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# REGULAR BOARD MEETING PACKET

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## BOARD OF COMMISSIONERS

Board Chair – Tom Herrin, Secretary – Wes McMahan,  
Commissioner – Craig Coppock, Commissioner-Van Anderson &  
Commissioner-Chris Schumaker

May 28, 2025 @ 3:30 PM

Conference Room 1 & 2 or Join Teams Meeting:

Meeting ID: 278 815 328 169

Passcode: 9uo7gX9H

Dial: +1.360.302.2717

Phone Conference ID: 705 103 053#

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Agenda

Executive Session

Board Committee Reports

Consent Agenda

Old Business

New Business

Superintendent Report





**LEWIS COUNTY HOSPITAL DISTRICT NO. 1  
REGULAR BOARD OF COMMISSIONERS' MEETING**

**May 28, 2025 at 3:30 p.m.**

**Conference Rooms 1 & 2 or via TEAMS**

Meeting ID: 278 815 328 169

Passcode: 9uo7gX9H

Dial: +1.360.302.2717

Phone Conference ID: 705 103 053#

**Mission Statement**

**To foster trust and nurture a healthy community.**

**Vision Statement**

**To provide every patient the best care and every employee the best place to work.**

AGENDA	PAGE	TIME
<b>Call to Order</b> <b>Roll Call</b> <b>Excused/Unexcused Absences</b> <b>Reading of the Mission &amp; Vision Statement</b> <b>Approval or Amendment of Agenda</b> <b>Conflicts of Interest</b>		3:30 pm
<b>Comments and Remarks</b> <ul style="list-style-type: none"> <li>Commissioners</li> <li>Audience</li> </ul>		3:35 pm
<b>Executive Session- RCW 70.41.200, RCW 40.41.205</b> <ul style="list-style-type: none"> <li>Medical Privileging-Chief of Staff Dr. Don Allison &amp; Medical Staff Coordinator Barb Goble, Medical Staff Support Specialist Jill Elizaga</li> <li>Quality Improvement Oversight Report-Superintendent Mach</li> </ul>	6	3:40 pm
<b>Guest Speaker</b> <ul style="list-style-type: none"> <li>David Imus, CPA &amp; Dang Ta, Senior Accountant, Wipfli, LLP               <ul style="list-style-type: none"> <li>2024 Independent Auditor Report (PowerPoint)</li> <li>Q &amp; A</li> </ul> </li> </ul>	8	3:50 pm 4:10 pm
<b>Department Spotlight</b> <ul style="list-style-type: none"> <li>Deferred</li> </ul>		
<b>Board Committee Reports</b> <ul style="list-style-type: none"> <li>Hospital Foundation Report-Committee Chair-Board Chair Herrin/Foundation Manager Jessica Scogin</li> </ul>	75	4:20 pm
<ul style="list-style-type: none"> <li>Compliance Committee Report-Committee Chair-Secretary McMahan</li> </ul>		4:25 pm
<ul style="list-style-type: none"> <li>Finance Committee Report-Committee Chair-Commissioner Anderson</li> </ul>	77	4:30 pm
<b>Consent Agenda (Action)</b> <ul style="list-style-type: none"> <li>Approval of Minutes:               <ul style="list-style-type: none"> <li>April 30, 2025, Regular Board Meeting</li> <li>May 7, 2025, Compliance Committee Meeting</li> </ul> </li> </ul>	86 94	4:35 pm

○ May 21, 2025, Finance Committee Meeting	100	
• Warrants & EFTs in the amount of \$3,053,323 dated April 2025	107	
• Approve Documents Pending Board Ratification 04.30.25 Access via Lucidoc-My Meetings <a href="#">Board of Commissioners - May 28, 2025</a> ○ To provide board oversight for document management in Lucidoc.	109	
• RES-25-07-Declaring to Surplus or Dispose of Personal Property ○ To approve liquidation of items beyond their useful life.	110	
<b>Old Business</b> • Board Community Engagements ○ To monthly discuss the status of board engagements. ○ To provide status update the public-input invite card. (Verbal Update)		4:45 pm
<b>New Business</b> • RES-25-08- Approving the Capital Purchase of the Hospital Front Parking Lot (Facilities Engineering Manager Sullivan) ○ To recommend to the Board approving the purchase of Hospital Front Parking Lot through operating cash.	114	4:50 pm
• Superintendent Succession Plan (Verbal Update) ○ To provide a search committee update.		4:55 pm
<b>Superintendent Report</b> • Board Educational Articles ○ WSHA 2025 Legislative Summary	119 122	5:10 pm
• 2023-2025 Strategic Plan (Quarterly Update)	158	5:20 pm
<b>Meeting Summary &amp; Evaluation</b>		5:25 pm
<b>Next Board Meeting Dates and Times</b> • Regular Board Meeting-July 30, 2025 @ 3:30 PM (TEAMS & In Person) <b>Next Committee Meeting Dates and Times</b> • Plant Planning Committee Meeting-May 28, 2025 @ 12:00 PM (TEAMS) • QI Oversight Committee Meeting-June 11, 2025 @ 7:00 AM (TEAMS) • Finance Committee Meeting-June 18, 2025 @ 12:00 PM (TEAMS) • Finance Committee Meeting-July 23, 2025 @ 12:00 PM (TEAMS)		
<b>Adjournment</b>		5:30 pm

## **EXECUTIVE SESSION**



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#### MEDICAL STAFF PRIVILEGING

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The below providers are requesting appointment to the Arbor Health Medical Staff. All files have been reviewed for Quality Data, active state license, any malpractice claims, current liability insurance, peer references, all hospital affiliations, work history, National Practitioner Data Bank reports, sanctions reports, Department of Health complaints, Washington State Patrol background check and have been reviewed by the credentialing and medical executive committees including the starred items below. The credentialing and medical executive committees have recommended the following for approval.

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#### INITIAL APPOINTMENTS-4

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##### **Radiology Consulting Privileges**

- Yehia ElGuindy, MD
- David Timm, MD
- Cedric Strange, MD

##### **Cardiology Consulting Privileges (Providence Cardiology Associates)**

- Brad Howard, DO

##### **Pathology Consulting Privileges (PeaceHealth)**

- Maria Zayko, DO

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#### REAPPOINTMENTS-3

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##### **Radiology Consulting Privileges**

- Tariq Alam, MD
- Kyle Bussis, MD

##### **Cardiology Consulting Privileges (Providence Cardiology Associates)**

- Natasha Arora, MD

★-notates files with items to note.

**GUEST SPEAKER**

# PERSPECTIVE

A man with a beard, wearing a blue shirt, is looking out from a high-rise building. The building's glass and metal structure is visible, and the background shows a vast blue sky with white clouds.

**CHANGES EVERYTHING.**

**Lewis County Public Hospital District No. 1 d/b/a Arbor Health**

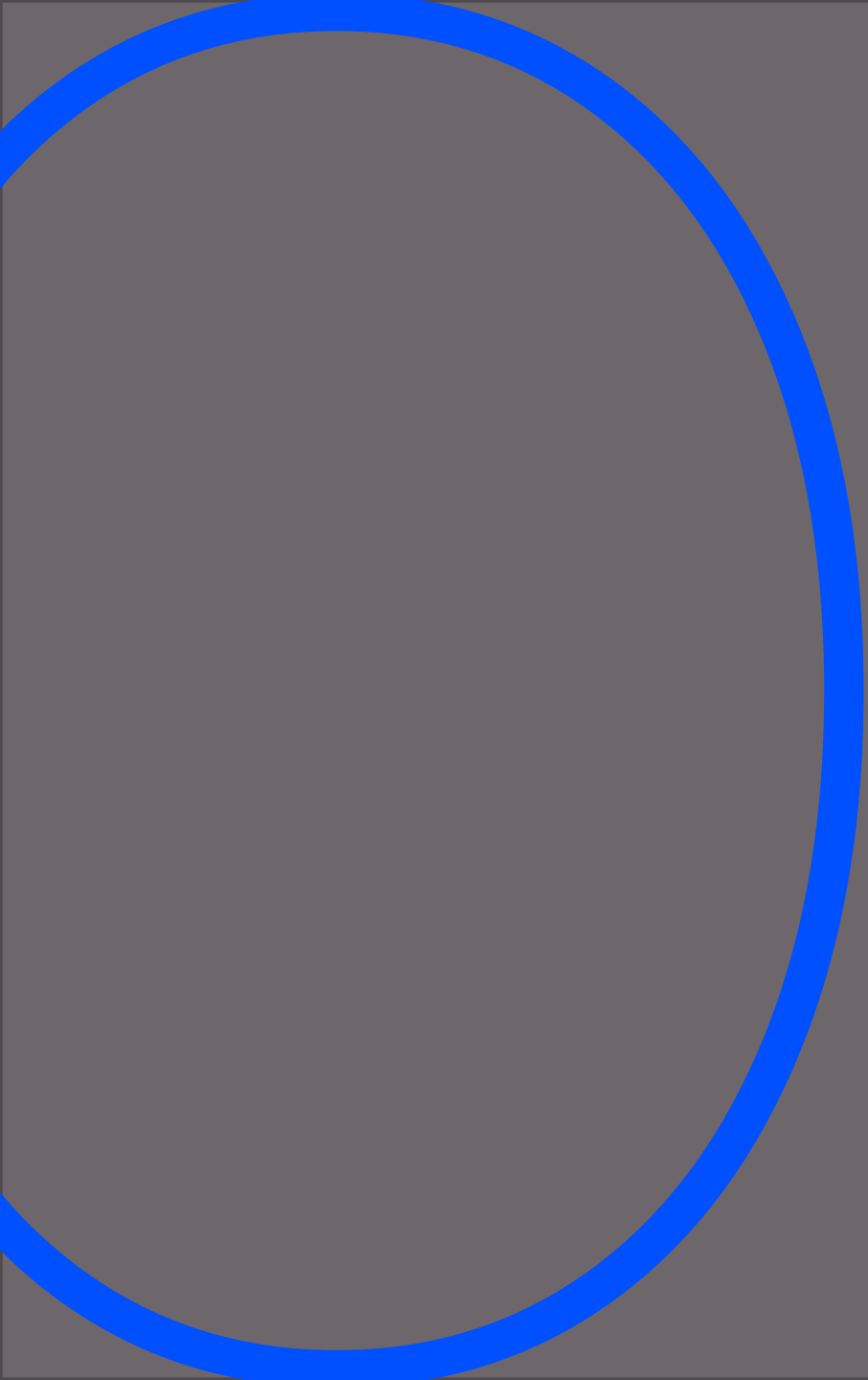
**Audit For the Year Ended December 31, 2024**

**WIPFLI**

# Table of Contents

- Overview of the 2024 Audit
- Financial Analysis
- Ratio Analysis
- Appendix: Industry Update

Wipfli LLP (“Wipfli”) presents the following information for the sole use of the Board of Commissioners (the “Board”), and management. The financial information was derived from the audited financial statements for the years ended December 31, 2024, 2023, and 2022, and from other information obtained through the course of our audits.



# Overview of 2024 Audit



# Overview of the 2024 Audit

## Scope of the Audit Report

An unmodified opinion was issued on the financial statements for the year ended December 31, 2024.

## Audit Adjustments

- Adjustment to allowance for doubtful accounts in the amount of \$277K.

## Unadjusted Differences

- No unadjusted differences were identified as a result of our audit.

# Overview of the 2024 Audit

## Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States

- To express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented in all material respects in conformity with accounting principles generally accepted in the United States. Our audit does not relieve management or the Board of their responsibilities.
- Our procedures are designed to obtain reasonable assurance, rather than absolute assurance, about whether the financial statements are free of material misstatements and fairly presented.
- As part of our audit, we considered internal control solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process.

## Required Communications

- Professional standards require we provide certain information related to our audit to those charged with governance. This information is provided in our required communications letter.

# Overview of the 2024 Audit

## Significant Accounting Estimates Affecting the Financial Statements

- Accounting estimates are based on management's knowledge and experience about past and current events and assumptions about future events.
- The most sensitive estimates affecting the financial statements are:
  - Allowances for contractual adjustments and doubtful accounts on patient accounts receivable
  - Estimated third-party payor settlements
- Wipfli evaluates the key factors and assumptions used to develop estimates.

## Management Representations

- Certain representations from management are included in the management representation letter. A copy is attached to the required communications letter.



## Financial Analysis

# Financial Analysis

- Cash and cash equivalents increased by over 60% due to cash available for operating activities, and timing of payroll and other related regular liabilities.
- Patient accounts – Net increased due to increase in volume of procedures performed.
- Other receivables increased by nearly 50% due to stop loss payments for claims incurred during the year.

Assets and Deferred Outflows of Resources	2024	2023	2022	Change 2023 to 2024	Percent Change
(in thousands)					
Current assets:					
Cash and cash equivalents	\$ 6,170	\$ 3,791	\$ 5,056	\$ 2,379	63%
Patient accounts - Net	7,272	5,840	3,848	1,432	25%
Estimated third-party payor settlements	-	300	252	(300)	-100%
Taxes receivable	36	39	53	(3)	-8%
Other receivables	274	190	479	84	44%
Inventory	239	241	254	(2)	-1%
Prepaid	419	430	324	(11)	-3%
Total current assets	14,410	10,831	10,266	3,579	33%
Noncurrent cash and investments	1,456	1,864	1,878	(408)	-22%
Capital assets - Net	10,418	10,688	11,154	(270)	-3%
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 26,284</b>	<b>\$ 23,383</b>	<b>\$ 23,298</b>	<b>\$ 2,901</b>	<b>12%</b>

# Financial Analysis

- Accounts payable increased due to the reclassification of credit balance receivables owed back to patients away from AR.
- Amounts due for third-party settlements increased as a result of the 2024 Medicare Cost report.
- Long-term debt decreased due to payments following amortization schedule.
- Net position decreased, as detailed on the next slide.

