

Southern Coos Health District
Board of Directors Meeting
July 22, 2010 – 7:30 p.m.

Minutes

- I. **Call to Order** - The regular monthly meeting of the Board of Directors for Southern Coos Health District was called to order at 7:32 p.m. by Chairman, David Allen.

Members Present: David Allen, Chair; Marilyn Noorda; Brian Vick; Vicki Gernandt and Bob Hundhausen.

Others Present: Jim Wathen; Alan Dow; Lonnie Scarborough; David Koch, Counsel; Christina Geer; Amy Moss-Strong, Western World; Carol Acklin; Edie & Dennis Jurgenson; Jeff and Joanne Lepley; Chris Cox; Jim and Paula Smith; Will & Lila Chambers, Gail McClave, M.D.; Melody Gillard-Juarez; Myra Lawson; Mike Claassen; Barbara Dodrill; Esther Williams; Mary Kemp; Christine Bechtol; Carri Wathen; Roger Strauss; Mary Anker, ANP; Linda Maxon; Colleen Showalter, and others.

- II. **Public Input** – Myra Lawson shared the internet site www.healthcare.gov. Suggested putting laptop in hospital lobby or somewhere that people could access this information.

Roger Strauss, Foundation Board Member, complimented Mr. Dow for the excellent article in the paper. What he said and the way he said it was outstanding. I think it shows that we have a well run Hospital and proves that having ourselves in the black the last 2 years is an incredible accomplishment when we look at other hospitals, other businesses, and the type of environment we are in. I think the Board and the hospital and staff should be proud of that. I have some concerns about some of the issues rumored about in the paper, layoffs and cutbacks in the hospital. He believes that any attempt at lay-offs creates low morale and anxiety among people. He then said he thinks this Board has an obligation to the community to maintain the hospital as a viable institution in this community. You cannot transfer this burden on anyone else, this burden is on the Board. As a member of the Foundation Board, I would like to point out that when you create uncertainty like this, it makes it more difficult for the Foundation to raise money. Mr. Allen pointed out that the Hospital has been in the black for 3 out of the last 5 years. Colleen Showalter, also Foundation Board member, said it is important to be here tonight. She and her husband are relatively new to Bandon and one of their choices to relocate in Bandon is the hospital and the services it offers. The hospital is very professional, the service is amazing from all of the staff that I have encountered on personal visits, as well as working with them. And the CEO, CFO and Board really have a great thing we can all work together on. She then said that the employees and the staff need to be applauded. She just wanted everyone to know, as a new person, part of our decision to come here was based on the success and viability of this wonderful hospital.

Esther Williams, retiree of the hospital staff then spoke. I know and like you all as individuals, therefore it is hard to stand here and discuss your work as a Board, but I feel that I must. It is obvious that there are honest but serious areas of disagreement between you on some major issues, such as whether or not to extend the CEO's contract, what the annual budget should look like, position issues, to name a few. These are all difficult topics for a governing body to tackle. She has sat in meetings where there were major differences of opinion and understand how hard it is to come to compromise when you have strong conflicting opinions about a topic. She asked that they remember their training, put principles before personalities, and try to work out your differences, when the results of your decisions are made to improve hospital services, image and bottom line. As a retired nurse, she said she had watched the members of this organization work together this past year when times were tough. They took turns working fewer hours. They took a percentage pay cut, and they all did it at a personal cost. But they did it for the good of the organization and the patients they serve. Your decision to carve \$800,000 out of an already tight budget means staff and services must be cut even more. I don't see how this helps this organization or the community it serves.

