



**Chelan County Public Hospital District No. 2
Special Meeting of the Board of Commissioners
Meeting Minutes 11.12.2021 1:30 pm via Zoom**

Commission Attendance:	
<i>(<input type="checkbox"/> not present <input checked="" type="checkbox"/> present)</i>	
<input checked="" type="checkbox"/> Acting Chair (Mary Murphy)	<input checked="" type="checkbox"/> Secretary (Fred Miller)
<input checked="" type="checkbox"/> Vice Chair (Jordana LaPorte)	<input checked="" type="checkbox"/> Member (Mary Signorelli)
<input type="checkbox"/> Member (Jeremy Jaech)	
Participants: Cheryl Cornwell, Interim CEO	
Jaime Minnock, CNO Agustin Benegas, Communications & Outreach Manager	
Recorder: Toni Willis, Executive Assistant	
Agenda Item	Topic/Action 2022 Budget
Call to Order	Murphy called the meeting order at 11:00 am, to discuss 2022 Budget. M. Murphy read the mission. Resolution 2021-11 removed from agenda, will be on November 30 BOD meeting agenda.
Budget Presentation	<p>C. Corwell presented 2022 Budget. 2022 Budget Discussion stating "A look back is difficult since we have not had a "normal" year for several years." The clinic closed in September 2020 following several months of wind down following the departure of several physicians in December 2019. The Sanctuary closed in November of 2020 after discharging its last patient. COVID because known late in 2019 and started to impact hospitals towards the end of first quarter 2020. Currently COVID numbers are as high right now (10 days ago) as they were at the highpoint of the third wave, so we are still very much impacted by lower patient volumes. We are still waiting to find out and be paid for our new swing bed rates, the whole reason we closed Sanctuary more than a year ago. Pressure on wages for health care workers is a big issue and continues to rise with the latest pressure being COVID vaccination mandates.</p> <p>Revenue: We projected revenue first by looking at 2020 volumes and annualizing them. We added a price increase of 5%, this is an amount that will not violate any agreements we have with payers. Then we looked at each department to consider other anticipated impacts on revenue.</p> <p>We started out the year with a high swing bed count as COVID seemed to be declining, when the fourth wave hit our swing numbers went back down again. We call larger regional hospitals daily looking for swing bed patients that could be brought here. We did not budget for an increase in swing bed volumes; however, I believe that once COVID subsides again, there will be a backlog of elective surgeries that could provide additional volume to our hospital swing bed. We still have not received our new swing bed rates from Medicare, we used Wipfli's estimates based on our cost report and what other hospitals in our region are paid.</p>

Budgeted 5% for staff, except Nurses who have a predetermined scale increase. The WSHA survey we are reviewing now indicates we are underpaying in some job categories. We may be forced to spend more on wage increases to keep up with the competition, or risk losing staff.

A few positions were added during 2021: Nurse Practitioners for Express Care, Quality support person, business office staff to replace Reso, and a physical therapist so we could add wound clinic and add to capacity. The terminated CRNA will go to work for OVA and continue their services with LCH. Wages in Pharmacy are up 60k but washed by a reduction in purchased services paid to Cardinal. Wages in Lab are down 60k and will be replaced with temporary labor under Purchased Services. Next year we plan to add EMT staff to cover COVID grant received, Informatics person, Med Staff Coordinator. Would like to also add IT staff depending on new EMR effort.

Supplies and Services: Our new GPO is not saving us money as promised. COVID and supply chain problems are causing prices to increase. Purchased services goes down with Pharmacy new hire, down with loss of lab tech, down with termination of the Reso contract.

Dr. Oh will be here January 6th and living closer to the hospital than Dr. S. had. He will be available to take on call, as well as be available to do trauma cases that we have previously transferred out.

Dr. Oh does total joint replacements, however, we will not be able to do hip replacements until we have the bigger OR rooms in the new hospital, but will be able to schedule knee and shoulder surgeries. We have budgeted for a marginal increase in Orthopedic revenue since there will be a bit of ramp up time.

Dr. S. did not perform any surgeries his last month with LCH and was gone by the end of September. Having a full year with Dr. Oh will create an increase in Ortho surgery revenue year over year and the Ortho practice will drive higher revenue in anesthesia, radiology, lab, and physical therapy as well provide a new source of swing bed patients.

The Express Clinic was open less than a full year with a bit of ramp up time that will not reoccur next year, but can expect volumes to continue to increase. Our volume numbers were exceedingly high but were related to people coming in for COVID tests which are quick and low revenue producing.

We will start up a Wound Clinic in January, as one of our PT staff will finish their training and get certification in wound care by the end of December. Only in patient wound care will be offered in the beginning, when we are proficient with that, we will open the clinic to outpatients. We budgeted to break even with this new service line but could do much better as wound care will allow us to take in swing bed patients that we have historically turned away.

We have been working on contractual adjustments with Wipfli because price increases and estimates of our new swing bed rates. We used their cost report software to accurately project contractual adjustments. Their calculations brought us to 43% which is close to what we have

Resolutions	<p>experienced in several past prior years.</p> <p>The rate is high right now because we have not yet recorded the current impact of the Medicare money for swing beds, and we have written off more than usual amount of revenue to bad debt, following Reso's departure.</p> <p>Medicare and Medicaid pay what they pay, price increases just increase contractuals on those payers. Increasing our costs will cause contractuals to go down (Medicare will pay more of the cost) – total anesthesia costs will go up, temporary labor in lab will cause total labor costs to go up</p> <p>Other Operating Revenue Our 340B revenue has gone down since we closed the clinics. Grants are uncertain. We budgeted for other operating revenue to decline 21% overall.</p> <p>Wages and Benefits Total FTE currently 170, down from 193 at end of last year. In 2020 wages were 66% of net revenue, 72% in 2021, and are budgeted for 61% in 2022. Loss of doctors and CRNA's, and temporary labor fill in some of the difference.</p> <p><i>F. Miller moved to approve Resolution 2021-8 Regular Levy, seconded by M. Signorelli. Motion carried.</i></p> <p><i>M. Signorelli moved to approve Resolution 2021-9 EMS Levy, seconded by F. Miller. Motion carried.</i></p> <p><i>F. Miller moved to approve Resolution 2021-10 GO Bond Levy, seconded by J. LaPorte. Motion carried.</i></p> <p>At 12:07 pm M. Murphy announced 10-minute break.</p>
1. Executive Session	<p>At 12:17 pm M. Murphy announced the Board would go into Executive Session to evaluate qualifications of a candidate for public employment RCW 42.30.110(1)(g). The session will last 45 minutes.</p> <p>At 1:03 pm Board returned to regular session.</p> <p><i>J. LaPorte moved to have candidates 13A and 21P in for video interviews for CEO position, seconded by M. Signorelli. Motion carried.</i></p>
2. Adjournment	<p>The meeting was adjourned at 1:30 pm.</p>

Attest:

Fred Miller
Fred Miller (Dec 10, 2021 13:41 PST)

Fred Miller, Secretary

Cheryl Cornwell
Cheryl Cornwell (Dec 13, 2021 13:54 PST)

Cheryl Cornwell, Interim CEO