

CLALLAM COUNTY PUBLIC HOSPITAL DISTRICT NO. 1  
FORKS COMMUNITY HOSPITAL

Board of Commissioners Meeting Minutes  
Lee Merrick Conference Center  
November 14, 2018

Those present were Commissioners: Patty Birch, Vice President; Daisy Anderson, Commissioner; and Jerry George, Commissioner. Additional attendees included: Tim Cournyer, CEO and Paul Babcock, CFO.

The meeting was called to order at 4:10 p.m. by Patty Birch

**Discussion and Adoption of the 2019 Budget:**

Paul Babcock, CFO reported:

The general assumptions used in the development of the 2019 budget were as follows:

1. Expenses
  - a. Salaries have been increased overall by 23% compared to current year to date projection. There is a 5% increase built in for raises consistent with the Union contracts, however, some departments with large numbers of minimum wage positions were increased above this for the change that will be effective 1/1/19, moving the minimum wage from \$12.00 to \$13.50. There have also been several physicians that were formerly contracted that have been signed as employees, this has increased our salary expense and lowered our Pro Fee expense by 24%. The salary budget reflects the changes for additional FTEs that the hospital will need in the coming year and includes our best estimate of anticipated Providers that are starting next year.
  - b. Benefits have been increased by 10% to accommodate the change increased employees as well as continuing inflation of the OPEB expense.
  - c. Supplies have been increased by 5%, and Pharmaceutical supplies have been increased by 15%. We have also anticipated savings due to starting participation in the 340B Drug program. We have also moved up Minor Equipment significantly for the next year to replace existing non-capital items throughout the District.
  - d. Utilities were increased by 15%. Last year we increased the Utility budget by 7% but it has increased by 16%.
  - e. Purchased Services has increased 20%, half of which is due to the anticipated cost of vendors for the 340B project. There are several other programs and services that we engaged in 2018.
  - f. Depreciation has been increased 14% for anticipated capital needs.
  - g. Other Expenses were increased by 18%. This was based on a 3% annual increase, additional needs from Department Director input, and increased travel and education for a new EHR.
2. Revenues
  - a. 8% across the board price increase.

- b. Increased anticipated Grant funds.
- c. We are budgeting for increased revenue from the Bogachiel Clinic as provider staffing has been mostly stabilized. We also are anticipating adding an OB and mid-level in early 2019, and have increased hospital and clinic revenue accordingly.
- d. Clinic visits at 16 per day per provider.
- e. We are also budgeting for improved revenue in Surgery now that we have an employed surgeon.

#### KEY OPERATING STATISTICS:

##### 1. Patient Volumes:

- a. 24% increase in Surgery volumes. We anticipate strong improvement in Surgeries. This includes 10 more IP Surgeries, 55 more OP Surgeries, and 14 more Scopes. This is a midpoint between what our surgeries were a couple of years ago versus our YTD trend.
- b. 1% increase in Radiology volumes, and a 5% increase in Ultrasound with OB restarting.
- c. Similar volumes in all other areas.
- d. 63 budgeted newborns, anticipating a slow start but a return to our former average by mid-year.

We are predicting a total of 242.86 FTE's in the 2019 budget.

Net Patient Revenues are projected to increase by 17.5 percent from the 2018 projection.

Other Operating Revenues are projecting an increase of 20% from CY 2018 projected.

Operating Expenses are projected for increase by about 12.8 percent from the 2018 projection.

**Other Operating Revenues:** We are projecting an increase of 20% from CY 2018 projected, anticipating a slight increase WEOS grant money since we have added providers and will be seeing more patients, also anticipating the Olympic Community of Health (OCH) grant funds of \$200k, as well as several other grants that are currently being worked on.

**Capital Project Budget 2019:** Capital Purchase Requests for the facility in 2019 are budgeted for \$11.4 million.

#### **Adopting the 2019 Budget**

Jerry made a motion to approve the 2019 budget as presented, Daisy seconded, and the motion carried.

**ACTION:** It was moved, seconded, and passed to approve the 2019 budget as presented.

The board agreed that for the capital purchases in 2019, they will approve with the 2019 Capital budget and ask that they are updated each month as the purchases move forward. If the capital request exceeds the budgeted amount, the capital request will need to be reviewed by the Board of Commissioners. Daisy made a motion to approve the capital purchases for 2019, Jerry seconded, and the motion carried.

**ACTION:** It was moved, seconded, and passed to approve the capital purchases for 2019, not to exceed 12,000,000

**Resolution 2018-514**

Paul presented the Board with Resolution No. 2018-514 for increasing the EMS tax levy for 2019 by one percent. Jerry made a motion to approve Resolution No. 2018-514, Patty seconded, and the motion carried.

**ACTION:** It was moved, seconded, and passed to approve Resolution No. 2018-514.

**Resolution 2018-515**

Paul presented the Board with Resolution No. 2018-215 for increasing the tax levy for 2019 by one percent. Daisy made a motion to approve Resolution No. 2018-515, Patty seconded, and the motion carried.

**ACTION:** It was moved, seconded, and passed to approve Resolution No. 2018-515.

There being no further business to discuss, the meeting was adjourned at 5:36 p.m.

The Board of Commissioners next meeting is scheduled for November 27, 2018 at 5 p.m.

Minutes recorded by Laci Johnson, Executive Assistant.

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Sandy Schier, Secretary