Melody Gillard-Juarez told the Board she is concerned about the uncertainty left over our CEO's contract. She said she was speaking as a 27-year resident of this town. When she first came she owned the newspaper. When this hospital was almost lost to this community she was covering all the Board meetings at the time. When you went to the emergency room with an injured child, you waited there for the lab person to come, you waited for the x-ray person to come in and you waited then to see if a doctor would come. It was no fun at all and completely different than now. We need to know why there is such uncertainty, why Mr. Wathen's contract wouldn't be immediately renewed. He has given us a new community hospital. We had a hospital where there was no one in it for days. He has continually built the quality and quantity of the healthcare services available for this town. He hired solid professionals, he has supported their ideas for expanding services and technical upgrades, our emergency is staffed 24/7, we consistently receive top ratings from patients on the quality of their care and cleanliness of the facility. We recently received statewide recognition from our peers for quality patient care. We have direct connections to specialists in burn-centers, direct connections to heart specialists, we have excellent relations with Bay Area Ambulance and Emergency Airlift, so when people come here for a higher level of care, they are stabilized and quickly moved to the specialist they need. We have a full lab, medical imaging and respiratory teams on hand. We have added a pain clinic, Coumadin clinic, needle-biopsy and 24/7 immediate radiology reads. We have a podiatrist and a diabetic nurse educator helping people combat the effects of that disease. We have a wound, ostomy and incontinence certified nurse who has patients driving from Brookings for her care. We have an in-house surgeon who is also a wound specialist and cancer patients can get IV therapy without having the extra toil of travel. We have orthopedic surgeons coming down for joint surgeries: hips, knees and shoulders; and eye surgeons. All are very, very happy with our nursing staff, our surgery staff and using our surgery suite. And they are very happy with the care the patients receive after their surgery and in the swing bed program where people can recuperate close to home and they can also get compassionate end-of-life care. Mr. Wathen has facilitated all this growth, he has funded and encouraged community education which receives no federal reimbursement. We have been in the black the last 3 out of 5 years with at least 2

in a row, we have a great community health program and I don't really understand why, now, you would dangle a 63-yr-old man and not tell him if his contract is going to be renewed or not. I think I know Mr. Wathen's vision is for this hospital, I know what he has done and I think he deserves support.

Rhinda Reed said she was appalled at Ms. Noorda's statement about getting rid of single people. She explained that she is a single mother and has worked for 4 years in this hospital and is appalled by what Ms. Noorda said. Single people work here, not just married people. I am very displeased with you and I hope you resign.

III. Consent Agenda – Mr. Allen said that Mr. Hundhausen brought to his attention a correction. Mr. Hundhausen said in the minutes of June 23, 2010, the Special Board of Director's meeting, where we voted on the Budget, it was his recollection, and he confirmed it with Mr. Allen that, it was a unanimous decision, there was no dissenting vote. Mr. Allen said it shows as a Nay and in fact, that is my recollection too. It was not my first choice, but it was my vote, I did vote to approve the budget. Mr. Allen then asked for a motion to accept the consent agenda as corrected. Ms. Gernandt **Moved** to accept the consent agenda. Mr. Hundhausen said as corrected, he would **Second** the motion. Motion passed unanimously.

Mr. Allen then told the members that we have a very interesting and exciting proposal to join with the Bandon Community Health Center on a grant application. They are anticipating using our name on that grant application. He felt it was appropriate for the Board to hear about it and approve it.

Linda Maxon, CEO of the Bandon Community Health Center (BCHC), thanked Mr. Wathen for the opportunity to address the Board. On behalf of the BCHC, she extended her appreciation for the support Southern Coos Hospital (SCHHC) has extended to the clinic by way of extending charity to serve the underinsured and uninsured patients on their sliding scale program. Without the ability to receive ancillary services for these patients, their scope of care would not be holistic and encompassing. They recently expanded services for women and children. For children and adults, they are partnering with the State to offer routine low cost and no cost vaccinations through the Vaccines for Children (VFC) and the Adult Vaccine program (317 program). For women they will now provide healthcare services under the State Contraceptive Care program (CCare), a no cost program promotion and prevention based sexual and reproductive healthcare program. They are focusing on to how to expand capacity in serving woman with their primary health care needs, regardless of their ability to pay for services. They are seeking funding for not only services at our clinic, but to support increased capacity, they are asking SCHHC to provide mammograms. We do not want to duplicate the services in our community. As we seek funding, including the hospital as part of that funding, It is not only right, it is responsible of us. We are at this time, at the front end of this process at looking at how we can build capacity to serve women. Knowing who we partner with is critical in moving forward with any kind of funding and grant seeking we might consider. The hospital is a natural partner with us in consideration for this particular initiative. She then addressed Mr. Wathen and said she is asking for the Board's support in our interest to include SCHHC in potential grants that we may consider writing for these services, by way of being listed as a contractor or sub-recipient as part of the grant, specific for the services that we would partner for with the hospital. BCHC is willing to do the work to seek the funding; we are simply

