

**Southern Coos Health District**  
Board of Directors Meeting  
August 19, 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 7:30 p.m. by Chairman, David Allen.

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

Others Present: Jim Wathen; Amy Moss-Strong; Mike Claassen; Alan Dow; Lonnie & Larry Scarborough; Megan Holland, M.D.; Mandy Calvert; Diana Gehring; Gail McClave, M.D.; Edie Jurgenson; Mary Kemp; Lauren Paquet; Scott Briggs; Jay Straley; Ardis Rock; Carri Wathen; Debra Braun; Dennis Jurgenson; Melody Gillard-Juarez; Esther Williams; Katie Morrill; Kimberly Warren; Mary Anker, ANP; Chris Cox; Sandra Wilson, M.D; Donna Young; Yvonne Herr; Lanae Gehring; Bob & Carol Fischer; Beth Ridenhour; Carol Acklin; Linda Olsen; Barbara Combs; Maureen Burke; Penny McLeod; Sheri McGrath; Donna Arena; Susan Hartley; Rosemary Carter; Christine Bechtol; and J. D. Nanda.

A. Election of Officers

Mr. Allen announced election of officers. It was supposed to be done in July, and was overlooked. He then asked for nominations for Chair. Ms. Gernandt nominated Bob Hundhausen, Ms. Noorda Seconded the motion. Mr. Allen asked if there were any other nominations. Mr. Vick nominated David Allen. Mr. Allen asked for a second, there was none. He then asked for all those in favor of Mr. Hundhausen. Ms. Noorda, Ms. Gernandt and Mr. Hundhausen voted Aye. Mr. Allen and Mr. Vick voted Nay. Mr. Allen announced that Mr. Hundhausen gets to run the meeting. Mr. Hundhausen thanked Mr. Allen. He then said he would entertain a motion for Secretary. Ms. Noorda nominated Vicki Gernandt. It was a unanimous vote that Ms. Gernandt be Secretary. Mr. Hundhausen asked for nominations for Treasurer. Mr. Allen nominated Mr. Vick. Ms. Gernandt Seconded the nomination. It was a unanimous vote for Mr. Vick as Treasurer.

- II. **Public Input** – Bob Fischer, Bandon - Opposed to Street/Alley Vacation on principle. Streets and alleys belong to all the people and he felt it was wrong for a city to give property to a private developer and then sell it for a profit. Jay Straley, Bandon - Mr. Straley stated that he had the greatest respect for all the Board members. They have sacrificed a lot of time to give support to this Health District. His concern about the Budget approval was not that it was not approved with the proposed increase, it was that the Budget with the proposed Budget increase was approved by all the Board members during the Budget Hearing process. It was only when the Board members had to cast their vote in front of the public, they decided

to change their vote. He can live with the changed budget, in fact he is forced to. But to change their vote without prior notification of administration and employees, upon whom it will have a severe impact, is just wrong. Who has not been impacted by the depressed economy? In a statement that we pay for utilities, gas, feed our families, as well as healthcare. Because of these situations we have seen an increase in bad debt. We treat people regardless if they can pay for the care we provide, we do not turn them away. Try going to Safeway and getting \$100 worth of groceries to feed your family and telling the cashier you cannot pay. Needless to say, your family will go hungry. As a Critical Access Hospital, we do get a better reimbursement than other hospitals. We serve a population of about 3,000 and generally in my department an average of about \$200,000 in revenue per month. Other hospitals I have visited generate 3 times that amount of revenue. They employ only 3 more staff than we do but they serve a population 6 times larger than ours. The claim that the Board does not manage the hospital is a statement I have to disagree with. In any business I know the individuals controlling the money are the ones that determine the overall operation of the business. We, as managers, are responsible for the day-to-day operation of our department, but funding determines if we are going to be successful or not. If you have a poor payroll you will be forced to employ poor employees, buying poor service. If you have a healthy payroll, you can employ top standard employees, which we have now. We provide excellent services which is documented across the State. As for Mr. Wathen, when I came here 9 years ago, the District was in the red, it is now in the black. Carol Fischer, Bandon – Regarding the Street/Alley vacation, she requested that they postpone it. It is too soon, it has not been before the City Council yet. Kim Warren – Laboratory – She is aware that the Board has some issues with the lab. If you look at the people who pay our bills and make our hospital work, they are very happy with us. All our patients come in and they are like our family members. We treat them like our own family members. All I am asking is that you take into consideration what they think. I understand you are the Board and you have to look over everything, but they are the ones that make this whole thing go around and if we don't have patients that like us, what are we going to do. We have nothing. They are the ones that make things happen. If they aren't happy, we don't work. But they are happy with us. We have patients that drive from Coos Bay and from Port Orford just to come and see us, a tiny little hospital. That has got to say something.