Liabilities, Deferred Inflows of Resources, and Net Position	2024	2023	2022	Change 2023 to 2024	Percent Change
(in thousands)					
Current liabilities:					
Current maturities of long-term debt and lease obligations	\$ 924	\$ 902	\$ 866	\$ 22	2%
Accounts payable	2,263	1,472	724	791	54%
Employee compensation and related liabilities	2,552	2,109	2,028	443	21%
Due to third-party reimbursement programs	-	-	-	-	0%
Other liabilities	195	195	195	-	0%
Total current liabilities	5,934	4,678	3,813	1,256	27%
Long-term debt and lease obligations - Less current maturities	5,490	5,800	6,250	(310)	-5%
Net position	14,860	12,905	13,235	1,955	15%
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 26,284	\$ 23,383	\$ 23,298	\$ 2,901	12%

# Financial Analysis

- Net patient service revenue increased due to increase in volume for the following departments (Outpatient, Swing-bed, ER, and Observation).
- Salaries and wages increased by \$2.99 million due to more hired internal employees, while cutting of contracted staffing.
- Employee benefits increased due to rise in insurance rates and an increased number of employees
- Nonoperating revenue – net increased due to receipt of grants from the state for stopgap funding.

Statements of Revenue, Expenses, and Changes in Net Position	2023 to 2024				
	2024	2023	2022	\$ Change	% Change
Net patient service revenue	\$ 41,569	\$ 36,747	\$ 33,994	4,822	13.1%
Other revenue	802	698	489	104	14.9%
<b>Total operating revenue</b>	<b>42,371</b>	<b>37,445</b>	<b>34,483</b>	<b>4,926</b>	<b>13.2%</b>
Expenses:					
Salaries and wages	20,213	17,225	16,775	2,988	17.3%
Employee benefits	5,208	4,454	3,914	754	16.9%
Professional fees	5,238	6,770	6,302	(1,532)	-22.6%
Purchased services	3,140	3,003	2,762	137	4.6%
Supplies	3,443	3,137	2,796	306	9.8%
Utilities	405	467	541	(62)	-13.3%
Insurance	414	370	309	44	11.9%
Repairs and maintainance	560	567	588	(7)	-1.2%
Leases and rental	128	57	72	71	124.6%
Other expenses	1,668	1,406	1,422	262	18.6%
Depreciation and amortization	1,625	1,529	1,576	96	6.3%
<b>Total expenses</b>	<b>42,042</b>	<b>38,985</b>	<b>37,057</b>	<b>3,057</b>	<b>7.8%</b>
Operating income (loss)	329	(1,540)	(2,574)	1,869	-121.4%
Nonoperating revenue - Net	1,626	1,209	2,964	417	34.5%
<b>Change in net position</b>	<b>\$ 1,955</b>	<b>\$ (331)</b>	<b>\$ 390</b>	<b>\$ 2,286</b>	<b>-690.6%</b>



## Ratio Analysis



# Ratio Analysis

“Financial flexibility” – the ability of a business to withstand the financial consequences of significant changes in its situation.

Successful organizations realize “financial flexibility” by achieving superior performance with respect to:

- Profitability
- Liquidity
- Debt capacity
- Securing the condition of the physical facilities

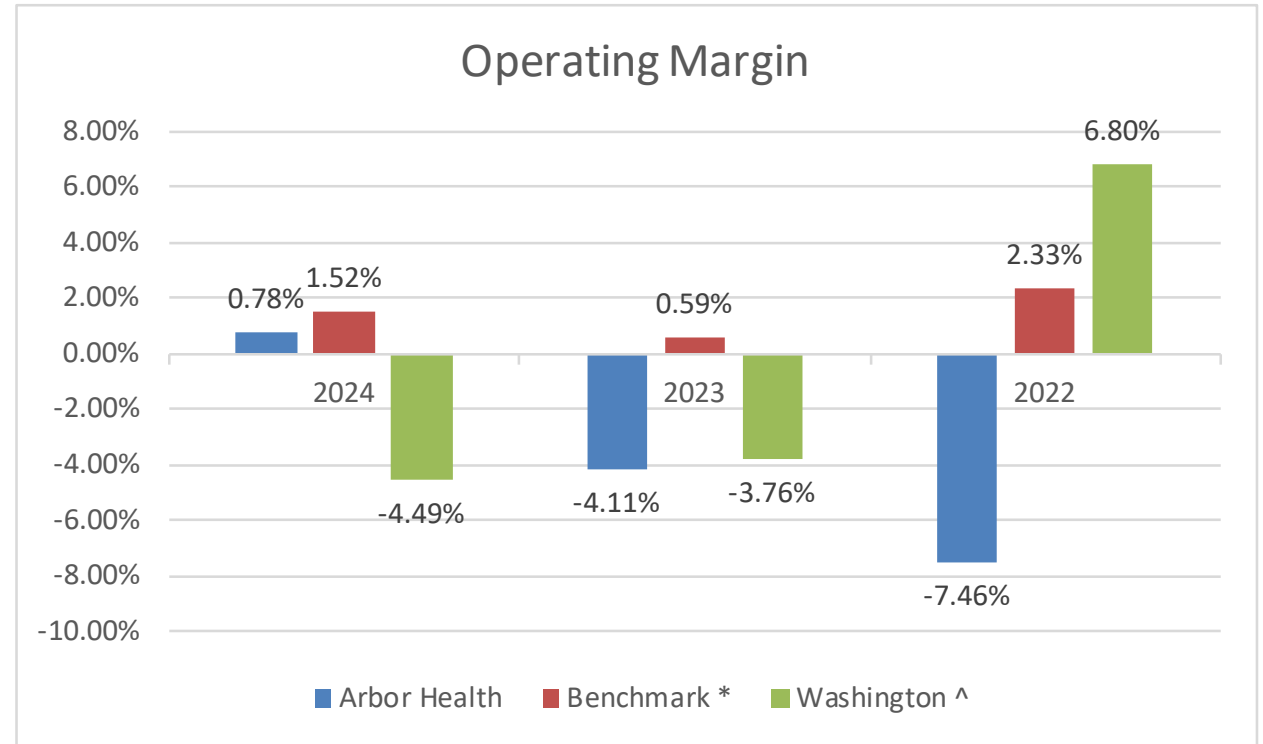
The financial ratios appearing in the following tables are presented to assist in understanding the “financial health” of the Hospital.

The industry benchmark (\*) is from the Optum Almanac of Hospital Financial and Operating Indicators dated January 2025. The Benchmark Average is for Critical Access Hospitals in the Rural <\$90M.

The Washington benchmark (^) is from the Flex Monitoring Team Data Summary Report, CAH Financial Indicators Report: Summary of Indicator Medians by State, April 2025.

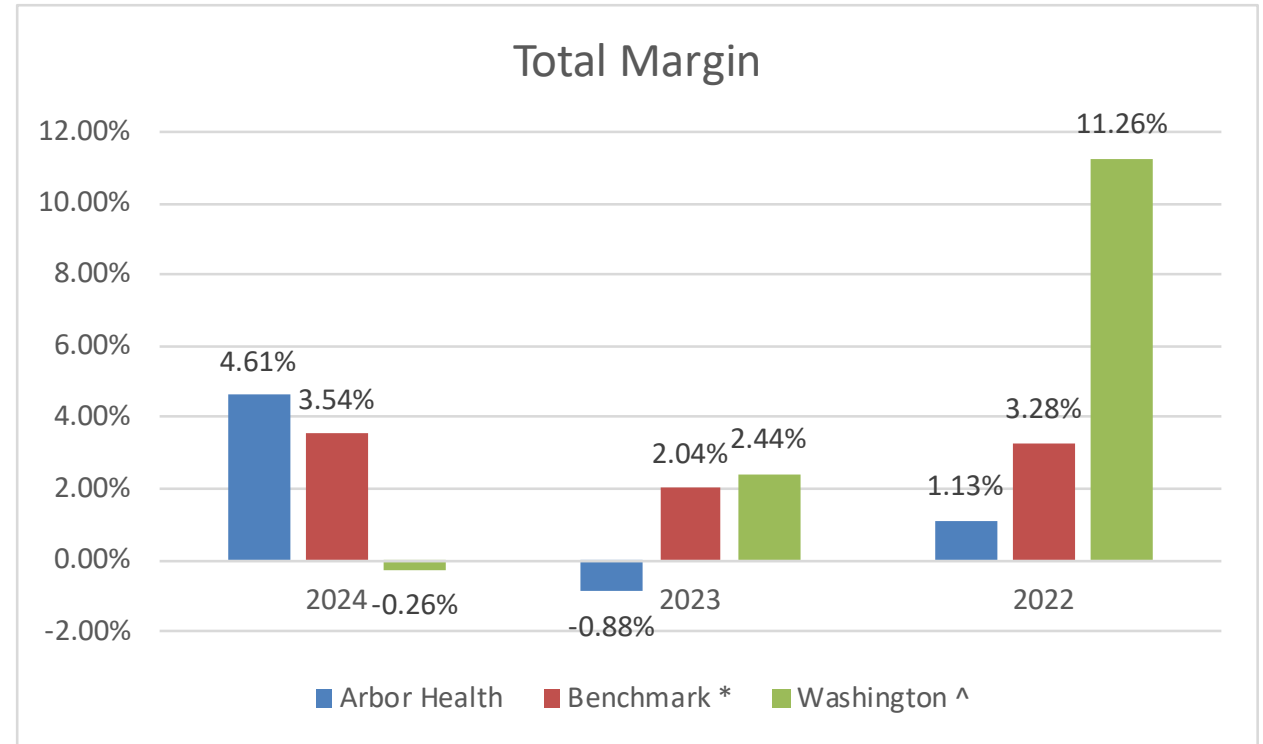
# Ratio Analysis

- Operating margin measures income (loss) from operations as a percentage of total operating revenue.
- High values indicate an ability to add new investments in capital assets without adding excessive new debt.
- The District's operating margin grew more positively in 2024, outperforming the average of similar CAH's in Washington.



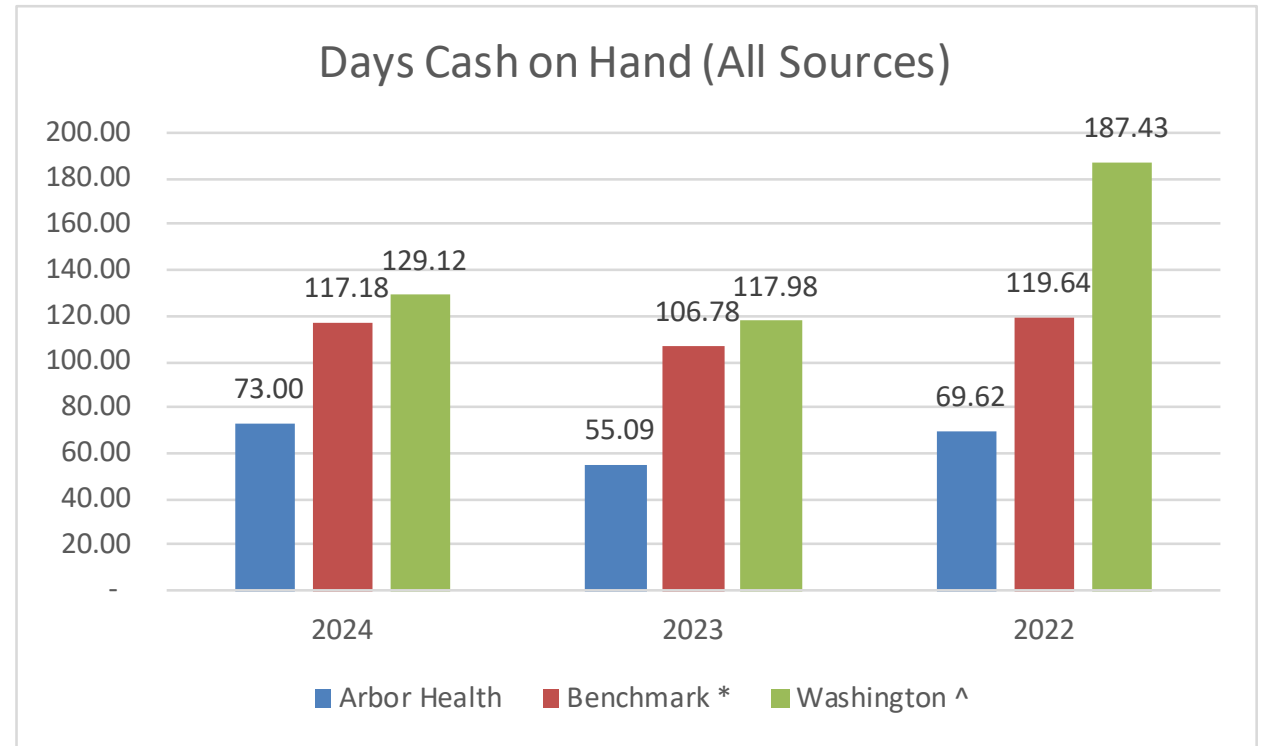
# Ratio Analysis

- Total margin includes the effect of other nonoperating revenues and expenses.
- The District's total margin decreased in 2024.
- The remaining COVID grant funding was recognized into income in 2022.



