

December 21, 2023

The Regular Board Meeting of the Board of Commissioners for Island Health was called to order by Commissioner Bogosian at 7:30am on December 21<sup>st</sup> in the Cypress Room of Island Health.

A WebEx option was available for the Regular Board Meeting.

Those present were Commissioners Lynne Lang, PhD, Jan Iversen, Paul Maughan, PhD, Warren Tessler and Chip Bogosian, MD. Also present were Elise Cutter, CEO, Julie Norton Stewart, CFO, Tammy Needham, DNP CCO, Jason Hogge, MD, CMO, Kim Graf, Executive Business Partner and Caleb Sprouse, Anacortes American.

Not Present: Rachel Mank, DO, Chief of Staff

**Public Comment:**

No public comments were made.

**Oath of Office:**

Commissioner Jan Iversen was sworn in as Commissioner, Skagit County Public Hospital District No. 2 Position No. 1.

**Consent Agenda:**

After review and discussion, Commissioner Maughan made a motion to approve the Consent Agenda with the noted change that Commissioner Lang attended the Ethics Committee Meeting in November. Commissioner Lang seconded the motion. Commissioners Lang, Bogosian, Iversen, Tessler and Maughan all voted aye and the motion carried.

**Board Quality & Patient Safety**

**Medical Staff Report:**

Dr. Hogge provided update on the following Medical Staff Committees:

- Quality Assurance
- Credentials
- Clinical Ethics
- Infection Control
- Department of Medicine

## **Financial Update:**

Julie Stewart reported on the November 2023 financial statements with the Commissioners highlighting the following as significant items:

- ◆ **Sustainability Goals** – YTD Net Operating Margin of (\$4.356M) is below target to exceed 2023 goal of (\$2M) loss. YTD Increase of adjusted patient days over 2022 of (5.7%) is below the 2023 goal of 5%. Total days cash on hand of 159 is exceeding 2023 goal of 150 days.
- ◆ **Balance Sheet** – The hospital collected \$9.8M in cash and paid out \$10.9M, along with a significant decrease in warrants outstanding of \$1.9M, operating day's cash on hand increased to 129.2 during the month of November. The current ratio increased to 3.6 from 3.3.
- ◆ **Net Revenue** – Net revenue for November was \$9M with an actual collection rate of 39.2%, which is slightly below the budgeted 40.1%. Outpatient gross revenue as a percentage of total revenue increased to 77.6% from 74.5% in October. Hospital net revenues were below budget 8.6%. Primary Care and Specialty Clinic net revenue was below budget by 7.3%. For the month of November, the operating margin was (5.5%) with a total excess margin of 1.4%.
- ◆ **Operating expenses** – Total operating expenses for 2023 are on par at 2.1% below budget and 0.7% below 2022. Wages, Salaries and benefits were 4.7% below budget. Supplies were 3% below budget. Professional and physician fees were 14.9% above budget. Purchased services were 30.9% above budget. Drug expense was 31.8% below budget. The total number of FTE for 2023 is 533, which is under budget of 567. The Hospital recorded net operating loss for 2023 of (\$4.356M) versus the budgeted operating loss of (\$2.001M). The excess margin for 2023 is \$2.424M or 2.3% of net revenue versus budgeted excess margin of \$2.591M or 2.4% of net revenue.

## **Administration Update:**

The Senior Leadership Team (Elise Cutter, Tammy Needham, DNP, Julie Stewart, and Jason Hogge, MD) reviewed the year to date 2023 Organizational Goals & the proposed 2024 Organization Goals .

