

April 25, 2024

The Regular Board Meeting of the Board of Commissioners for Island Health was called to order by Commissioner Bogosian at 7:30am on April 25<sup>th</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, Jason Hogge, MD, CMO, Rachel Mank, DO, Chief of Staff, Kim Graf, Executive Business Partner, and Courtney Nolasco, Administrative Specialist.

**Public Comment:**

No public comments were made.

**Introductions:**

Due to scheduling conflicts Dr. Waring will be introduced at the May regular board meeting.

**Consent Agenda:**

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

**Board Quality & Patient Safety**

No report from Quality Management.

**Executive Session:**

Commissioner Bogosian called for an Executive Session to review the privileges of a physician whom the board considers privileges. RCW 70.44.062(1). The session was expected to be ten (10) minutes in length. At the end of the Executive Session, the Commissioners did not expect to take action and reconvened.

The Commissioners went into Executive Session at 7:33am.

The Commissioners reconvened at 7:41am

## **Medical Staff Report:**

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

- Credentials and Bylaws Committee
- Clinical Ethics Committee
- Trauma
- Department of Medicine
- OB/Peds Committee
- Anesthesia
- QA

Commissioner Iversen recommended that a formal report from the Ethics Committee be presented at an upcoming Board Meeting. All in attendance concurred.

## **Credentials:**

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

## **Financial Update:**

Julie remarked on the establishment of the Business Collaboration Committee to review and analyze department operating budgets and highlighted the purpose:

- ◆ Collaborate on solutions to improve communication
- ◆ Spur innovation
- ◆ Streamline processes across the patient cycle to reduce costs, increase volumes and create efficiencies

Commissioner Tessler and Maughan remarked on the efforts towards proactively planning for financial improvements.

Julie Stewart reported on the March 2024 financial statements with the Commissioners highlighting the following as significant items:

- ◆ Sustainability Goals – YTD Net Operating Margin of (\$2.9M) is below target to exceed 2024 goal of \$4K gain. YTD Increase of adjusted patient days over 2023 of 8% is above the 2024 goal of 5%. Total days cash on hand of 161 is above 2024 goal of 150 days.
- ◆ Balance Sheet – The hospital collected \$10.3M in cash and paid out \$9M, along with a decrease in operating expense per day, operating day's cash on hand increased to 121 during the month of March. The current ratio remained flat at 5.2.
- ◆ Net Revenue – Net revenue for March was \$9.6M with an actual collection rate of 39%, which is slightly below the budgeted 40%. Outpatient gross revenue as a percentage of total revenue increased to 79.6% from 79.5% in February. Hospital net revenues were below budget 5.5%. Primary Care and Specialty Clinic net revenue was below budget by 20.2%. For the month of March, the operating margin was (5.3%) with a total excess margin of 1.3%.
- ◆ Operating expenses – Total operating expenses for 2024 are 5.2% below budget. Wages, Salaries and benefits were 3.9% below budget. Supplies were 0.6% below budget. Professional and physician fees were 2.8% above budget. Purchased services were 12% below budget. Drug expense was 24.7% below budget. The total number of FTE for 2024 is 571, which is above budget of 567. The Hospital recorded net operating loss for 2024 of (\$2.9M) versus the budgeted gain of \$4K.

The excess margin for 2024 is (\$985K) or (3.7%) of net revenue versus budgeted excess margin of \$1.4M or 4.44% of net revenue.

### **Administration Update:**

Tammy provided an overview of the Value Management Operating System, VMOS, highlighted were the following:

#### IH VMOS: A High-Level Strategy of Transformation

- The Value Zone
- Defining Value in the VMOS
- Identify the Non-Value Add Steps
- IH Value Management Operating System: VMOS Statement
- Standard Work in Five Domains
- The High-Level Strategy
- The Operation Process
- Knowledge Management

Commission Iversen and Maughan remarked on the value a VMOS will have on strategic planning.

Elise commended Tammy on presentation and remarked that the organization will continue to improve the organizational culture to enhance employee and patient experience.

CEO: Provided an update to board on recent Media Brief, highlighting:

- 2023 Financial Surveys Results for Washington hospitals.
- Inequity with the cost of care and reimbursements from government payors.
- Challenges with Commercial insurance plans and Medicare Advantage plans denying legitimate claims and the added costs and barriers to care that it causes.

### **New Business:**

Hospital Week is hosting a breakfast for Champions event which would offer 2 commissioners a volunteer opportunity to serve breakfast to Island Health Staff.

Elise informed Board about provided an update on the recruitment efforts for a Chief Information Officer.

Julie announced that Paula Fors has announced her retirement after 40 years of Service to Island Health.

### **May Board Calendar**

The May Board Calendar was approved as presented.

**Action:** Addition of Medical Staff Committee report to update the Ethics Committee.

**ADJOURNMENT:**

There being no further business, Commissioner Bogosian called for the meeting to be adjourned at 9:10am.

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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