

October 26, 2022

The Regular Board Meeting of the Board of Commissioners for Island Hospital was called to order by Commissioner Iversen at 12:00 noon on October 26th in the Cypress Room of Island Hospital.

Due to the ongoing COVID 19 Pandemic a WebEx option was available for the Regular Board Meeting.

Those present were Commissioners Jan Iversen, Lynne Lang, PhD, Paul Maughan, PhD and Chip Bogosian, MD. Also present were Elise Cutter, CEO, Julie Norton Stewart, CFO, Jason Hogge, MD, CMO, Vicki White, MSN Interim CCO Briana Alzola, Anacortes American (WebEx), and Deanna Marshall, Executive Assistant.

Not present: Warren Tessler, Rob Carter, DO COS

Public Comment:

No Public Comments were made

Action Items Completed:

CONSENT AGENDA:

After review and discussion, Commissioner Maughan made a motion to approve the Consent Agenda. Commissioner Lang seconded the motion. Commissioners, Bogosian, Lang, Maughan, and Iversen all voted aye and the motion carried.

INTRODUCTIONS

The Board welcomed Ali Salari, DO Family Medicine to Island Health. Dr. Salari mentioned his excitement to serve the Island community.

Medical Staff Meeting Summaries:

Dr. Hogge gave a brief update in regards to the Credential, Ethics, OB/Peds, and the Department of Medicine Committees.

Credentials:

After review, Commissioner Lang made a motion to approve the Credentials list as presented. Commissioner Iversen seconded the motion. Commissioners Bogosian, Iversen, Lang, and Maughan all voted aye and the motion carried.

Financial Update:

Commissioner Maughan gave a statement recommending the resolutions that will be presented later on.

Financial Statement Review: Julie Stewart reported on the September 2022 financial statements with the Committee and highlighted the following as significant items:

- Balance Sheet – The hospital collected \$8.5 million in cash in September and paid out \$11.3 million. This resulted in operating day's cash on hand of 139, down from 148 in August. The current ratio decreased to 2.4 from 2.5 in August. Repayment of the Medicare Advance Funding in August was \$847,000.
- Net Revenue – Net revenue for September 2022 was \$8.9 million with an actual collection rate of 39%, which is below the budgeted 39.5%. Outpatient gross revenue as a percentage of total revenues remained at 81%. Hospital net revenue was below budget 1.8% and Primary Care and Specialty Clinics net revenue was below budget by 0.4%. For the month of September the Hospital did not meet its financial pillar goal of an operating margin of net revenue to meet or exceed 1%, with an actual operating margin of -15.1%.
- Operating expenses – Total operating expenses for 2022 are 6% above budget and 13.9% above 2021. Wages, Salaries and benefits were 1.5% below budget. Supplies are 11.7% below budget. Professional and physician fees are 16.9% above budget. Purchased services are 87.9% above budget. Drug expense is 3.2% below budget. The total number of FTE's for 2022 is 529, which is under the budget of 606. The Hospital recorded net operating loss for 2022 of \$8,209,000 versus the budgeted operating loss of \$154. The excess margin for 2022 is \$-3,922,000 or -4.8% of net revenue versus budgeted excess margin of \$3,292,000 or 3.9% of net revenue.

Administration Update:

Vicki White, MSN RN shared an emotional patient story that demonstrated the compassion and love Island has for the community.

Operational Update:

Elise Cutter, CEO gave a general update on the hospital and presented upcoming events such as the CEO Update and Listening Sessions that will commence this week and continue until the first Friday in November.

Vicki White, Interim CCO, Patty Codd Results Management Director, and Jason Hogge, MD presented the organizational goal results from the third quarter.

New Business:

Community Relations & Marketing: Laura Moroney provided an update on a few events coming up for the public and staff. One event mentioned was the Veteran's day event. Laura passed out flyers to the commissioners. Laura also gave a physician promotion update.

Resolution 2022-2145: Elise presented the Board with Resolution 2022-2145 which authorized Island Health to enter into an interlocal agreement with The Rural Collaborative and others forming a limited liability partnership amongst other rural Public Hospital Districts in the State. The purpose of The Rural Collaborative Enterprise is to create value for the network of rural providers by combining their collective negotiating power much like larger healthcare systems. Elise Cutter stated she is excited to work with her colleagues to bring lower costs and increase opportunities for revenue generation through the Rural Collaborative Enterprise. After review, Commissioner Bogosian made a motion to approve Resolution 2145 and Commissioner Maughan seconded the motion. Commissioners Bogosian, Iversen, Lang, and Maughan all voted aye and the motion carried.

November Board Calendar: November Board Calendar was presented.

Action Item:

No action items.

ADJOURNMENT:

There being no further business, Commissioner Iversen called for the meeting to be adjourned at 1:41pm.

Jan Iversen President/Commissioner

Chip Bogosian, MD Secretary/Commissioner

Paul Maughan, PhD Commissioner

Warren Tessler Commissioner

Lynne Lang, PhD, Commissioner