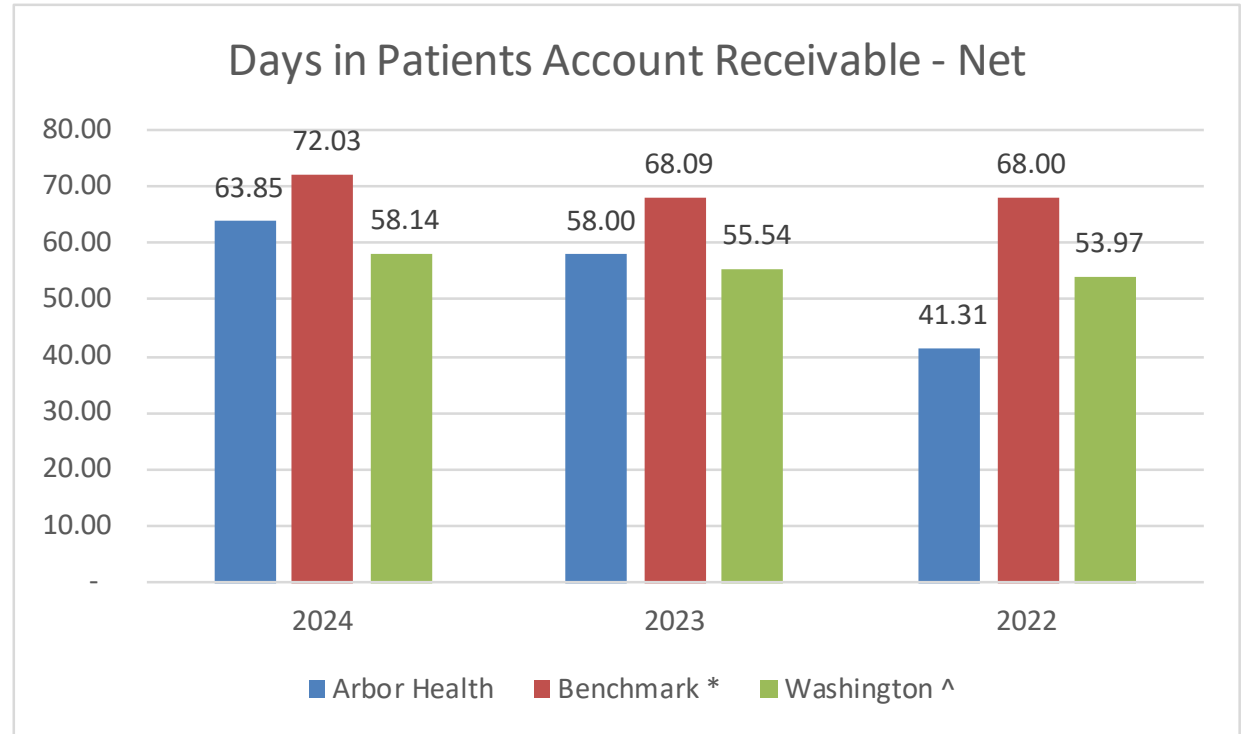
# Ratio Analysis

- Ratio measures the number of days the District could operate if no cash was collected or received.
- The ratio includes noncurrent cash equivalents and investments.
- Lenders prefer to see a minimum of 90 days cash on hand.
- Days Cash on hand improved from 2023, which was subject to complications relating to Change Health



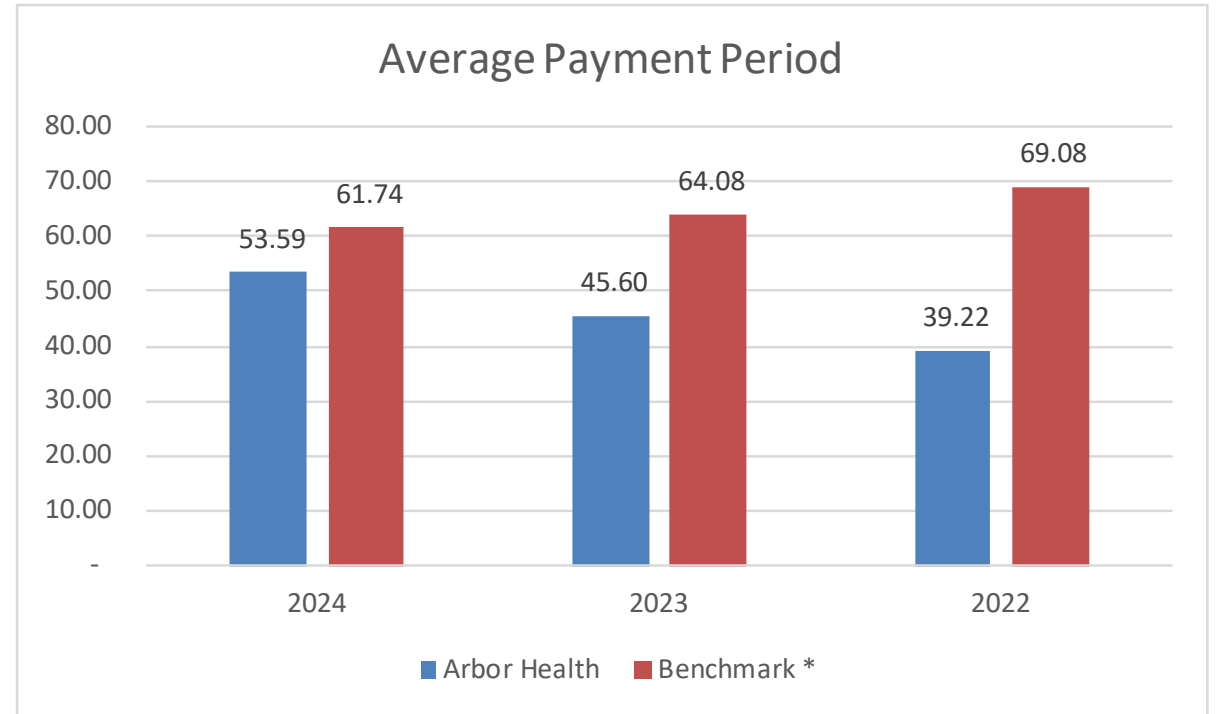
# Ratio Analysis

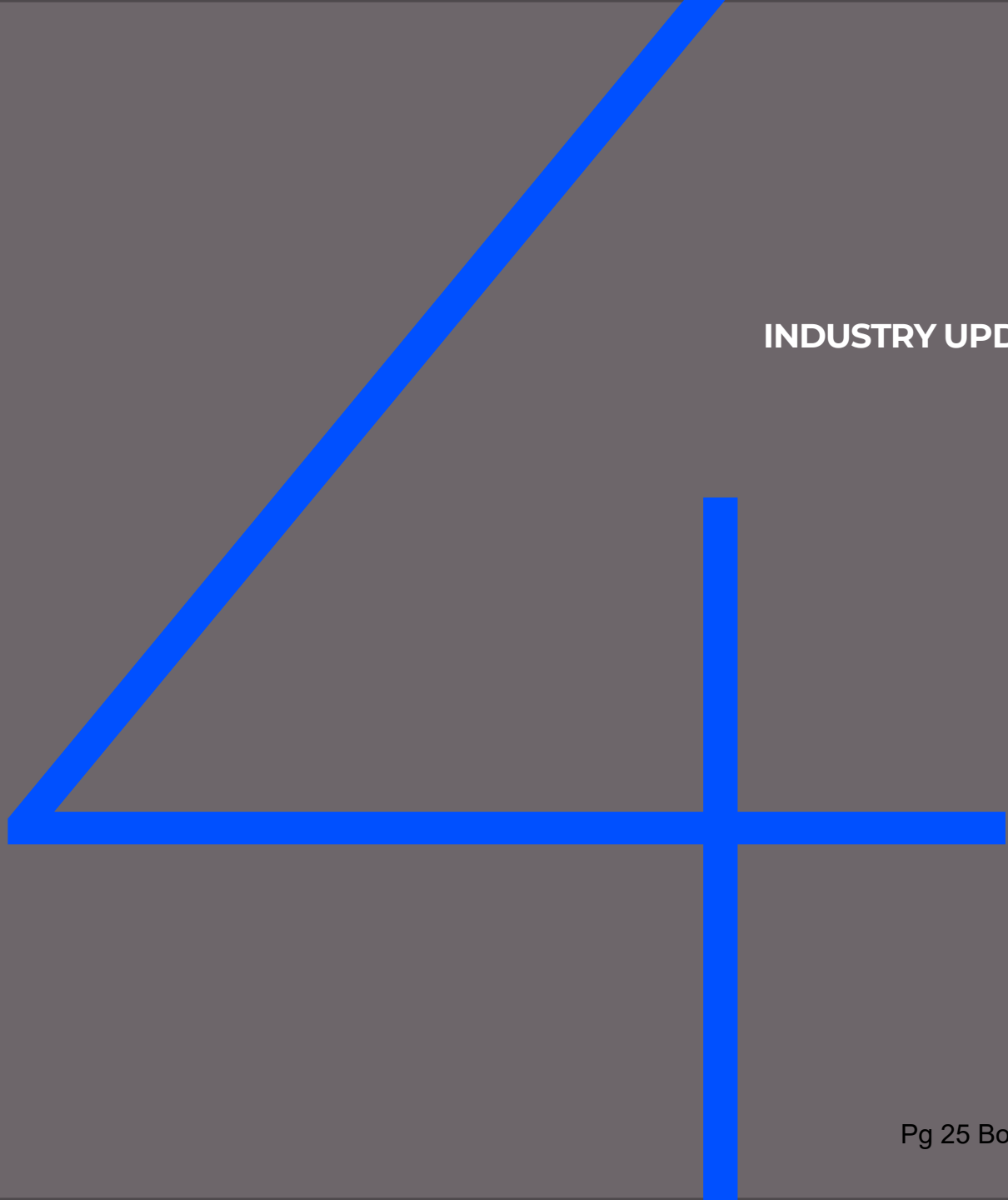
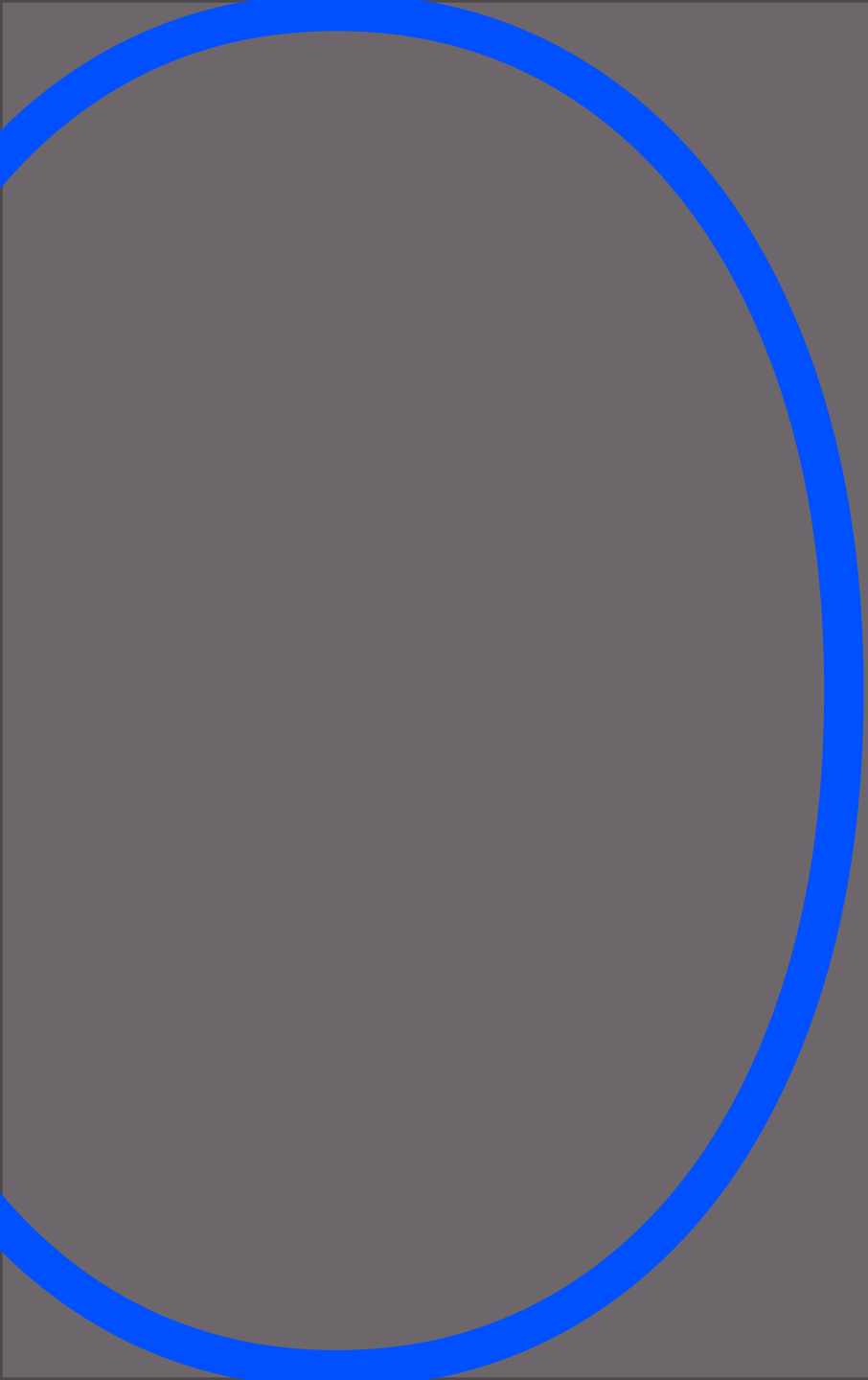
- Days revenue in accounts receivable measures the average time it takes to collect accounts.
- Lower values are desired.
- The District's ratio is below the Industry's benchmark for the past three years, but outperforms other hospitals in the state.