**III. Consent Agenda** – Mr. Hundhausen asked for a motion to approve the Consent Agenda. Mr. Allen **Moved** to accept the Consent Agenda. Ms. Noorda **Seconded** the motion. Motion to accept Consent Agenda passed unanimously.

**IV. Staff Reports - CEO Report** – Mr. Wathen referred to his narrative in their packet. He expressed his deep appreciation for all the work that Mary Kemp does in terms of Community Health Education. The Passport to Chronic Wellness program has been going very well. The most recent program, at least for the last 4 weeks, with 2 additional weigh-ins to go, is the Waist Aweigh program. In the last 6 weeks they, collectively, have lost a quarter of a ton. He then shared the HCAHPS reports on Patient Satisfaction. He said he could not be more proud, and he had said this when the hospital was 5<sup>th</sup> in the State of Oregon. We are now 3<sup>rd</sup> in the State of

Oregon. This is something our staff can justifiably be proud of and because of our providers, Physicians, and Nurse Practitioners who participate, we are shining like a star out there and it is because of the people who are part of this organization and I am very proud of them.

CFO Report – For the month of July, the first month of our fiscal year, we had a challenging month financially, reporting at net loss of about \$35,000. He cautioned about reading too much into it. Small hospitals have volatile earnings from month to month and this month we had lower volumes on the Outpatient side. This was one of our biggest month's write-off with Medicare coming in about \$550,000. The bottom line is we do not know how much we are going to get paid and it is one of the biggest areas, about 65% to 70%, of our business. Until we file the year-end cost report, we do not know what we are getting. We did better on our collections as far as days in receivables, we are down below 70 days on both methods of calculations. We received our USDA money of \$500,000, \$400,000 as a loan and \$100,000 as a grant. There was a discussion regarding other allowances and why some insurance plans pay certain hospitals and certain doctors and not others.

CNO Report – She referred members to her report with emphasis on the new SWANK program that the hospital has acquired for online education. It was taught to the employees and at the end of the day, 75% of our employees were trained. From this day forward, there will be mandated courses that must be taken and I am proud to say by the end of September we will have reached that compliancy with minimal cost. If there are Continuing Education requirements that employees need, they can do it at their leisure with this program.

Medical Staff Report – Dr. Holland had nothing to report.

**V. Old Business** – There was no Old Business.

**VI. New Business** – Benchmark Reports – HCAHPS – This is the national report that measures hospital's performance with respect to inpatient satisfaction. Mr. Wathen, as indicated in his earlier remarks, shared the hospital's status as #3 of the 58 hospitals in Oregon in inpatient satisfaction. He also shared that some of the measured areas are weighted in the National reports. He then revealed, that, if only raw scores are averaged, Southern Coos Hospital is #1 in inpatient satisfaction results among all Oregon Hospitals.

Peer Comparisons – There for the Board's information.

Annual Appointments – Mr. Wathen explained that this is done on an annual basis. We make appointments or reappointments for certain roles and responsibilities within the District. Our annual appointments have to do with our District counsel, our Budget Officer, our Auditors, where we deposit our funds from the Hospital, and who is our designated agent of the hospital with respect to interaction with State and Federal agencies. These have been standard through the years but this year instead of naming our CFO as the Budget Officer, we are going to leave it open as the Budget Officer will be the Chief Financial Officer. Our current District counsel is David Koch with Stebbins & Coffey in North Bend. Our contract will stay with Stebbins & Coffey for District counsel. Our Auditors are MossAdams. Our funds are deposited in several institutions: Sterling Bank, Bandon Branch; Umpqua Bank,

Bandon Branch; and the State pool for investment funds. Designated Agent typically in any District hospital is the CEO. Mr. Vick made a **Motion** to accept the annual appointments as stated by Mr. Wathen and read by Mr. Hundhausen. Mr. Allen **Seconded** the motion. Ms. Gernandt asked who would be replacing David Koch as District counsel. Mr. Wathen explained that Mr. Koch is leaving Stebbins & Coffey. We anticipate Mr. Koch and Mr. Coffey will be here at the next meeting in September. Mr. Coffey, a primary partner in the firm, who we anticipate will be our representative for the Board, will be introduced at the meeting.

Motion passed unanimously.

