

October 28, 2020

The regular meeting of the Board of Commissioners for Island Hospital was called to order by Commissioner Tessler on October 28th at 12noon in the Cypress Room of Island Hospital.

Those present were Commissioners Warren Tessler; Paul Maughan, PhD; Chip Bogosian, MD; and Jan Iversen. Also present were Charles Hall, CEO and Kim Graf, Executive Assistant.

Via WebEx: Questen Inghram, Anacortes American, Elise Cutter, COO/CFO; Carol Northup, RN CNO, Carolyn Pape, CHRO; Robert Rieger, MD, COS; Tom Martin

Not present: Commissioner Lynne Lang, PhD

Action Items Completed:

- Pediatric COVID Metrics

Public Comments:

Trish Lehman and Sarah Roberts remarked on the upcoming sale of Hospice of the Northwest.

CONSENT AGENDA:

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

BOARD QUALITY & PATIENT SAFETY REPORT

Medical Staff Meeting Summaries:

Dr. Rieger remarked on the ongoing recruitment efforts for a new provider with the Island Family Physicians practice.

Dr. Rieger provided brief updates on the following Medical Staff Committees:

- OB/Peds
- ED

Financial Update:

Financial Statement Review: Elise Cutter reported on the September 2020 financial statements with the Commissioners and highlighted the following as significant items:

- ♦ Balance Sheet– The hospital collected \$9.9 million in cash in September and paid out \$8.1 million. This resulted in day's cash on hand of 209.7 (181 in operating cash funds) up from August of 204 (cash collections included \$674,000 of additional Medicare advance funding). The current ratio decreased to 2.05 from 2.10 in August.

- ♦ Net Revenue – Net revenue for September 2020 was \$8.6 million with an actual collection rate of 41.5% which is above the budgeted 41.4% due the tentative settlement of the 2019 Medicare Cost Report. Outpatient gross revenue as a percentage of total revenues increased to 84% of the total gross revenue. Hospital net revenue fell below budget 2.5% and Primary Care and Specialty Clinics net revenue was above budget 4.6% (due to 2019 Cost Report Settlements). For the month of September the Hospital **met** its financial pillar goal of an operating margin of net revenue to meet or exceed 1%, with an actual operating margin of 3.9%.
- ♦ Operating expenses – Total operating expenses for September are 2.7% below budget and 3.7% above the prior year. Wages, Salaries and benefits were 9% below budget and .01% below prior year. Supplies are 2.7% above budget and above prior year by 3.5%. Professional and physician fees are 6.3% above budget and 10.6% above prior year. Purchased services are .5% below budget and 3.8% below prior year. Drug expense is 11% above budget and 29% above prior year. The total number of FTE's for 2020 is 491 which is under the budget of 579 and 40 less than 2019. The Hospital recorded a net operating income for September of \$333,000 versus the budgeted operating income of \$207,000. The excess gain for September is \$750,000 or 8.7% of net revenue versus budgeted excess gain of \$588,000 or 6.8% of net revenue.

Quarterly Comparisons: Total Net Revenues for the quarter were \$25.8 million which is \$750,000 below budget and \$1 million above prior year. Total operating expenses for the quarter were \$25.1 million which is \$807,00 below budget and \$1 million above prior year. Net operating margin for the quarter was \$654,000 or 2.5% of net revenue which is above the budgeted net operating margin of \$599,000 or 2.3% and below prior year net operating margin of \$658 or 2.7%.

Elise briefly remarked on the ongoing 2021 Budget planning process and provided an update on Federal CARES funding.

Administration Update:

Employee Recognition:

Employee of the Month October: Gus Aguilar, Dishwasher & Cook Dietary Department

CEO:

Charles remarked on the November and December Community Education Classes. Laura Moroney, Director Marketing & Community Relations expanded on the upcoming community education classes which are being conducted virtually due to COVID safety measures.

Charles provided updates on:

- Island Hospital Flu Clinics
- Management Agreement with the Orcas Clinic and the vision foundation of the partnership with Orcas Health Care and Island Hospital
- Recruitment efforts for the Chief Financial Officer and the Foundation Executive Director positions.
- COVID 19 Pandemic reporting on: Regional & Island Hospital Metrics, testing processes, Island Hospital positive testing demographics

New Business:

IHF: Jeannette Papadakis remarked on the upcoming Doc Talk which is scheduled for Thursday, October 29th @ 6:30pm live on YouTube, Thanks-for-Giving cards which are being sent to donors, provided an update on year to date donations which are over \$1.9 million, upcoming Holiday Appeal, grant approval for a lactation scale for Maternity Services, upcoming IHF Board Retreat and the 2021 Foundation Slate of Officers. Jeannette was pleased to share that Meredith Machin has been appointed as an Emeritus Member of the Foundation Board.

November Board Calendar:

Charles remarked on the 2021 Board Meeting proposed topics and schedule for upcoming Board Meetings. Commissioner Tessler presented the draft Commissioner Assignment calendar for the 2021 calendar year. The Commissioners will review the proposed committee assignment calendar and follow up with Kim should there be changes. Kim will revise the calendar if needed and forward a final copy to the Commissioners.

November Board Calendar was approved as presented.

2020-2023 Vision Planning:

Tom Martin provided an update on the vision planning process for 2020-2023. Highlighted were the following:

- Management Model
- Scenario specific planning
- Process
- Plan organized by Island Hospital pillars & initiatives: People, Growth, Quality, Finance, Services
- Next Year's Plan

Action Items:

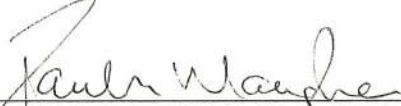
- Share Trish Lehman Hospice NW email with Commissioners

ADJOURNMENT:

There being no further business, Commissioner Tessler called for the meeting to be adjourned at 2:27pm.


Warren Tessler President/Commissioner


Jan Iversen Secretary/Commissioner


Paul Maughan, PhD Commissioner


Chip Bogosian, MD., Commissioner


Lynne Lang, PhD, Commissioner

