentation, appearing in the audited financial statements.

Wes explained they are required to accumulate all known and likely misstatements, other than those that are trivial, and communicate them to management. During the audit twelve adjustments were made. Five were proposed by the Auditors. Three were proposed by the district, with two being significant as follows:

- The allowances for doubtful accounts and contractual allowances were adjusted, increasing the deficiency of revenues over expenses by \$138,336.

- The OPEB liability was reported in accordance with a new accounting pronouncement, GASB 75, decreasing excess of revenues over expenses by \$477,335.

Wes reported that during the audit there was:

- No difficulties were encountered in performing the audit
- No disagreements were noted regarding accounting or auditing matters
- To their knowledge, management has not obtained opinions from other independent accountants regarding the application of GAAP

Wes also reported the following internal control matter was considered to be a significant deficiency:

- Reconciliation of Significant Accounts –
 - It was observed that one of the Districts cash accounts was not fully reconciled at year end, which could increase potential for misstatements and misappropriation of assets.
- Financial Accounting and Reporting –
 - Wipfli is relied upon to draft the financial statements and the notes and disclosures included with the financial statements in the audit reports.
 - This is a common finding, since many critical access hospitals rely on their audit firms for specialized knowledge of disclosure requirements.

Wes reported on other items of interest as follows:

- Salaries and wages increased along with a small increase in FTEs. Benefits increased primarily due to the additional OPEB expense related to the implementation of GASB 75.
- Depreciation and amortization decreased approximately \$176,000 as certain capital assets became fully depreciated during the year.
- Nonoperating revenues – Net increased approximately \$260,000 primarily due to increases in property tax revenues and noncapital grants/contributions.
- Net patient service revenue increased approximately \$2,668,000 from prior year:
 - Swing-bed revenue increased approximately \$665,000
 - Lab revenue increased approximately \$680,000
 - CT Scan revenue increased approximately \$491,000
 - Physical Therapy revenue increased approximately \$774,000
- Other revenue decreased approximately \$458,000 primarily due to a decrease in E.H.R. revenue recognized in 2017.
- Professional fees decreased approximately \$449,000, partly due to a decrease in utilization of travelers and locums in 2017.
- Purchased services increased approximately \$150,000, partly due to an increase in IT related expenses reported.

OCH Payments

Tim passed around the summaries of estimated incentives from OCH. The money goes into a general fund and we can use as we need. Over the next five years, FCH is projected to receive over \$800,000. The money is delegated throughout the Hospital, Clinics, and WEOS.

Proposed Medicare Payment Reduction

Tim explained the proposed Medicare payment reduction. This proposal will not affect FCH, but it could affect Olympic Medical Center. Tim wrote and submitted a letter of support for OMC to Medicare and Jerry George also submitted a letter. If the proposal passes, it could cause OMC to lose millions of dollars. FCH patients could also be affected with losing services in Port Angeles.

FP/OB

Dr. Pfaff, FP/OB, will have an onsite interview on October 8th. She is currently on a locum's assignment and can be available within thirty days.

December Board of Commissioners Meeting

The December BOC meeting is currently scheduled on Christmas day. The Board would like to cancel the December meeting, but if needed, we will schedule a Special BOC meeting if any issues arise.

Finance

Paul Babcock, CFO, presented the August year-to-date financial report, which was reviewed and discussed.

- Gross patient revenue for August was \$ 4,020,624.
- Net patient revenue for August was \$ 2,129,881.
- Net A/R days are 48.0.
- Day's cash on hand is 69.
- There were 22 surgeries and 500 emergency room visits for August.
- Total operating income for August was \$ 2,474,536.
- Total non-operating income for August was \$36,189.
- Net income for the month was (\$188,771).
- Total cash on hand is \$5,229,869.
- Acute average census is 1.94.
- LTC average daily census is 11.3.
- Custodial swing average daily census is 6.9.

Clinic Graphs

Reviewed the August 2018 Clinic graphs.

Ambulance Report:

Heidi Anderson, CNO, presented the Ambulance report for August 2018. There were 68 calls dispatched, 43 patients transported to Forks Community Hospital, 11 inter-facility transfers, 3 cancellations, 12 refusals, 1 lift assists, 1 DOA, and there were 12 overlapping calls. There being no further business to discuss, the meeting was adjourned at 6:07 p.m.

Board of Commissioners next meeting is scheduled for October 23, 2018 at 5:00 p.m.

Minutes recorded by Laci Johnson, Executive Assistant.

Sandra Schier, Secretary