Public Inquiry – Street/Valley Vacation – Mr. Allen said he may have a conflict and excused himself from the discussion and the vote. Conflict is because his wife is a realtor and worked with that developer in the acquisition of that property and may work with them again in the acquisition of more property. Mr. Vick said he would at the very least abstain from this because he is on the City Council and does not feel comfortable doing anything prior to the Council looking at the plan. He said he would have to abstain. Ms. Noorda has not even looked at the property and asked if we had to vote on it this evening. Mr. Wathen said he was not clear as to whether it was an absolute necessity the Board make a decision this evening. The Board will have another meeting on September 16 and the City Council will not be considering that initially until September 20. There has been a request in the letter that you have in your packet that we consider this and indicate where we stand on this issue prior to September 1. He asked Mr. Vick if there was anything critical with respect to the timing, on our making the decision since it is my understanding that the City may have an issue with the request if less than 2/3 of the adjacent property owners are not in favor of the request and was not sure where that would stand. Mr. Vick said at this time he did not know anything about it. Mr. Hundhausen asked if the person at the podium would like to address the Board. Sheri McGrath introduced herself. Ms. McGrath said the reason this had not gone to City Council is because you have to have your application done which includes 2/3 of the Notarized Signatures. Then it has to go to the Planning Commission and then the City Council. We are on the agenda for next week's Planning Commission at which point they will not approve or recommend in favor or deny, it is just a request that City Council look at it at September's meeting if we are on the agenda and if we have 2/3 of the notarized letters in hand. We have to have the letters in hand no later than September 6 or they will withdraw the request from City Council. We are not asking for an approval of this vacation at the September 20 meeting, what we are requesting is a viewing of it so we can get a feel for whether or not the City Council think they like it or not like it. She is proposing so that we can get our buildable lots laid out and the neighborhood curbing and access to the streets. We will put in a new street and dedicate a walking path. Mr. Hundhausen thanked her for the information. Mr. Wathen asked if there was a definitive time line and considering this at the level of the planning commission or the City, is outright approval required or can it be termed another way in terms of whether or not the Board has objections to it. Ms. McGrath said it was not acceptable. It has to be approved and notarized. However, we could work with the City staff to do a contingent upon final plan review. That is all we are taking to the council. We need to be able to submit a plan before doing the entire engineering and then finding it is not going to work out. Time line is very strict and we cannot be on the agenda at all without a 2/3 positive response. Discussion followed about walking the property and the topography of the land. Mr. Hundhausen asked if the Board wanted to

take any questions at this time and if we should consider a special meeting with the public to discuss. Mr. Wathen said that certainly could be done. Vacating of property was tabled.

Auxiliary Report – The report was there for the Board's information. It is a clear indicator of the dedication that the Auxiliary has to the hospital, its patients, families and visitors and they do it all out of the goodness of their hearts and do a wonderful job and have contributed mightily to provide scholarships to employees and others in the community.

### Open Discussion

Mr. Allen – My recollection of what happened at the Budget Committee is not the same as Mr. Hundhausen. I was there, I believe we took a vote and there were no dissenting votes. Mr. Hundhausen said he would concur with that, there were no dissenting votes, but he did not vote for it. Mr. Allen said he was quite concerned about the hospital and where it is going. The indifference of the majority of the Board to extend the CEO's contract, as we have every year in the past, puts us in danger of losing our CEO. You add to the fact that the majority of the Board trashed the budget that was prepared by the Administration and approved by the Budget Committee. Those two actions have created an awful lot of uncertainty and lower morale among the employees. He said we are now in danger of losing some very highly trained, professional people simply because they are nervous and uncertain about their future. If we lose these people they will not be easy to replace and will not come cheap. Until we can replace them, we are going to be forced to rely on agency workers at twice the cost just to keep the hospital open. We really do need to resolve Mr. Wathen's contract, we need to give the employees a sense of we are in control, things are going forward, and they are doing a good job. We have talked about cutting the budget because some people think we are over staffed. That really impacts the employees and we are going to lose some really good people and they will not be easy to replace. My recommendation and request is that next month we have an Executive Session to discuss this further. A resounding round of applause followed.

Ms. Noorda – She said she just did not know what to say except that I have heard from several people over the last several weeks about how good they were treated.

Ms. Gernandt – She thanked Mr. Dow for what he wrote and tried to explain. She said she had some questions and would like to get together so she could further understand the payment schedule.

Mr. Vick – I have a hard time understanding why the majority of the Board feels the way it does. I guess you want to see the hospital run like a business. Most businesses can put a sign that says 'We Reserve the Right to Refuse Anyone'. We cannot do that at the hospital. Patient Satisfaction is directly proportionate to the happiness of our staff and physicians. If we have unhappy staff and physicians, our patient satisfaction is going to suffer. We need to renew Mr. Wathen's contract and I fully support Mr. Allen's suggestion to have an Executive Session at the next Board meeting.

Mr. Hundhausen – I think our record speaks for itself certainly with regard to patient satisfaction. He thanked everyone for bringing to the Board's attention their concerns and ideas regarding our vision for our hospital.

## **VII. Adjournment**

Meeting adjourned at 8:36 p.m. The next regular meeting of the Southern Coos Health District Board will be Thursday, **September 16, 2010**, at 7:30 p.m. in the Conference Room.

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Bob Hundhausen, Chairman

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Vicki Gernandt, Secretary