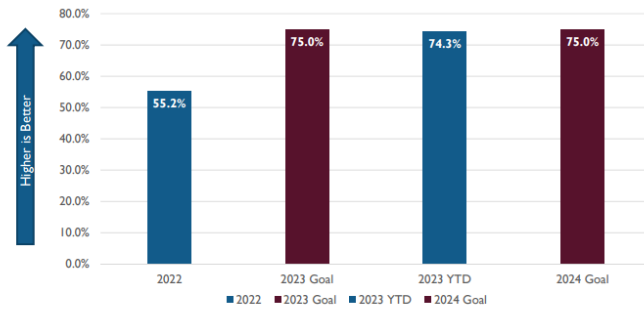
Highlighted were the following:

Sepsis:

**2023 GOAL: Sepsis Measure (SEP-1) to meet 75% or higher compliance to Sepsis bundle for FY 2023 (stretch goal 80%)**

**2024 GOAL: Sepsis Measure (SEP-1) to meet 75% or higher compliance to Sepsis bundle for FY 2024 (stretch goal 80%)**

2023 Target 75%; Stretch Goal 80%  
 2024 Target Goal 75%; Stretch Goal 80%



**Falls:**

**2023 GOAL:** Reduce Falls with Injury (inpatient/outpatient) < or equal to 9. (Dropped for 2024)

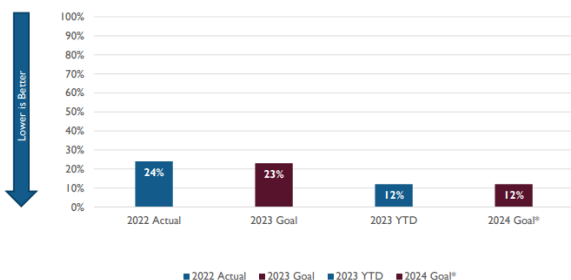
2022 Final	2023 Target Goal	2023 Stretch Target	2023 YTD
10 falls w/injury	9 falls w/injury	8 falls w/injury	1 fall w/injury

**Diabetes:**

**2023 GOAL:** Hemoglobin A1c (HbA1c) (CMS-122)  
 The percentage of patients aged 18-75 with diabetes who have hemoglobin A1c over 9 is less than or equal to a 5% improvement over FY22 (target 23%; stretch 22%).

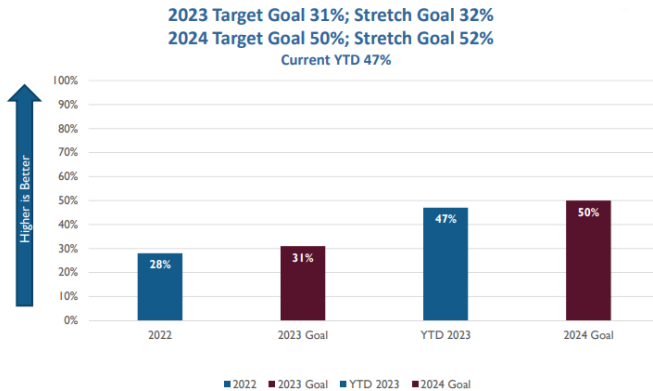
**2024 GOAL:** Hemoglobin A1c (HbA1c) (CMS-122)  
 The percentage of patients aged 18-75 with diabetes who have hemoglobin A1c over 9 is less than or equal to a 12% with a stretch goal of 10%.

2023 Target Goal HbA1c >9% 23%; Stretch Goal 22%  
 2024 Target Goal HbA1c >9% 12%; Stretch Goal 10%  
 Current YTD 12%

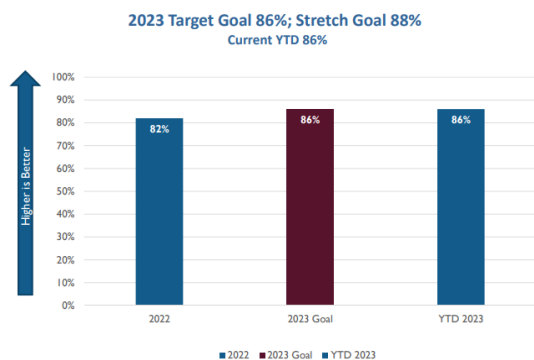


**2023 GOAL: Diabetic Retinopathy (CMS-131)**  
 The percentage of patients aged 18-75 with diabetes who are tested for retinopathy is greater than or equal to a 5% improvement over FY22 (target of 31%; stretch 32% ).