asking Southern Coos Hospital to consider naming the hospital as a partner in these services. Mr. Allen said he wants the members of the public to know that SCHHC has this agreement with BCHC to accept their patients who can't afford to pay, using the same sliding scale they use. They are talking about increasing our load with mammograms and, to their credit, they want to find grant funding to defray the additional cost for SCHHC. Mr. Allen asked if the Board members had any comment and, if not, simply a motion to accept their proposal to name SCHHC as a recipient of funds that they ask for in grants. Mr. Vick **Moved** to accept the motion. Ms. Noorda **Seconded** the motion. Ms. Gernandt said it was wonderful and certainly appreciated the work that is being done. Motion passed unanimously.

IV. Staff Reports

CEO Report – Mr. Wathen referred members to his narrative in their Board packet. He did have a couple of items to add. First, as we move forward in our work, it is important that we work closely with other organizations in our community, and pleased to report that for the second time this year we had an opportunity to meet with a member of the Board of Directors for the Bandon Community Health Center and their Executive Director. We talked about how things are, where things are going and where we can be of benefit to each other. I just want the Board to know we've been in support of that organization from the inception and dedicated to what they want to do for our community; having committed to their assessment of people's financial need and being able to take those people into our organization. We will continue in this effort with them. Second, today we kicked off our TeamSTEPPS training campaign for the Hospital. We have people signing up, it will be mandated that each employee of the organization will participate in this program. The next four sessions are completely full. We are very optimistic that this will be a most effective tool, not just for communication in the organization, and for individuals to interact effectively, but further have an even more positive impact on quality and patient safety, which is a primary focus of this program. The Board and Medical Staff will be invited to attend these training sessions. Question was raised about the note from Congressman DeFazio's office regarding our fiscal year 2011 appropriations request for Electronic Health Records for rural Southern Coos Health District project. It was noted that Congress did not approve it from the House standpoint. Mr. Wathen was asked for comments on what this means in dollars and will we need to resubmit this request, and where do we go from here. Mr. Wathen commented that he did not anticipate resubmitting the request for at least another year. These are appropriations that are intended to be included in the budget for the coming fiscal year. We were in the top 20% of the appropriations requests that came out of the State of Oregon. Out of 55 requests sent in, only 11 were forwarded to the Appropriations Committee and SCHHC was one of those 11. Mr. Wathen then explained that we already have 2/3 of the funds, and will be able to identify necessary funds between now and when it is necessary to qualify for meaningful use.

CFO Report – Mr. Dow said he had a few items from his written report that he submitted in the packet. We have talked about past fiscal years in the black, the year that just ended we gained \$130,000. We had a pretty good month in June, even though on the surface losing about \$42,000. There were 2 non-current items that were recorded in June that were slightly more than that. Had it not been for