# Ratio Analysis

- Ratio measures the average number of days elapsed before current liabilities are paid.
- Decreasing “average payment period” ratio values are looked upon more favorably.
- The District’s ratio is below the Industry’s benchmark, but has increased in each of the last 2 years.





**INDUSTRY UPDATES CAH**

# Industry Trends

## 2024 Healthcare Industry Trends:

- Mergers and acquisitions increased in 2023 and is expected to continue in 2024 as health systems seek mergers and acquisitions to boost operational efficiency, improve cost-effectiveness, and strengthen their ability to provide comprehensive and integrated services as competition continues to increase.
- Growing demand for collaborations to access better payer contracts, IT infrastructure, specialty clinicians, shared services and regionalization of services, and group purchasing for drugs and medical suppliers all to keep care local for rural communities.
- Generative AI is being expanded in the healthcare industry. Consumers are using Generative AI to answer questions how to care for themselves.
- Hospitals and health systems continue to see an aging population resulting in a payer mix shift to higher amounts of patients on Medicare, Medicaid, and other government payors.
- Reimbursement from Medicare, Medicaid, and other government payors continues to fall behind economic inflationary increases which is reducing margins for hospitals and health systems to reinvest in the future.
- New payment models are being proposed. For example, a Michigan House Bill was proposed in July 2023 to establish universal healthcare in Michigan.



# Industry Trends – Reimbursement Updates

On November 1, 2024 CMS issued the CY 2025 Medicare Physician Fee Schedule Final Rule. The following is a summary of the provisions applicable to rural health clinics:

- Allowing RHCs to bill for administration of Part B preventive vaccines (COVID-19, pneumococcal, influenza, and Hepatitis B) at time of service, not entirely in a lump sum settlement on cost report, beginning July 1, 2025
- Eliminating RHC productivity standards for cost report periods ending after December 31, 2024
- Completely revising RHC care management billing with the elimination of the G0511 consolidated code
- Removing Hemoglobin/Hematocrit and examination of stool specimens for occult blood from the list of required RHC lab services
- Clarifying guidance versus regulatory discrepancies in how “primarily engaged in primary care” is defined and enforced
- Expanding same-day billing flexibilities for dental services able to be furnished in RHC setting
- Modifying Intensive Outpatient Program (IOP) Services payment to allow for reimbursement of three and four-service days
- Extending Medicare telehealth flexibilities until December 31, 2025

# Industry Trends

- **The Healthcare Industry has not faced this level of disruption since the early 2000's**
- Availability & affordability of labor is straining financial health
- Revenue generation is limited: expenses have increased rapidly and substantially
- Technology and automation is essential to transforming processes to reduce expenses
- Patients and providers alike want to increase access to care; beyond telehealth there is a desire for digital experiences akin to shopping, and this requires a digital front door
- Openness to outsourced partnerships to help speed transformation
- **Change is not optional for Healthcare**
- **To create room for investment . . . layoffs and spending freezes are happening**

# Industry Trends

- **Achieving and maintaining financial health is paramount**
- While patient experience and quality of care remain consistent priorities, cost optimizations is at the top of CFO's agendas.
- Cash flow, cost optimization, and risk management are top of mind with healthcare leaders.
- Focusing on and adjusting revenue cycle management to improve cash flow.
- Engaging in strategic cost reductions which includes staff — resulting in the need to outsource key roles
-

# Industry Trends

- **Digital / Technology trends shaping the healthcare landscape**
- Digital transformation is now viewed as a strategic imperative
- Many HC organizations are investing in the next phase of digital technologies (e.g., cloud, data analytics, natural language processing, virtual health).
- Our clients – over 50% said they planned on expanding technology systems, 52% AI technologies, and 50% IT infrastructure/cloud computing based on Wipfli 2024 Rural Healthcare Survey.
- Healthcare organizations are now rapidly adopting Enterprise Resource Planning (ERP) systems, to transfer data from disparate legacy systems. It is estimated that the healthcare ERP market will reach \$2.1 billion by 2025.

## Staffing challenges continue, resulting in need to consider innovative solutions

## Top strategies rural healthcare organizations are using to respond to the labor shortage, 2024

**People management** considered #1 strategic priority for rural healthcare entities surveyed by Wipfli LLP (100+ respondents)

- Staffing shortages for all position types continue to persist, but industry lacking influx needed to support rising demand
- Employee recruitment, retention, and outsourcing strategies are becoming essential
  - ▶ Building the provider pipeline through partnerships
  - ▶ Organizational culture and employee experience as a differentiator
  - ▶ Easing workloads with technology/automation
  - ▶ Upskilling/developing for needed skillsets from within
  - ▶ Succession planning and transfer of knowledge

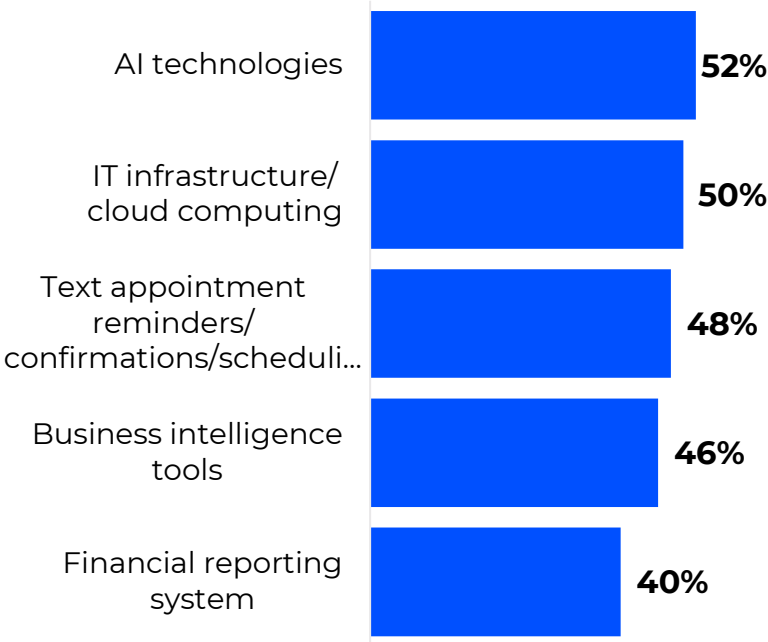


## Technology and digital tools continue to be front of mind for rural healthcare entities

Technology adoption and implementation tends to lag in rural healthcare settings; organizations focusing on building the fundamental systems needed to **leverage data as an asset** in decision-making

- Data infrastructure, management, governance, protocols/processes, staffing needs (in-house vs. outsourced)
- Compatibility between disparate systems (financial management, revenue cycle, EHR, patient experience, etc.) becoming more necessary to provide real-time visualization of KPIs/metrics to inform decision-making
- Cybersecurity is a top concern

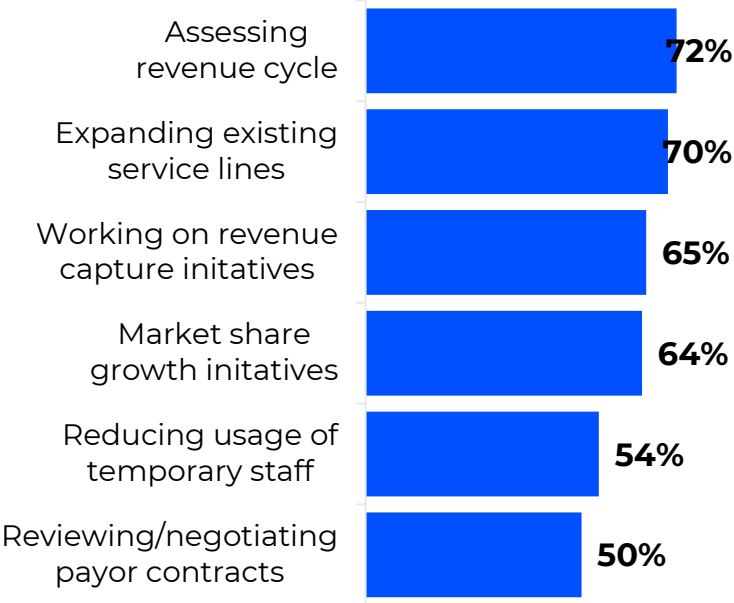
## Technology tools rural healthcare entities plan to expand or purchase, 2024



## Financial challenges re-emerging as supplemental government relief funding dissipating, but rural healthcare orgs remaining optimistic

- According to the Center for Healthcare quality & Payment Reform, nearly 30% of all rural hospitals in the United States are at risk of closing
- Revenue and reimbursement growth largely not keeping up with inflation of expenses (labor, supplies, etc.)
  - Rural hospitals leveraging cost reduction measures, revenue cycle management, and payer negotiations to avoid cutting services/staff
    - ▶ Understanding weak points in revenue cycle process through reviews – AR, claims denials, etc.
    - ▶ Visibility into payer contracts to inform negotiations
    - ▶ Understanding service line profitability and when to divest from laggards

## Top strategies rural healthcare organizations are using to increase revenue, 2024

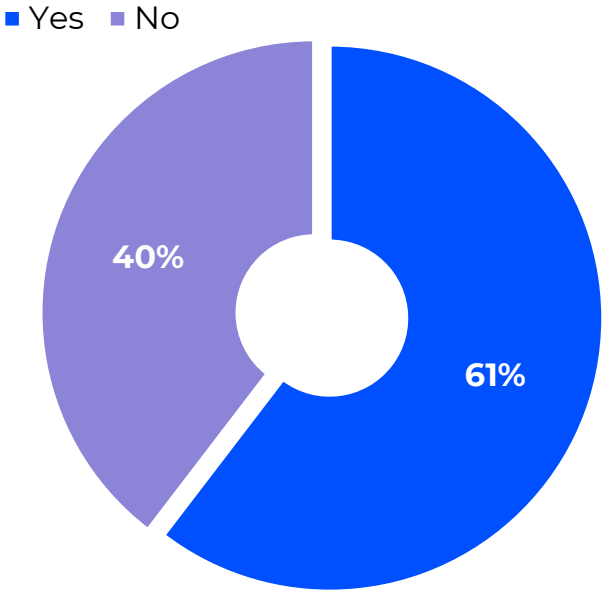


Most rural hospitals planning on capital investments to align campuses/facilities with evolving healthcare needs

While interest rates may be plateauing, economic uncertainty and higher construction costs encouraging entities to take a **different approach to master planning**

- Renovation/additions vs. outright facility replacements to reduce project costs
- Consider financial “readiness” to take on a capital project: historical financial performance, existing debt + covenants, financing options, etc.
- More hospitals consolidation/affiliation to access capital through larger health system; capital stack shifting to larger grant/equity contributions for entities in better financial health

Rural healthcare entities plans to expand/invest in new facilities or renovations in the next two to five years, 2024



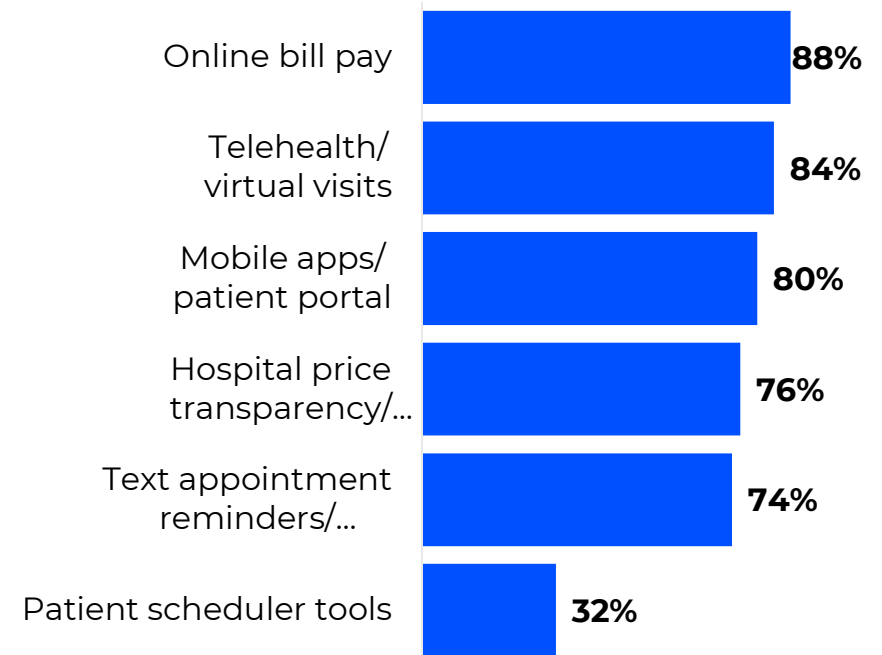


## Focusing on “differentiators” when planning growth opportunities strategic/initiatives

Most successful rural healthcare entities understand that providing quality care isn’t enough to compete for today’s consumeristic patients

- Removing barriers to accessing care by:
  - ▶ Giving patients “what they need”
    - Community health needs assessment planning
    - Understanding patient leakage trends/growth opportunities
    - Role of telehealth/technology
  - ▶ Meeting patients “where they are” – making care as simple and convenient to access as possible

## Tools being implemented by rural healthcare entities to improve the patient experience, 2024



This presentation was prepared by:



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April 30, 2025

Board of Commissioners  
Lewis County Public Hospital District No. 1 dba Arbor Health  
PO Box 1138  
Morton, Washington 98356

Dear Commissioners:

We have audited the financial statements of Lewis County Public Hospital District No. 1 dba Arbor Health (the "District") for the year ended December 31, 2024 and have issued our report thereon dated April 29, 2025. Professional standards require that we provide you with the following information related to our audit:

**Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards**

As stated in our engagement letter dated March 4, 2025, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the system of internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

**Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope, timing, and with respect to significant risks identified by us, all of which were previously communicated to your representative, Tom Herrin, (Chairman), communicated in our letter dated March 11, 2025, in addition to our engagement letter dated March 4, 2025.