**2024 GOAL: Diabetic Retinopathy (CMS-131)**  
 The percentage of patients aged 18-75 with diabetes who are tested for retinopathy is greater than or equal to a 50% with a stretch goal of 52%



**2023 GOAL: Medical Attention for Nephropathy (CMS-134)**  
 The percentage of patients aged 18-75 with diabetes receive a nephropathy screening test or documented evidence of nephropathy is a 5% improvement over FY22 (86%)  
*(Dropped for 2024)*



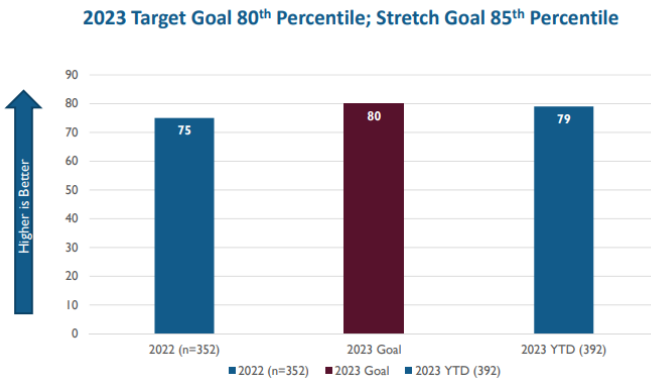
**Mammography:**

**2024 GOAL:** Increase the % of women 50-74 who have had a mammogram to screen for breast cancer in the 27 months prior to 67% with a stretch goal of 68%.

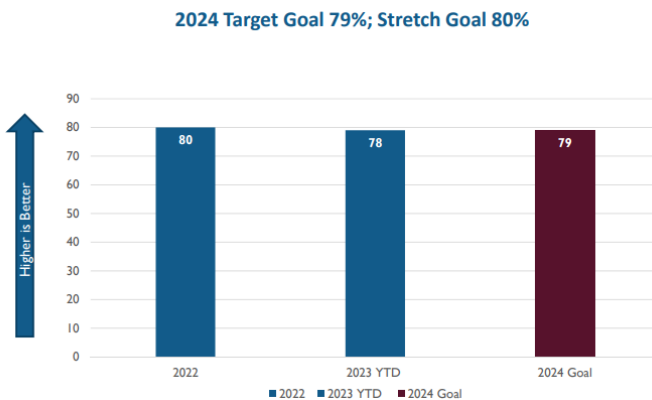
2024 Target Goal 3% increase or 67%; Stretch Goal 5% or 68%

## SERVICE EXCELLENCE:

**2023 GOAL:** Achieve an annual or quarterly average of HCAHPS Inpatient “Overall Recommend This Hospital” on inpatient satisfactions scores greater or equal to the 80th percentile.

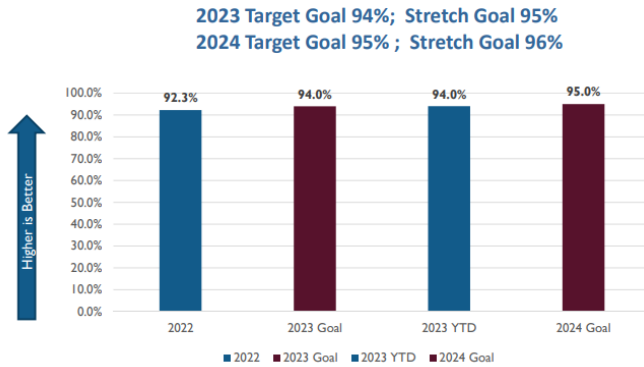


**2024 GOAL:** Achieve an annual or quarterly average of HCAHPS Inpatient “Overall Recommend This Hospital” on inpatient satisfactions scores greater or equal to the 79% with a stretch goal of 80%.



**2023 GOAL:** Achieve an annual average of “Overall Willingness to Recommend” on satisfaction scores greater than or equal 94% for outpatient clinics. (stretch 95%)

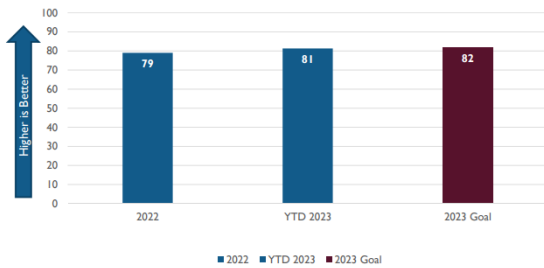
**2024 GOAL:** Achieve an annual average of “Overall Willingness to Recommend” on satisfaction scores greater than or equal 95% for outpatient clinics (stretch 96%)