those prior period items, we would have broken even for operations. Even though our inpatient volumes were down, our outpatient volumes allowed us to do better. Charity Care was \$67,000 for the month, almost double what it has been running. There is no government funding for Charity Care and 100% of Charity Care comes from either earning a profit on ¼ of our business that is not government payors, or from the citizens of the community and their tax support. When our charity goes up it is 100% funded out of the hospital's pocket. He then told the members he was pleased to report, after 9-10 months of waiting, we finally received the USDA funding of about \$500,000 and that it is already funding we have expended on the HIS system and paid for. AR days were stable. We used \$125,000 of our unrestricted funds to close on the property purchase. He then told the Board that during the time he was working on the Budget, he ran some stats and was pleased to inform the Board that our charges still compare favorably with the County and the State. There was discussion regarding the funds that were used to purchase the property. Mr. Allen said this was something we need to discuss. He said to his recollection we have not received those funds and I do not remember talking about what we would do with them. Ms. Gernandt said she did not recall that because we do not know how much we are getting. There was no Board action on this item. Ms. Gernandt asked were the \$500,000 grant went. Mr. Dow explained that it is an internal designation called HIS funded depreciation which is money that is earmarked for the HIS system. Ms. Gernandt then asked if the \$800,000 that Mr. Hundhausen mentioned when we did not pass the budget, did it go back into that account. Mr. Dow said no, this has to be spent for capital, the \$800,000 was out of the operating budget. Ms. Gernandt asked him to explain, she was not understanding. Mr. Dow said we could either use the money to buy the remaining HIS expenditures, and we talked about several things in the pipeline left to buy, or if you remember, to get the loan, we had to borrow a 4 or 5 to 1 ratio, we borrowed \$500,000 from USDA and we got a \$100,000 grant. Mr. Dow said it is part of the State pool for HIS expenditures. Ms. Gernandt asked Mr. Dow to go over the Investment State Pool, the foundation part, the fund balances. Mr. Dow said the USDA investment is a reserve fund on an older USDA loan that funded the purchase of the hospital. There is a lump sum amount invested in the State pool. Internally we keep track of it in several funds and allow the foundation to have money invested in the pool. Mr. Dow went through each account and explained how each fund works and how much is in each account.

CNO Report – Ms. Scarborough told the Board that they had the first TeamSTEPPS today and it went extremely well. She thanked the Board for their support of TeamSTEPPS and she is really excited about accelerating it and getting it throughout the hospital. Mr. Hundhausen commented on the really good feedback from the high school students who visited the hospital. He thanked Ms. Scarborough for the report that indicates very efficient patient care. Ms. Gernandt commented on Maryanne Grove's part-time position, that position was absorbed by Debbie Allen and she commended Ms. Scarborough for that change. That is exactly what I hoped would happen when I did not vote for an increase in fees. I was hoping the hospital would look at these positions and when something like this happens, we can combine positions, so people could be multi-trained, and not fire people. It is exactly what I was hoping would happen. Ms. Scarborough said her department was not the only department that did that. Mr. Dow had a position and that too was absorbed.

Medical Staff Report – Dr. Holland said we are still working on how to update and maintain Skills and Procedures, particularly emergent procedures that a doctor might be called on to do but don't come along very often and doctors may have to respond to these situations. Our next Medical Staff meeting is July 27, and we will be working on some issues to help us maintain our compliance with new, fairly onerous Medicare guidelines with regard to Observation status. That really affects the hospital's bottom line and reimbursements. Also, trying to get some new infection control guidelines worked in that will help us prevent infection and comply with Medicare requirements in that regard. Ms. Gernandt asked for clarification on doctor's not knowing who is supposed to respond when something unusual happens. Dr. Holland explained that was not what she was saying. This is about particular trauma cases that we do not see very often. Or someone comes in with some strange emergency that requires more procedures than we normally do. She gave an example of 'putting in chest tubes'. This is something ED physicians are expected to do but we do not get very often, we don't do it very often, and so how do we maintain those critical skills? There has to be other ways ED physicians maintain their skill levels and training when we do not have the numbers getting us there. One way is Core Procedures that everyone knows how to do, and how do you be sure they are getting adequate numbers to maintain those skills. Mr. Hundhausen asked if there was a possibility of rotating physicians to other facilities. Dr. Holland said this is already happening. Some of the physicians who are working on their emergency room skills are going to Bay Area Hospital or North Bend Medical Center Outpatient Surgery Center and they are doing it on their own time to bring up their skill level. Mr. Wathen commented that one of the items brought up at the Medical Staff meeting on how they wanted to report to the Board. There is not always that much to report to the Board of Directors and one suggestion was whether it would be better and more productive to the physician if the Board would consider a quarterly report from the Medical Staff. Mr. Allen said he liked having Dr. Holland at the meetings telling us what is going on. Mr. Vick said he had no problem with that, but if a pressing issue came that it would not preclude her from coming to a meeting. Mr. Hundhausen stated he would like Dr. Holland to come each month. Dr. Holland agreed to come each month.