**Significant Audit Matters**

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As described in Note 1, the District adopted GASB Statement No. 101 - *Compensated Absences*, as of December 31, 2024. This guidance requires the District to record a liability for compensated absences for leave that has not been used, and not yet paid in case or settled through noncash means. The adoption of this guidance did not have a material impact on the financial statements. No other new accounting policies were adopted, and the application of other existing policies was not changed during 2024.

We noted no transactions entered by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were allowances for accounts receivables, settlements for cost reports, and the adequacy of the reserve for self-funded health insurance claims.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The significant estimates requiring judgment are as follows:

- The adequacy of the allowance for credit losses is one of the most subjective estimates affecting the financial statements. The allowance for credit losses is maintained at a level which management believes is adequate to provide for possible write-offs. Management periodically evaluates the adequacy of the allowance using the District's past bad debt experience, known and inherent risks in accounts receivable, current economic conditions and future expected changes during a reasonable and supportable forecast period, and other relevant factors. We evaluated the key factors and assumptions used to develop the allowance for credit losses in determining that it is reasonable in relation to the financial statements taken as a whole.
- The estimated final settlements on the Medicare cost reports are based on audits conducted by the fiscal intermediary. Management periodically evaluates the adequacy of the balance using the District's experience, known and inherent risks in the preparation of these cost reports, and risks associated with doing business in the health care industry. We reviewed the estimated settlements recorded for each open year to determine the reasonableness of the estimates based on the results of previous audits by the fiscal intermediary.
- The adequacy of the reserve for self-funded health insurance claims is also subjective. The reserve for health insurance claims is maintained at a level which management believes is adequate to cover claims incurred during the year ended December 31, 2024 but not paid until after December 31, 2024. Management periodically evaluates the reserve using the District's past experience, known claims, and other relevant factors. We evaluated the key factors and assumptions used to develop the reserve for health insurance claims in determining that it is reasonable in relation to the financial statements.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

***Disagreements With Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated April 29, 2025, a copy of which accompanies this letter.

***Management Consultations With Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not, in our judgment, a condition of our retention.

This communication is intended solely for the information and use of the Board of Commissioners and, if appropriate, management and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the opportunity to be of service to Lewis County Public Hospital District No. 1 dba Arbor Health.

Sincerely,



Wipfli LLP  
Spokane, Washington  
Enc.

Wipfli LLP  
201 W North River Drive #400  
Spokane, WA 99201

This representation letter is provided in connection with your audit of the financial statements of Lewis County Public Hospital District No. 1 dba Arbor Health (the "District"), which comprise the statements of net position as of December 31, 2024 and 2023 and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief as of the date this letter is signed, the following representations made to you during your audits.

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 4, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with GAAP.
2. The financial statements referred to above are fairly presented in conformity with GAAP.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions, including any side agreements, of which we are aware. All related party transactions were made at arm's-length. We have also disclosed any changes in related party transactions, and the business purpose for entering into transactions with related parties versus unrelated parties. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of GAAP.
7. All events subsequent to the date of the financial statements and for which GAAP requires adjustment or disclosure have been adjusted or disclosed.

8. We agree with the adjusting journal entries proposed by you and which are given effect to in the financial statements.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with GAAP.
10. Significant estimates and material concentrations have been properly disclosed in accordance with GAAP.
11. Guarantees, whether written or oral, under which the District is contingently liable, have been properly recorded or disclosed in accordance with GAAP.
12. We accept responsibility for and have designated an individual with suitable skill, knowledge, or experience to oversee the following nonattest services
  - a. Financial statement preparation
  - b. Cost report preparation
  - c. Miscellaneous accounting and operational consulting

**Information Provided**

13. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledger), documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the District from who you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing board of commissioners, and committees of commissioners, or summaries of actions of recent meetings for which minutes have not yet been prepared.
14. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
15. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the District involving:
  - a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the financial statements.

17. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, grantors, regulators, or others.
18. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GAAP.
19. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
20. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements applicable to us whose effects should be considered when preparing financial statements. Specifically:
  - a. There are no violations or possible violations of laws or regulations, such as those related to the Medicare and Medicaid antifraud and abuse statutes, including but not limited to the Medicare and Medicaid Anti-Kickback Statute, Limitations on Certain Physician Referrals (the Stark law), and the False Claims Act, in any jurisdiction, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency other than those disclosed or accrued in the financial statements.
  - b. Billings to third-party payors comply in all material respects with applicable coding guidelines (for example, ICD-10-CM and CPT-4) and laws and regulations (including those dealing with Medicare and Medicaid antifraud and abuse), and billings reflect only charges for goods and services that were medically necessary; properly approved by regulatory bodies, if required; and properly rendered.
  - c. There have been no communications (oral or written) from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction (including those related to the Medicare and Medicaid antifraud and abuse statutes), deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
21. There are no other liabilities and gain or loss contingencies that are required to be accrued or disclosed by accounting standards.
22. There are no unrecorded transactions and/or side agreements or other arrangements (either written or oral).
23. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
24. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any material asset been pledged, except as disclosed in the notes to the financial statements.
25. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



26. Receivables recorded in the financial statements represent valid claims for charges arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value as follows:
- a. Adequate consideration has been given to, and appropriate provision made for, estimated adjustments to revenue, such as for denied claims and changes to prospective payment system assignments.
  - b. Recorded valuation allowances are necessary, appropriate, and properly supported.
  - c. All peer review organizations, fiscal intermediary, and third-party payor reports and information have been made available to you.
27. Provision has been made, when material, for estimated retroactive adjustments by third-party payors under reimbursement agreements. In regards to cost reports filed with third-parties:
- a. All required Medicare, Medicaid, and similar reports have been properly filed on a timely basis.
  - b. Management is responsible for the accuracy and propriety of all cost reports filed.
  - c. All costs reflected on such reports are appropriate and allowable under applicable reimbursement rules and regulations and are patient-related and properly allocated to applicable payors.
  - d. The reimbursement methodologies and principles employed are in accordance with applicable rules and regulations.
  - e. Adequate consideration has been given to, and appropriate provision made for, audit adjustments by intermediaries, third-party payors, or other regulatory agencies.
  - f. All items required to be disclosed, including disputed costs that are being claimed to establish a basis for a subsequent appeal, have been fully disclosed in the cost report.
  - g. Recorded third-party settlements include differences between filed (and to be filed) cost reports and calculated settlements, which are necessary based on historical experience or new or ambiguous regulations that may be subject to differing interpretations. While management believes the entity is entitled to all amounts claimed on the cost reports, management also believes the amounts of these differences are appropriate.
28. We have fully disclosed to you all terms of contracts with customers that affect the amount and timing of revenue recognized in the financial statements, including delivery terms, rights of return or price adjustments, side adjustments, implicit provisions, unstated business conventions, and all warranty provisions.
29. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of assets might not be recoverable and have appropriately recorded the adjustment.
30. The District has identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.

31. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the District vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
32. We have analyzed all lease contracts and have considered and recorded material embedded leases contained within other contracts.
33. The methods we used in developing accounting estimates are applied consistently, data is accurate and complete, and the assumptions are reasonable.
34. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
35. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
36. Inventories fairly represent the value of inventories at the lower of cost on the first-in, first-out method, or net realizable value.
37. The District is not subject to the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* because it did not expend more than \$750,000 in federal awards during the year.
38. We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position was properly recognized under the policy.
39. We are responsible for the management's discussion and analysis and have chosen not to present it, which will require modification to the auditor's opinion.
40. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
41. To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Sincerely,

Lewis County Public Hospital District No. 1 dba Arbor Health

Signature: Robert Mach  
Robert Mach (Apr 29, 2025 10:13 PDT)

Email: rmach@myarborhealth.org

# Lewis County Public Hospital District No. 1 DBA Arbor Health

Financial Statements

Years Ended December 31, 2024 and 2023



## **Independent Auditor's Report**

Board of Commissioners  
Lewis County Public Hospital District No.1 DBA Arbor Health  
Morton, Washington

### ***Report on the Audit of the financial statements***

#### ***Opinion***

We have audited the accompanying financial statements of Lewis County Public Hospital District No.1 DBA Arbor Health (the "District"), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's statements of net position, statements of revenues, expenses, and changes in net position, and cash flows for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of December 31, 2024 and 2023, and changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

The District has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Wipfli LLP*

Wipfli LLP

Spokane, Washington  
April 29, 2025

# Lewis County Public Hospital District No.1

## DBA Arbor Health

### Statements of Net Position

<i>December 31,</i>	2024	2023
Current assets:		
Cash and cash equivalents	\$ 6,170,096	\$ 3,790,601
Receivables:		
Patient accounts - Net	7,271,579	5,839,513
Estimated third-party payor settlements	-	299,817
Taxes	32,999	29,247
Taxes restricted for debt service	2,831	9,562
Other	274,439	190,309
Inventory	238,553	241,343
Prepaid expenses and other	419,032	430,473
<b>Total current assets</b>	<b>14,409,529</b>	<b>10,830,865</b>
Noncurrent assets:		
Cash and cash equivalents - noncurrent reserves	445,703	423,611
Cash and cash equivalents - restricted for debt service	1,467,936	1,438,654
Investments	2,000	2,000
Nondepreciable capital assets	952,748	952,748
Depreciable capital asset - net	9,465,020	9,735,349
<b>Total noncurrent assets</b>	<b>12,333,407</b>	<b>12,552,362</b>
<b>TOTAL ASSETS</b>	<b>\$ 26,742,936</b>	<b>\$ 23,383,227</b>

# Lewis County Public Hospital District No.1

## DBA Arbor Health

### Statements of Net Position (Continued)

<i>December 31,</i>	2024	2023
Current liabilities:		
Accounts payable	\$ 2,262,975	\$ 1,472,296
Estimated third-party payor settlement	459,214	-
Accrued compensation and related liabilities	2,552,290	2,110,220
Electronic health records incentive payback	194,689	194,689
Current maturities of long-term debt	609,672	592,517
Current portion of lease obligations	315,554	309,088
Total current liabilities	6,394,394	4,678,810
Noncurrent liabilities:		
Long-term debt - Less current portion	4,590,591	5,226,058
Lease obligations - Less current portion	897,926	573,605
Total noncurrent liabilities	5,488,517	5,799,663
Total liabilities	11,882,911	10,478,473
Net position:		
Net investment in capital assets	4,004,025	3,034,081
Restricted for debt service	1,467,936	1,438,654
Unrestricted	9,388,064	8,432,019
Total net position	14,860,025	12,904,754
TOTAL LIABILITIES AND NET POSITION	\$ 26,742,936	\$ 23,383,227



# Lewis County Public Hospital District No.1

## DBA Arbor Health

### Statements of Revenues, Expenses, and Changes in Net Position

<i>Years Ended December 31,</i>	2024	2023
Operating revenue:		
Net patient service revenue	\$ 41,569,283	\$ 36,746,672
Other operating income	801,879	697,932
<b>Total operating revenue</b>	<b>42,371,162</b>	<b>37,444,604</b>
Operating expenses:		
Salaries and wages	20,212,882	17,225,412
Employee benefits	5,208,421	4,453,791
Professional fees and purchased services	8,377,488	9,773,288
Supplies	3,442,579	3,137,051
Utilities	404,708	466,841
Insurance	413,775	370,404
Repairs and maintenance	560,088	567,330
Leases and rentals	127,732	57,211
Other	1,669,297	1,403,600
Depreciation and amortization	1,625,265	1,529,483
<b>Total operating expenses</b>	<b>42,042,235</b>	<b>38,984,411</b>
<b>Gain (loss) from operations</b>	<b>328,927</b>	<b>(1,539,807)</b>
Nonoperating revenues (expenses):		
CARES Act Provider Relief Fund	-	(154,302)
Grants	649,227	82,642
Taxation for maintenance and operations	990,026	1,044,235
Build America bond subsidy	93,689	95,021
Gain on sale of assets	8,000	203,690
Interest income	301,649	346,190
Interest expense	(416,247)	(408,202)
<b>Total nonoperating revenue - Net</b>	<b>1,626,344</b>	<b>1,209,274</b>
<b>Change in net position</b>	<b>1,955,271</b>	<b>(330,533)</b>
<b>Net position - Beginning of year</b>	<b>12,904,754</b>	<b>13,235,287</b>
<b>Net position - End of year</b>	<b>\$ 14,860,025</b>	<b>\$ 12,904,754</b>