**PEOPLE:**

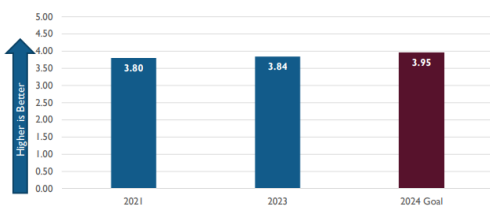
**2023 GOAL:** Increase retention rate from 79% to 82%

**Retention Rate:**  
Increase retention rate from 79% to 82%



**2024 GOAL:** Increase Employee Engagement score from 3.84 to 3.95 and a stretch goal of 4.03.

2024 Target Goal 3.95; Stretch Goal 4.03



**2024 GOAL:** Increase Medical Staff Engagement score from 3.65 to 3.70 and a stretch goal of 3.75.

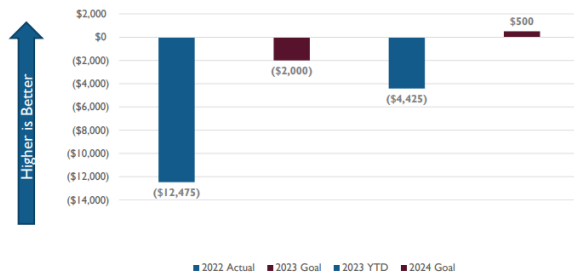
2024 Target Goal 3.70; Stretch Goal 3.75

## SUSTAINABILITY

**2023 GOAL:** Ensure the Net Operating Margin meets or exceeds (\$2 million)

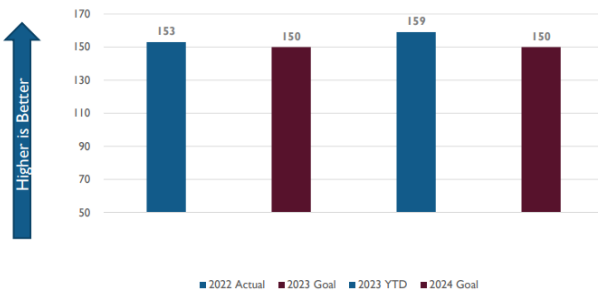
**2024 GOAL:** Ensure the Net Operating Margin meets or exceeds \$500,000 with a stretch goal of \$750,000.

2023 Target (\$2,000,000); Stretch Goal (\$1,900,000)  
2024 Target Goal \$500,000; Stretch Goal \$750,000



**GOAL:** Keep total days of cash on hand higher than 150 days with a stretch goal of 153 days.

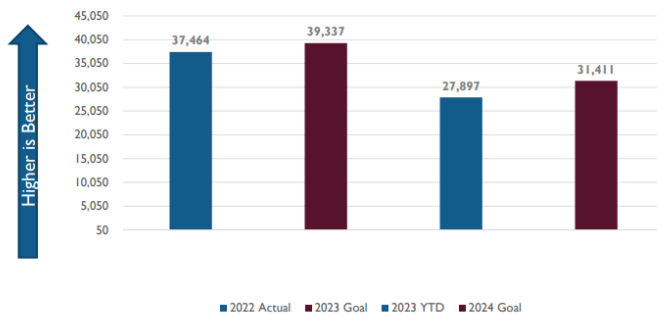
2023 Target 150 days; Stretch Goal 153 days  
2024 Target Goal 150 days; Stretch Goal 153 days