- V. Old Business** – Property Acquisition Status – Mr. Wathen informed the Board that we have closed on the June Street properties and all filing is complete, including the county's portion. He then told the Board that we are considering a proposition of sale for one of the property dwellings. Mr. Allen asked if the Foundation was comfortable with going forward with grants to build on the property. Mr. Wathen explained that there was a lot more planning to do to determine what we would anticipate placing on the property. Once that is resolved, we are looking at 3 to 4 months before we start the process of evaluating grant applications. Ms. Gernandt asked if this included the 'strip' from the county. Mr. Wathen confirmed that it included the 'strip'.

VI. New Business – Benchmark Reports

National Core Measures – These reports are based on statistics we submit each month to the Federal Government and are always about 9-12 months behind in terms of what comes out for measurement. He said we compare favorably to other hospitals on the south coast and other hospitals in Oregon with few exceptions. We

are above the national average and above the state average. There are a couple areas where there are exceptions and we recognize them immediately and identify exactly what the issue was, whether or not it could have been corrected or done in a different way. They are automatically included in our performance improvement program.

Mr. Allen complimented the entire staff and administration. We do compare extremely favorably with everybody else. Ms. Gernandt said she noticed a couple of things. The Swing Bed patient days are down from the second quarter of 2009 and we make big money in Swing Bed. Mr. Vick said if she had read the Board notes, she would see because of the economy people are not availing themselves of procedures and medical services that they were in the past. It is a fact of life; things are tough and they will be getting tougher. A lot of our Swing Bed program time is dependent on people who need rehabilitative therapies and if there are not a lot of people going into Orthopedic surgeries, we may see fewer of those. A lot is just a sickly claim. Most of our swing patients are from BAH and Eugene who have come out of Bandon.

Open Discussion

Mr. Hundhausen – Congratulations to Mr. Wathen on his fellow recertification. The testimony speaks for itself. He then said that he was sorry to hear that Treva Brown had passed away earlier this month. She was a personal friend and a very good friend of the hospital.

Ms. Noorda – I guess I was misread and came out and said something to the Board. You have heard the saying ‘you should put your brain in gear before your mouth’ in motion. It is a very good thing to remember. I did not mean to pick on single people, I am just saying that my goal and what I look at is having the staff busy all the time without going outside. There are people who can fill in vacancies, or people on vacation, or people who get sick, they are temporarily taking care of a parent in another state. I am sorry that I didn’t think my remark completely through in my head to put it accurately to the public, and to the Board or whoever, if we have these extra people who are just occupying a chair rather than working all of the hours that afford the hospital, the hours are not spent to the hospital’s benefit. I guess that is a better way of putting it. Anyway, I am sorry. I am sorry that I didn’t say I was interested in if we are using all of our staff at the hospital’s benefit. Is that a better way of putting it? Ms. Gernandt said it was.

Ms. Gernandt – I spent the better part of last night thinking about what I might say at this meeting and after I heard the people get up and say what they said, I am sorely disappointed. I have lived in this community for 47 years, I went to high school here, I raised my children and my grandchildren are here, and if you think I spend my time at this Board meeting and going over the Board Minutes not trying to do the best that I can do, you are terribly wrong. I don’t think I am the only one. I think that all of these Board members do that. Being a public servant, and we do the best we can, we can’t please everyone all the time. But I would think that you people might understand where we sit. This thing about Mr. Wathen’s contract; last year there was a motion made that every June we give him a guarantee of two years. I felt at that time it was not in the best interest for this hospital, in case