# Lewis County Public Hospital District No.1

## DBA Arbor Health

### Statements of Cash Flows

<i>Years Ended December 31,</i>	2024	2023
Cash flows from operating activities:		
Cash received from patients services and third-party payors	\$ 40,896,248	\$ 34,707,137
Cash received from other revenue	717,749	986,570
Cash paid for salaries and benefits	(24,979,233)	(21,597,269)
Cash paid for supplies, professional fees, and other operating expenses	(14,190,757)	(15,121,240)
Net cash provided by (used in) operating activities	2,444,007	(1,024,802)
Cash flows from noncapital financing activities:		
Proceeds from (repayment of) grants	649,227	(71,642)
Cash received from Build America Bonds subsidy	93,689	95,021
Cash received from taxation for maintenance and operations	994,274	1,041,169
Net cash provided by noncapital financing activities	1,737,190	1,064,548
Cash flows from capital and related financing activities:		
Cash received from taxation for bond principal and interest	6,731	16,864
Interest paid	(414,928)	(406,883)
Principal payments on long-term liabilities	(1,032,856)	(536,580)
Payments for purchase of capital assets	(610,924)	(1,044,444)
Proceeds from the sale of capital assets	-	305,246
Net cash used in capital and related financing activities	(2,051,977)	(1,665,797)
Net cash from investing activities:		
Net cash received from sale of investments	-	165,514
Interest received	301,649	346,190
Net cash provided by investing activities	301,649	511,704
Change in cash and cash equivalents	2,430,869	(1,114,347)
Cash and cash equivalents - Beginning of year	5,652,866	6,767,213
Cash and cash equivalents - End of year	\$ 8,083,735	\$ 5,652,866

# Lewis County Public Hospital District No.1

## DBA Arbor Health

### Statements of Cash Flows (Continued)

<i>Years Ended December 31,</i>	2024	2023
Reconciliation of gain (loss) from operations to net cash provided by (used in) operating activities:		
Gain (loss) from operations	\$ 328,927	\$ (1,539,807)
Adjustments to reconcile gain (loss) from operations to net cash provided by (used in) operating activities:		
Depreciation	1,625,265	1,529,483
Provision for bad debt	643,356	860,986
Changes in assets and liabilities:		
Receivables:		
Patient accounts - Net	(2,075,422)	(2,853,015)
Other	(84,130)	288,662
Inventories	2,790	12,315
Prepaid expenses and other	11,441	(106,441)
Account payable	790,679	748,587
Accrued liabilities	442,070	81,934
Estimated third-party payor settlements	759,031	(47,506)
Total adjustments	2,115,080	515,005
Net cash provided provided by (used in) operating activities	\$ 2,444,007	\$ (1,024,802)
<b>Noncash capital, financing activities and investing activities:</b>		
Capital assets acquired under lease obligations	\$ 744,012	\$ 120,831

# **Lewis County Public Hospital District No.1**

## **DBA Arbor Health**

### **Notes to Financial Statements**

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#### **Note 1: Summary of Significant Accounting Policies**

##### **The Entity**

Lewis County Public Hospital District No.1 DBA Arbor Health owns and operates Arbor Health (the "District"), a licensed 25-bed critical access hospital in Morton, Washington, and rural health clinics in Randle, Mossyrock, Packwood, and Morton, Washington. The District provides healthcare services to patients in eastern Lewis County, Washington. The services provided include acute care, emergency room, physicians' clinic, and the related ancillary services (surgery, laboratory, imaging, therapy, etc.) associated with those services.

The District operates under the laws of the state of Washington relating to Washington municipal corporations. As organized, the District is exempt from the payment of federal income taxes. The Board of Commissioners consists of five community members elected to six-year terms.

##### **Financial Statement Presentation**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 Revised Code of Washington (RCW) and the Department of Health in the Accounting and Reporting Manual for Hospitals.

The District's statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when the liability is incurred regardless of the timing of the cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue, as soon as eligibility requirements imposed by the provider have been met.

##### **Use of Estimates in Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

# **Lewis County Public Hospital District No.1**

## **DBA Arbor Health**

### **Notes to Financial Statements**

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#### **Note 1: Summary of Significant Accounting Policies (Continued)**

##### **Cash, Cash Equivalents, and Investments**

All cash receipts are deposited directly to the District's depository accounts at banks. Periodically, these funds are transferred to the operating accounts held by the Lewis County Treasurer (County Treasurer). The County Treasurer acts as the District's treasurer. Warrants are issued against the cash placed with the County Treasurer. The County Treasurer invests cash in interest-bearing investments at the direction of the District. For purposes of the statements of cash flows, the District considers all cash and cash investments with original maturity dates of less than 90 days as cash and cash equivalents.

##### **Inventories**

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the average-cost method.

##### **Noncurrent Cash Reserves**

Assets restricted or limited as to use include assets set aside by the Board of Commissioners for future capital improvements over which the Board retains control and could subsequently use for other purposes, and assets set aside for repayment of principal and interest on bond indebtedness and capital acquisitions.

##### **Bond Discounts**

The straight-line method is used to amortize the bond discounts over the period the related obligation is outstanding, which approximates the effective interest method.

##### **Capital Assets**

The District capitalizes assets whose costs exceed \$5,000 and with estimated useful lives of at least one year; lesser amounts are expensed. The capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. When such assets are disposed of, the related costs and accumulated depreciation or amortization is removed from the accounts and the resulting gain or loss is classified in nonoperating revenues or expenses.

All capital assets other than land are depreciated by the straight-line method of depreciation using these asset lives:

Land improvements	8 to 25 years
Buildings and improvements	5 to 40 years
Equipment	3 to 25 years
Lease right-of-use equipment	2 to 10 years

# **Lewis County Public Hospital District No.1**

## **DBA Arbor Health**

### **Notes to Financial Statements**

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#### **Note 1: Summary of Significant Accounting Policies (Continued)**

##### **Compensated Absences**

Compensated absences consist of absences for which employees will be paid, such as vacation and sick leave. The District records unpaid leave for compensated absences as an expense and liability when incurred. Accrued vacation, which may be accumulated up to 360 hours, is payable upon resignation, retirement, or death. There is no limit to the amount of sick leave employees may accumulate; however, it is not payable to the employees upon conclusion of their employment under any circumstance.

##### **Net Position**

Net position of the District is classified into three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is the net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted.

##### **Patient Accounts Receivables**

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of accounts receivable, the District analyzes its past history and identifies trends for each of its patient payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible.

The difference between the standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts. The District's allowance for uncollectible accounts for self-pay patients has not changed significantly from the prior year.

# Lewis County Public Hospital District No.1

## DBA Arbor Health

### Notes to Financial Statements

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#### **Note 1: Summary of Significant Accounting Policies (Continued)**

##### **Patient Service Revenue**

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the District's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the District records a significant provision for bad debts related to uninsured patients in the period the services are provided. The District's provisions for bad debts and writeoffs did not change significantly from the prior year.

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

*Medicare* – The hospital has been designated a critical access hospital and the clinic a rural health clinic by Medicare and they are reimbursed for inpatient, outpatient, and clinic services on a cost basis as defined and limited by the Medicare program. The Medicare program's administrative procedures preclude final determination of amounts due to the District for such services until three years after the District's cost reports are audited or otherwise reviewed and settled upon by the Medicare administrative contractor. Nonrural health clinic physician services are reimbursed on a fee schedule.

*Medicaid* – The majority of Medicaid beneficiaries are covered through health maintenance organizations operated by commercial insurance companies. The District is reimbursed for inpatient and outpatient services on a prospectively determined rate that is based on historical revenues and expenses of the District. Reimbursement for inpatient and outpatient services rendered to Medicaid program beneficiaries is reimbursed on a cost basis as defined by the state of Washington. Medicaid swing-bed and nursing home services are reimbursed on a prospectively set rate per day. Rural health clinic services are reimbursed on a prospective rate per visit. Nonrural health clinic physician services are reimbursed on a fee schedule.

The District also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

# **Lewis County Public Hospital District No.1**

## **DBA Arbor Health**

### **Notes to Financial Statements**

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#### **Note 1: Summary of Significant Accounting Policies (Continued)**

##### **Operating Revenue and Expense**

The District's statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions, including grants for specific operating activities associated with providing healthcare services-the District's principal activity. Nonexchange revenues, including taxes and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs. All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses, such as interest.

##### **Restricted Resources**

When the District has both restricted and unrestricted resources available to finance a particular program, it is the District's policy to use restricted resources before unrestricted resources.

##### **Grants and Contributions**

From time to time, the District receives grants from the state of Washington and others as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses. Grants that are for specific projects, or purposes related to the District's operating activities, are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating revenue.

##### **Change in Accounting Principle**

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101 - *Compensated Absences*, which increases the usefulness of governments' financial statements by updating the recognition and measurement guidance for compensated absences. Under this statement, an entity is required to record a liability for compensated absences for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The District adopted Statement No. 101 during the year ended December 31, 2024, retrospective to the year ended December 31, 2023.



# Lewis County Public Hospital District No.1

## DBA Arbor Health

### Notes to Financial Statements

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#### Note 2: Cash, Cash Equivalents, and Investments

The *Revised Code of Washington*, Chapter 39, authorizes municipal governments to invest their funds in a variety of investments including federal, state, and local government certificates, notes, or bonds; the Washington State Local Government Investment Pool; savings accounts in qualified public depositories; and certain other investments. Amounts invested in the Washington State Local Government Investment Pool at December 31, 2024 and 2023, were approximately \$1,529,000 and \$388,000, respectively. The Washington State Local Government Investment Pool consists of investments in federal, state, and local government certificates and savings accounts in qualified public depositories.

*Custodial credit risk* - The risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of the deposits or investments that are in the possession of an outside party. All District deposits are entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple-financial institution collateral pool administered by the Washington Public Deposit Protection Commission, and all investments are insured, registered, or held by the District's agent in the District's name at qualified public depositories. The District's investment policy does not contain policy requirements that would limit the exposure to custodial risk for investments.

*Credit risk* - The risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is typically measured by the assignment of a rating by a nationally recognized statistical rating organization. The District does not have a policy specifically requiring or limiting investments of this type.

*Concentration of credit risk* - The inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification (investments acquired from a single issuer). The District does not have a policy limiting the amount it may invest in any one issuer or multiple issuers.

*Interest rate risk* - The possibility that an interest rate change could adversely affect an investment's fair value. The District does not have a policy specifically managing its exposure to fair value losses arising from changing interest rates.

#### Note 3: Patient Accounts Receivable

Patient accounts receivable consisted of the following at December 31:

	2024	2023
Patient accounts receivable	\$ 11,798,672	\$ 8,967,489
Less:		
Contractual allowance	(4,071,620)	(2,824,845)
Allowance for doubtful accounts	(455,473)	(303,131)
Patient accounts receivable - Net	\$ 7,271,579	\$ 5,839,513

# Lewis County Public Hospital District No.1

## DBA Arbor Health

### Notes to Financial Statements

#### Note 4: Net Patient Service Revenue

The following table sets forth the detail of patient service revenue - net of contractual adjustments, discounts, and provision for bad debt for the years ended December 31:

	2024	2023
Gross patient service revenue:		
Medicare	\$ 36,845,950	\$ 31,353,201
Medicaid	11,670,114	11,234,455
Commercial and other	17,774,630	13,689,899
Private pay	2,238,846	1,233,385
<b>Total gross patient service revenue</b>	<b>68,529,540</b>	<b>57,510,940</b>
Less:		
Contractual adjustments	26,316,901	19,903,282
Provision for bad debt	643,356	860,986
<b>Total deductions in revenue</b>	<b>26,960,257</b>	<b>20,764,268</b>
<b>Net patient service revenue</b>	<b>\$ 41,569,283</b>	<b>\$ 36,746,672</b>

The following table reflects the percentage of gross patient service revenue by payor source for the years ended December 31:

	2024	2023
Medicare	54 %	55 %
Medicaid	17	19
Commercial and other	26	24
Private pay	3	2
<b>Total</b>	<b>100 %</b>	<b>100 %</b>

# Lewis County Public Hospital District No.1

## DBA Arbor Health

### Notes to Financial Statements

#### Note 5: Capital Assets

Capital asset balances and activity were as follows at December 31, 2024:

	Balance January 1, 2024	Additions	Retirements	Transfers	Balance December 31, 2024
Nondepreciable capital assets:					
Land	\$ 952,748	\$ -	\$ -	\$ -	\$ 952,748
Depreciable capital assets:					
Land improvements	1,426,739	-	-	-	1,426,739
Buildings and improvements	21,067,490	241,661	-	-	21,309,151
Equipment	11,778,423	369,263	-	-	12,147,686
Total depreciable capital assets	34,272,652	610,924	-	-	34,883,576
Total capital assets	35,225,400	610,924	-	-	35,836,324
Accumulated depreciation:					
Capital assets	25,383,930	2,044,984	-	-	27,428,914
Right of use assets:					
Buildings	362,703	-	-	-	362,703
Equipment	1,069,333	744,012	-	-	1,813,345
Total ROU assets amortized	1,432,036	744,012	-	-	2,176,048
Accumulated amortization	585,409	419,719	-	-	165,690
Capital assets - Net	\$ 10,688,097	\$ (270,329)	\$ -	\$ -	\$ 10,417,768

# Lewis County Public Hospital District No.1

## DBA Arbor Health

### Notes to Financial Statements

#### Note 5: Capital Assets (Continued)

Capital asset balances and activity were as follows at December 31, 2023:

	Balance January 1, 2023	Additions	Retirements	Transfers	Balance December 31, 2023
Nondepreciable capital assets:					
Land	\$ 998,599	\$ -	\$ (45,851)	\$ -	\$ 952,748
Depreciable capital assets:					
Land improvements	1,426,739	-	-	-	1,426,739
Buildings and improvements	20,755,410	681,741	(369,661)	-	21,067,490
Equipment	11,783,112	-	(4,689)	-	11,778,423
Total depreciable capital assets	33,965,261	681,741	(374,350)	-	34,272,652
Total capital assets	34,963,860	681,741	(420,201)	-	35,225,400
Accumulated depreciation:					
Capital assets	24,491,064	1,211,511	(318,645)	-	25,383,930
Right of use assets:					
Buildings	-	362,703	-	-	362,703
Equipment	948,502	120,831	-	-	1,069,333
Total ROU assets amortized	948,502	483,534	-	-	1,432,036
Accumulated amortization	267,437	317,972	-	-	585,409
Capital assets - Net	\$ 11,153,861	\$ (364,208)	\$ (101,556)	\$ -	\$ 10,688,097