**2023 GOAL:** Increase Adjusted patient days by 5% over 2022 with a stretch goal of 7%.

**2024 GOAL:** Increase Adjusted patient days to 31,411 with a stretch goal of 35,378.

2023 Target 39,337 days; Stretch Goal 40,086 days  
 2024 Target Goal 31,411 days; Stretch Goal 35,378 days



### Proposed 2024 Organizational Goals

Focus Area	FY24 Goal	Measure Direction	Target	Stretch Target	PRIOR YEAR	Rating
Clinical Excellence	Sepsis Measure (SEP-1) to meet 75% or higher compliance to Sepsis bundle for FY 2024	Higher is Better	75%	80%	YTD 2023: Oct 74%, cum- DNM	13.0%
	Mammography Increase the % of women 50-74 who have had a mammogram to screen for breast cancer in the 27 months to 67%.	Higher is Better	67%	68%	YTD 2023: 65%	10.0%
	Diabetes: Implement quality vantage Diabetes eQm as measured by:					
	* Hemoglobin A1c (HbA1c) (CMS-122) The percentage of patients aged 18-75 with diabetes who have hemoglobin A1c over 9% is less than or equal to 12%	Lower is Better	12%	10%	YTD 12%	6.0%
* Diabetic Retinopathy (CMS-131) The percentage of patients aged 18-75 with diabetes who are tested for retinopathy is greater than or equal to 50%.	Higher is Better	50%	52%	End of October: 47%	6.0%	
Service Excellence	HCAHPS Inpatient Overall Recommend This Hospital Achieve an annual average of HCAHPS inpatient "Overall Recommend This Hospital" on inpatient satisfactions scores greater or equal to 79%.	Higher is Better	79%	80%	YTD Nov 78%	7.0%
	Outpatient Clinic Overall Willingness to Recommend Achieve an annual average of "Overall Willingness to Recommend" on satisfactions scores greater than or equal 95%.	Higher is Better	95%	96%	94.0%	7.0%
People	Employee Engagement Score: Increase employee engagement score from 3.84 to 3.95	Higher is Better	3.95	4.03	3.84	12.0%
	Medical Staff Engagement Score: Increase employee engagement score from 3.65 to 3.70	Higher is Better	3.70	3.75	3.65	8.0%
Sustainability	Financial Ensure the Net Operating Margin meets or exceeds \$500,000	Higher is Better	\$500,000	\$750,000	Unaudited 2023 = (\$5,000,000)	11.0%
	Days of Cash Keep total days of cash on hand higher than 150 days	Higher is Better	150	153	YTD Oct 2023 = 154	5.0%
	Growth Increase Adjusted patient days to 31,411 in 2024	Higher is Better	31,411	35,378	YTD Nov 2023 = 27,897	15.0%
	Total Weight		90%	10%		100.0%

After review and discussion, Commissioner Iversen made a motion to approve the 2024 Organizational Goals and goal weighting as presented. Commissioner Lang seconded the motion. Commissioners Lang, Bogosian, Iversen, Tessler and Maughan all voted aye and the motion carried.

There was brief discussion of moving up the 2024 Board Retreat to March of 2024. All in attendance concurred. Elise will work with Strategy Committee on agenda and scheduling.



### **New Business:**

Elise Cutter recognized Johnalee Otten for her service while serving as Volunteer Coordinator during her time with Island Health commenting that the Volunteer Program is in a better place now than it has ever been. In recognition of her upcoming retirement, Commissioner Bogosian presented Johnalee with a letter of appreciation for her service as Volunteer Coordinator.

### **Executive Session:**

Commissioner Bogosian called for an Executive Session to review the performance of a public employee. RCW 42.30.110(1)(g). The session is expected to ten (10) minutes in length. At the end of the Executive Session we do not expect action to be taken and therefore will not reconvene.

The Commissioners went into Executive Session at 8:57am.

The Commissioners reconvened at 9:14am

### **Review of the 2024 Commissioner Assignment Calendar**

The 2024 Commissioners Assignment Calendar was accepted as presented with the following changes:

1. Retreat move to March
2. June 12<sup>th</sup> Education Session
3. Strategy Meetings Bi-Monthly
4. Maughan to attend June 12<sup>th</sup> Ethics Committee Meeting

### **January Board Calendar**

The January Board Calendar was approved as presented.

**ADJOURNMENT:**

There being no further business, Commissioner Bogosian called for the meeting to be adjourned at 9:14am.

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Chip Bogosian, MD President/Commissioner

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Jan Iversen, Commissioner

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Lynne Lang, PhD, Secretary/Commissioner

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Warren Tessler, Commissioner

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Paul Maughan, PhD Commissioner