anything were to happen with Mr. Wathen's job performance, we at least at the end of two years, not just Mr. Wathen but any CEO, we would have the option of saying we need a change. With this two-year guarantee, if that happened the hospital would have to pay large severance packages. Now, I was not protecting the CEO, I was protecting the hospital. I voted no then, it's the reason I voted no a month ago. Mr. Wathen's contract comes up for renewal a year from June, so to say we are not going to rehire, is just not true. It doesn't mean we are, it doesn't mean we aren't. Let's see what happens in a year, that's what a contract is all about. Another thing I don't understand is when somebody stands up to that podium and they are not saying exactly what Mr. Allen wants them to say, he gives them 3 minutes. None of these people today had just 3 minutes. I just want to bring that up. Mr. Allen has been rude to people before, so I am just bringing that up. I feel terrible that not passing the budget, and perhaps what you think that we have done or not done to Mr. Wathen, has influenced employees attitude and made them feel their jobs are not secure. The reason we sit up here every month is so this hospital stays viable, so that you employees all have jobs. We just want it to run, I am speaking for myself now, I want it to be ran as efficient as it can be, that is all I ask, that's all I expect. And it falls on the CEO, it is his job, what he is hired to do. He is the one who answers. When there is a problem with the doctors, unfortunately it is his responsibility to make sure that things turn around. I'm sorry, that is just the way it is. I think we have some issues with the doctors right now. I think it needs to be solved.

Mr. Vick – I guess the problem I have with the Board right now, is that some Board members feel there is some apparent problem with the management. You look at the figures, the hospital is doing well. If you look at our demographics, we are in one of the most precarious demographics you can be, when it comes to Medicare, Medicaid, Bad Debt, and Charity Care, 79 percent, yet we are still profitable. What is Mr. Wathen doing wrong? I have a real problem with Board members trying to micromanage. I don't feel like we should be micromanaging our staff. We are his boss, we are not the employee's boss. If we have an issue with the employees we have to talk to him. Ms. Gernandt asked who had gone to the employees? No one that I know of. Mr. Vick asked if any of the Board members had gone to department heads and asked for names and figures on what they earn. Mr. Allen said there has been some problem with that. Ms. Gernandt said she asked Mr. Dow for a list of our employees, is that what you are referring to? Mr. Vick asked if she asked for what they earned. Ms. Gernandt said no, I don't remember asking that, no I didn't ask for that. Mr. Vick asked if any other Board member had done that. Ms. Noorda said she asked how much Sandra Wilson, MD, makes. Ms. Gernandt asked what difference that makes, that's public knowledge. Mr. Vick said I am just saying, Why can't you just go to our Administrator and ask him. Ms. Noorda said she is always bugging Mr. Wathen. Mr. Vick said his point is that he thinks Mr. Wathen is doing a good job, that good people are hard to retain, and they need some form of job security, you can't just leave him dangling because he does have talent, he could go somewhere else and then we would be faced with finding another administrator. I am not trying to be argumentative, it is just my position. Ms. Gernandt said Mr. Vick is the one who quickly made the motion and it quickly passed last year and before that the contract never said that. Mr. Wathen has been here for 14 years. Mr. Allen said he would correct her on that. We have always renewed Mr. Wathen's contract when it came up to the twelfth month point for a new 2-year contract so he

never would down to one month on his contract. Mr. Allen said that is the end of discussion on that because the rest of it was in Execution Session.

Mr. Hundhausen said he listened very attentively to the public input speakers. I have praise for the hospital staff, the hospital management, and praise for the diligence and dedication of the employees. I appreciate that anxiety can create a morale problem and uncertainty is bad in some ways. Anxiety in other respects may mean that little additional perk or requirement that enables us to execute our professional duties more responsibly, more effectively, and more efficiently. I do not want to see anyone laid off from this facility and I don't think that is necessary. I have great confidence with the management to execute this budget and it is not the responsibility of this Board to manage the daily operations of this facility. It is Mr. Wathen's responsibility and he is doing a good job. Having said that, we can always do better. I am sure in the coming months we will, and I appreciate that some of the staff members of this facility have spoken out in favor of Mr. Wathen's position and his contract and against the budget that we adopted this year. We will review again as necessary, when and if it is necessary. A budget is an operating plan, and subject to revision from time-to-time, which this Board is certainly capable of doing. As a Board member I expect this Board to exercise due diligence now and in the future, and that we will maintain this facility as a first class facility with many happy employees.

meeting.

VII. Adjournment

Mr. Allen adjourned the meeting adjourned at 8:45 p.m. The next regular meeting of the Southern Coos Health District Board will be Thursday, **August 19, 2010**, at 7:30 p.m. in the Conference Room.

David Allen, Chairman

Vicki Gernandt, Secretary