# Lewis County Public Hospital District No.1

## DBA Arbor Health

### Notes to Financial Statements

#### Note 6: Long-Term Debt

Long-term debt and other noncurrent liabilities consisted of the following at December 31, 2024:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Amounts due Within One Year
<b>Bonds payable:</b>					
2005 LTGO bonds	\$ 440,000	\$ -	\$ (215,000)	\$ 225,000	\$ 225,000
2010 LTGO A bonds	165,000	-	(95,000)	70,000	70,000
2010 LTGO B bonds	4,130,000	-	-	4,130,000	25,000
Discount on bonds	(1,983)	-	1,320	(663)	-
<b>Total bonds payable</b>	<b>4,733,017</b>	<b>-</b>	<b>(308,680)</b>	<b>4,424,337</b>	<b>320,000</b>
<b>Direct borrowing:</b>					
GE Government Finance, Inc note payable	1,085,558	-	(309,632)	775,926	289,672
<b>Total bonds payable and direct borrowing</b>	<b>\$ 5,818,575</b>	<b>\$ -</b>	<b>\$ (618,312)</b>	<b>\$ 5,200,263</b>	<b>\$ 609,672</b>

Long-term debt and other noncurrent liabilities consisted of the following at December 31, 2023:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Amounts due Within One Year
<b>Bonds payable:</b>					
2005 LTGO bonds	\$ 645,000	\$ -	\$ (205,000)	\$ 440,000	\$ 213,906
2010 LTGO A bonds	255,000	-	(90,000)	165,000	95,000
2010 LTGO B bonds	4,130,000	-	-	4,130,000	-
Discount on bonds	(3,302)	-	1,319	(1,983)	-
<b>Total bonds payable</b>	<b>5,026,698</b>	<b>-</b>	<b>(293,681)</b>	<b>4,733,017</b>	<b>308,906</b>
<b>Direct borrowing:</b>					
GE Government Finance, Inc note payable	1,388,701	-	(303,143)	1,085,558	283,611
<b>Total bonds payable and direct borrowing</b>	<b>\$ 6,415,399</b>	<b>\$ -</b>	<b>\$ (596,824)</b>	<b>\$ 5,818,575</b>	<b>\$ 592,517</b>

# **Lewis County Public Hospital District No.1**

## **DBA Arbor Health**

### **Notes to Financial Statements**

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#### **Note 6: Long-Term Debt** (Continued)

The terms of the District's long-term debt at December 31, 2024 and 2023, were as follows:

##### **Bonds payable**

- Limited tax general obligation (LTGO) bonds dated February 18, 2005, in the original amount of \$3,000,000; payable annually on December 1, with variable principal payments ranging from \$205,000 to \$225,000. Interest of 4.69 percent is payable semiannually through December 2025.
- LTGO series A bonds, dated October 28, 2010, in the original amount of \$1,090,000, payable annually on December 1, with variable principal payments ranging from \$70,000 to \$95,000. Interest of 4 percent is payable semiannually through December 2025. The District issued the bonds for an addition and remodel to the hospital.
- LTGO series B bonds (federally taxable Build America Bonds), dated October 28, 2010, in the original amount of \$4,130,000, payable annually on December 1, with variable principal payments starting in 2025, ranging from \$25,000 to \$495,000. Variable rate interest of 6.675 percent to 6.875 percent is payable semiannually through December 2035. The District issued the bonds for an addition and remodel to the hospital.

All LTGO bonds are general obligations of the District and are secured by an irrevocable pledge of the District that it will have sufficient funds available to pay the bond principal and interest due by levying, each year, a maintenance and operations tax upon the taxable property within the District.

##### **Direct borrowing**

- GE Government Finance, Inc., note payable dated May 29, 2020, in the original amount of \$2,000,000, for the upgrade to the emergency power system and the heating, ventilation, and air conditioning system in the operating room. The note is due in monthly installments of \$27,471, including interest at 2.12 percent, through June 2027.

# Lewis County Public Hospital District No.1

## DBA Arbor Health

### Notes to Financial Statements

#### Note 6: Long-Term Debt (Continued)

Maturities of long-term debt are as follows for the years ending December 31:

<i>Bonds payable</i>	<u>2005 LTGO bonds</u>			<u>2010 LTGO bonds</u>		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 225,000	\$ 10,503	\$ 235,503	\$ 95,000	\$ 283,116	\$ 378,116
2026	-	-	-	335,000	278,559	613,559
2027	-	-	-	350,000	256,198	606,198
2028	-	-	-	365,000	232,835	597,835
2029	-	-	-	380,000	208,471	588,471
2030 - 2034	-	-	-	2,180,000	632,044	2,812,044
2034 - 2035	-	-	-	495,000	34,031	529,031
<b>Total</b>	<b>\$ 225,000</b>	<b>\$ 10,503</b>	<b>\$ 235,503</b>	<b>\$ 4,200,000</b>	<b>\$ 1,925,254</b>	<b>\$ 6,125,254</b>

<i>Direct borrowing</i>	Principal	Interest	Total
2025	\$ 289,672	\$ 13,921	\$ 303,593
2026	322,478	7,172	329,650
2027	163,776	1,010	164,750
<b>Total</b>	<b>\$ 775,926</b>	<b>\$ 22,103</b>	<b>\$ 798,029</b>

#### Note 7: Leases

Changes in leases payable consisted of the following as of December 31:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Amounts due Within One Year
Building lease payable	\$ 335,627	\$ -	\$ (43,183)	\$ 292,444	\$ 46,176
Equipment leases payable	547,066	744,012	(370,042)	921,036	269,378
<b>Leases payable</b>	<b>\$ 882,693</b>	<b>\$ 744,012</b>	<b>\$ (413,225)</b>	<b>\$ 1,213,480</b>	<b>\$ 315,554</b>

# Lewis County Public Hospital District No.1

## DBA Arbor Health

### Notes to Financial Statements

#### Note 7: Leases (Continued)

Changes in leases payable consisted of the following as of December 31:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Amounts due Within One Year
Building lease payable	\$ -	\$ 362,703	\$ (27,076)	\$ 335,627	\$ 43,184
Equipment leases payable	700,299	120,831	(274,064)	547,066	265,904
Leases payable	\$ 700,299	\$ 483,534	\$ (301,140)	\$ 882,693	\$ 309,088

#### *District as Lessee*

The terms and expiration dates of the District's leases payable at December 31, 2024, follow:

Building lease - Payable is monthly installments from \$5,540 and interest at 7.37% with expiration dated from May 1, 2023 through April 1, 2030.

Equipment leases - Payable is monthly installments from \$200 to \$13,000 and interest at 6.00% with expiration dated from March 1, 2024 through July 25, 2028.

Future minimum lease payments for the years ending December 31 are:

	Principal	Interest	Total
2025	\$ 315,554	\$ 65,997	\$ 381,551
2026	242,812	48,118	290,930
2027	223,856	34,036	257,892
2028	217,229	19,093	236,322
2029	127,685	6,678	134,363
2030 - 2034	86,344	1,272	87,616
Total	\$ 1,213,480	\$ 175,194	\$ 1,388,674



# **Lewis County Public Hospital District No.1**

## **DBA Arbor Health**

### **Notes to Financial Statements**

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#### **Note 8: Defined Contribution Retirement Plan**

The District has a tax-sheltered annuity (TSA) plan that is available to substantially all employees. The plan has been established by the District under Section 403(b) of the Internal Revenue Code and is administered by Nationwide. The name of the plan is Lewis County Hospital District No. 1 doing business as Morton General Hospital 403(b) Plan (the Plan). The Plan is a defined contribution plan funded from both employee and employer contributions that are deposited in employee-controlled accounts. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the District. Employees may contribute to the TSA immediately upon employment. After employees have completed 12 months of service (1,000 hours in the preceding 12-month period), have attained age 18, and are in the eligible class, the District will make contributions to the employee's account. The District's contribution is on a matching basis at a rate to be determined annually by the District, and the District maintains sole discretion of how much, if any, it will make as an employer contribution. Employee and employer contributions are 100 percent vested at the time they are paid. Pension expenses for the years ended December 31, 2024 and 2023, were approximately \$737,000 and \$593,000, respectively. Employee contributions to the Plan for the years ended December 31, 2024 and 2023, were approximately \$1,268,000 and \$880,000, respectively.

The District owed approximately \$99,000 and \$57,000 to the Plan at December 31, 2024 and 2023, respectively.

#### **Note 9: Charity Care**

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended December 31, 2024 and 2023, were approximately \$911,000 and \$726,000, respectively. The District did not receive any gifts or grants to subsidize charity services during 2024 and 2023.

#### **Note 10: Property Taxes**

The Lewis County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property values assessed as of the prior January 1 and are intended to finance the District's activities of the same calendar year. Assessed values are established by the Lewis County Assessor at 100 percent of fair market values. A revaluation of all property is required every four years.

Taxes are due in two equal amounts by April 30 and October 31. The assessed property is subject to lien on the levy date and taxes are considered delinquent after October 31. Collections are distributed monthly to the District by the County Treasurer.

# Lewis County Public Hospital District No.1

## DBA Arbor Health

### Notes to Financial Statements

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#### Note 10: Property Taxes (Continued)

The District is permitted by law to levy up to \$0.75 per \$1,000 of assessed valuation for general District purposes. Washington State Constitution and Washington State Law, RCW 84.55.010, limit the rate. The District may also levy taxes at a lower rate. Further amounts of tax need to be authorized by the vote of the residents of Lewis County.

Taxes estimated to be collectible are recorded as revenue in the year of the levy. Taxes levied for operations are recorded as nonoperating revenue. Since state law allows for sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

The District's tax levies are comprised of the following:

2024				
		<u>Assessed Value</u>		Total Levy Amount
	Levy Rate*	Real and Personal	Timber	
Maintenance and operation	\$ 0.2753	\$2,670,158,422	\$ 926,013,027	\$ 990,026

2023				
		<u>Assessed Value</u>		Total Levy Amount
	Levy Rate*	Real and Personal	Timber	
Maintenance and operation	\$0.2917	\$2,409,576,552	\$ 1,170,248,641	\$ 1,044,235

\*Per \$1,000 of assessed value

# Lewis County Public Hospital District No.1

## DBA Arbor Health

### Notes to Financial Statements

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#### **Note 11: Risk Management**

*Risk management* - The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

*Medical malpractice claims* - The District has professional liability insurance coverage with Physicians Insurance. The policy provides protection on a "claims-made" basis whereby claims filed in the current year are covered by the current policy. If there are occurrences in the current year, these will only be covered in the year the claim is filed if claims-made coverage is obtained in that year or if the District purchases insurance to cover prior acts. The current professional liability insurance provides \$1,000,000 per claim of primary coverage with an annual aggregate limit of \$5,000,000. The policy has no deductible per claim.

The District also has excess professional liability insurance with Physicians Insurance on a "claims-made" basis. The excess malpractice insurance provides \$4,000,000 per claim of primary coverage with an aggregate limit of \$5,000,000. The policy has no deductible per claim.

No liability has been accrued for future coverage for acts, if any, occurring in this or prior years. Also, it is possible that claims exceed coverage available in any given year.

*Self-insurance risk pools* - The District has a self-insured unemployment plan for its employees. The District participates in the Public Hospital District Unemployment Trust, which is a risk transfer pool administered by the Washington State Hospital Association. Payments by the District charged to unemployment expense were approximately \$28,000 and \$33,000 in 2024 and 2023, respectively.

*Industry regulations* - The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

# Lewis County Public Hospital District No.1

## DBA Arbor Health

### Notes to Financial Statements

#### Note 12: Medical Self-Funded Health Plan

The District self-insures the first \$80,000 in claims of employee healthcare benefits per eligible participant. The District also purchases annual stop-loss insurance coverage for all claims in excess of \$80,000 per participant. Accrued compensation and related liabilities on the statements of net position include an accrual for claims that have been incurred but not reported. Claim liabilities are re-evaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors, and are included in accrued compensation and related liabilities in the accompanying statements of net position.

Changes in the District's incurred but not reported liability are as follows:

<i>December 31,</i>	2024	2023
Claim liability, beginning of year	\$ 199,660	\$ 151,723
Current year claims and changes in estimates	2,434,149	1,853,157
Claims payments	(2,395,658)	(1,805,220)
Claim liability, end of year	\$ 238,151	\$ 199,660

#### Note 13: Concentrations

Patient accounts receivable - The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The majority of these patients are geographically concentrated in and around Lewis County.

The mix of receivables from patients and third-party payors was as follows at December 31:

	2024	2023
Medicare	48 %	48 %
Medicaid	15	14
Commercial and others	33	31
Private pay	4	7
Total	100 %	100 %

*Physicians* - The District is dependent on local physicians practicing in its service area to provide admissions and utilize hospital services on an outpatient basis. A decrease in the number of physicians providing these services or change in their utilization patterns may have an adverse effect on hospital operations.

# **Lewis County Public Hospital District No.1**

## **DBA Arbor Health**

### **Notes to Financial Statements**

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#### **Note 13: Concentrations (Continued)**

*Collective bargaining units* - Effective July 1, 2024, the District renewed its contract with Carpenters' Industrial Council Local Union No. 2761. Approximately 43 percent of the District's employees are represented by the labor union under this collective bargaining agreement. The contract is effective through June 30, 2027.

Effective July 8, 2022, the District renewed its contracts with Washington State Nurses Association for registered nurses and licensed practical nurses. Approximately 11 percent of the District's employees are represented by the labor union under these collective bargaining agreements.

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Commissioners  
Lewis County Public Hospital District No.1 DBA Arbor Health  
Morton, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Lewis County Public Hospital District No.1 DBA Arbor Health (the "District"), which comprise the statement of net position as of December 31, 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated April 29, 2025.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wipfli LLP

Spokane, Washington  
April 29, 2025

## **COMMITTEE REPORTS**



**Arbor Health Foundation meeting  
5-13-2025- Hybrid**

**1. Call to order** by Katelin Forrest, VP, at 12:00pm.

**OUR MISSION:**

To raise funds and provide services that will support the viability and long-term goals of the Lewis County Hospital District No. 1. This includes, but is not limited to, taking a leadership role in maintaining and improving community connection and confidence in all aspects of the hospital's health care system.

- **EXCUSED ABSENCES:** Marc Fisher, Gwen Turner, Shannon Kelly, Paula Baker
- **PRESENT:** Rob Mach, Jessica Scogin, Bonnie Justice, Leene Langdon, Tom Herrin, Kip Henderson, Lynn Bishop, Jeanine Walker, Katelin Forrest, Will Sullivan

**2. Approval of April Treasurer's Report and Minutes-** Motion made by Tom H. and 2nd by Leene L. Motion passed unanimously

**3. Administrators Report-** Rob Mach shared:

- The hospital had hit a good milestone...63 days cash on hand. It takes \$109,00 per day to keep the hospital running.
- A new CFO, Sara Paul, has been contracted with the hospital.
- The medical claims audit has started
- The financial audit has been completed with all looking good
- MRI services are going to increase from 2 days per week to 3 days per week
- There is discussion about increasing cardiology service to another day per week.
- Transportation Tuesday official kick-off has been moved to September. **EDIT:** Rob contacted me to inform me that the official kick-off day is actually June 17th...he had stated the wrong date.

**4. Executive Directors Report:**

- Thrive after 55 fair June 28th –30+ various resources will be on hand at the Senior Center (or if that site does not work out we will use the hospital) to help seniors

navigate a variety of areas. There was discussion about suggesting an upstart hiking group for seniors. Possibly contact Lynn Schinnell about heading it up....?

- Estate planning idea (further our reach)

Grant writing—Jessica successfully completed a grant writing course and has been writing a couple grants...one being for \$150,000 to replace the fire safety system panel box.

**5. Old Business:** Jessica is waiting for Christie to return to discuss the increase of 50/50 ticket sales at the Jubilee Lawn mower races.

**6. New Business:** Employee Grant: Will Sullivan Courtyard landscape and tables...Will is requesting up to \$1000 from the foundation to help with beautification of the courtyard area. New picnic tables and benches and landscaping to make the area more inviting. A motion was made by Lynn B. and seconded by Tom H. The motion passed unanimously. Will will work with purchasing to get items ordered and begin the process.

**7. Next Meeting:** June 10th 6pm in the courtyard (hopefully newly beautified). Rob and Tom will man the grill with meat provided by the foundation and those in attendance will provide side dishes for a potluck meeting.

**Good of the order please share.**

**Meeting adjourned at 12:36**

**To:** Finance Committee  
**From:** Finance Department  
**Date:** May 12, 2025  
**Subject:** April Financial Statement Review

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## Volumes

The district's volume highlights show higher than expected results for the month in Skilled Nursing and Outpatient Registrations.

- Skilled Nursing volumes were ahead of budgeted expectations by 14 days or 14%.
- Outpatient volumes were ahead of budgeted expectations by 119 registrations or 8%.

## Income Statement

Results from Operations show net income of \$1,544,910 for the month and \$2,521,544 YTD. Operating Revenues were ahead of budget by \$190,136 for the month. Operating Expenses were ahead of budgeted expectations by \$385,954.

### Revenue highlights

#### Month-to-date

- Outpatient revenues were favorable to budget by \$477,832 or 24%.
- Non-operating revenues were ahead of budget by \$1,835,748.
  - We received payment on the ERC credit of \$1,820,781.

#### Year-to-date

- Outpatient revenues were favorable to budget by \$1,664,205 or 21%.
- Non-operating revenues were ahead of budget by \$1,846,149.
  - We received payment on the ERC credit of \$1,820,781.

### Expense highlights

#### Month-to-date

- Salaries and Wages expenses were more than budgeted expectations by 3% or \$69,670.
  - This is primarily due to Acute care being over budget by \$146,086
    - Acute care Agency staffing is over budget by \$103,160.



- Benefits expense was more than budgeted expectations by \$96,781 or 25%.
  - Group Health insurance expenses were more than expected by \$57,715.
- Professional fees were over budget by \$61,997 or %133.
  - This is due to Finance auditor fees of \$71,642 for the month.
- Supplies expense is over budget for the month by \$64,809 or 25%.
  - This is due to higher-than-expected chargeable supply expenses.
    - Mimedex skin graft purchase of \$101,000.
- Purchased Services expense is over budget by \$137,786 or 36%.
  - Higher than expected 340B and IT contracted services.

## Year-to-date

- Salaries and Wages expenses were more than budgeted expectations by \$135,101.
  - This is primarily due to Acute care being over budget by \$351,032.
    - Acute care Agency staffing is over budget by \$382,810.
- Benefits expense was more than budgeted expectations by \$181,777 or 11%.
  - Group Health insurance expenses were more than expected by \$92,144.
  - Expecting stop loss payments on large claims.
- Supplies expense category was over budget by \$208,749 or 20%.
  - This is primarily due to higher-than-expected chargeable supplies expenses.
- Purchased Services expense is over budget by \$163,842 or 11%.
  - Higher than expected 340B and IT contracted services.

## Balance Sheet

Highlights in the Balance sheet show cash increasing and Accounts Receivable decreasing.

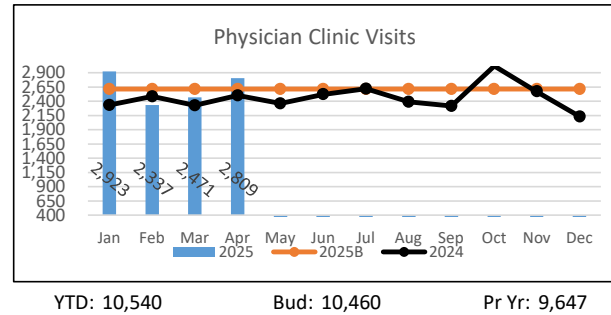
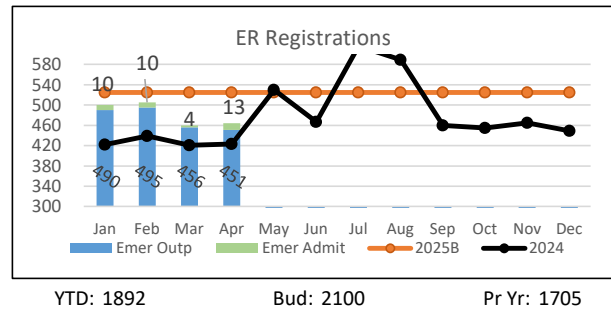
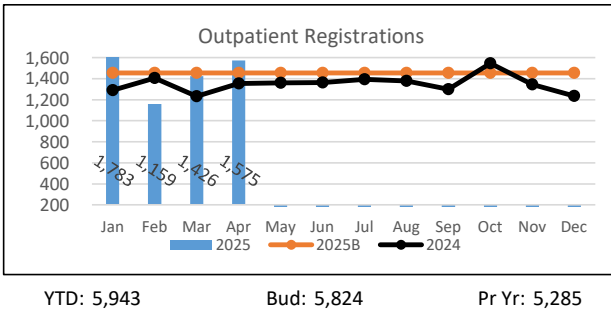
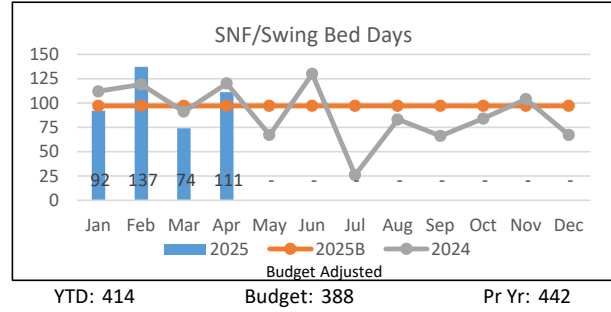
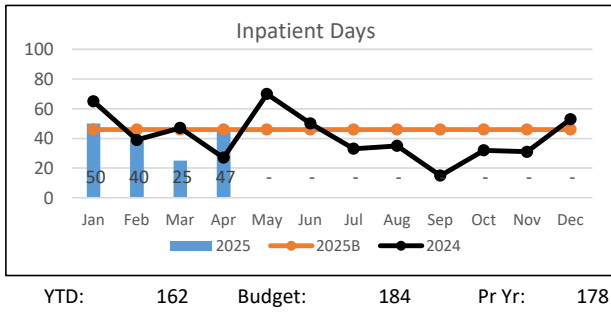
- Cash accounts increased \$3,478,944 to \$8,120,989.
  - Days in cash increased from 42 to 63 days.
- Accounts receivable decreased \$812,007.
  - AR days decreased from 54 to 51 days.
- Accounts payable increased \$1,445,624.
  - This is primarily due to having the payroll transfers in transit.



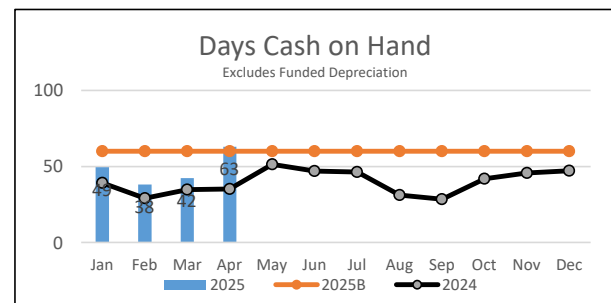
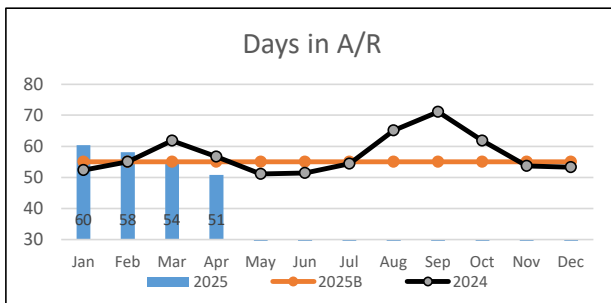
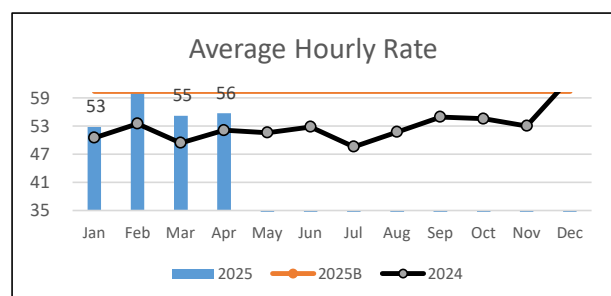
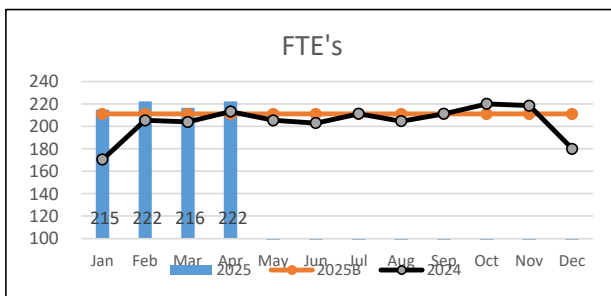
# Lewis County Hospital District No. 1 Board Financial Summary

April 30, 2025

## Growth



## People and Operational Aspects



## Lewis County Public Hospital District No. 1

## Balance Sheet

April, 2025

	<u>Current Month</u>	<u>Prior-Month</u>	<u>Prior-Year end</u>	<u>Incr/(Decr) From PrYr</u>
<b>Assets</b>				
<b>Current Assets:</b>				
Cash	\$ 8,120,989	4,642,045	6,170,126	1,950,863
Total Accounts Receivable	10,656,777	11,468,784	11,049,298	(392,521)
Reserve Allowances	<u>(4,043,950)</u>	<u>(4,299,681)</u>	<u>(4,527,094)</u>	<u>483,144</u>
Net Patient Accounts Receivable	6,612,827	7,169,103	6,522,204	90,622
Taxes Receivable	250,768	236,508	35,830	214,938
Estimated 3rd Party Settlements	706,786	0	0	706,786
Prepaid Expenses	485,962	537,968	470,964	14,998
Inventory	250,231	248,048	238,552	11,678
Funds in Trust	<u>1,936,466</u>	<u>1,928,995</u>	<u>1,913,639</u>	<u>22,827</u>
<b>Total Current Assets</b>	<u>18,364,029</u>	<u>14,762,667</u>	<u>15,351,316</u>	<u>3,012,712</u>
Property, Buildings and Equipment	35,947,693	35,884,343	35,837,739	109,954
Accumulated Depreciation	<u>(26,953,581)</u>	<u>(26,877,791)</u>	<u>(26,588,876)</u>	<u>(364,705)</u>
Net Property, Plant, & Equipment	8,994,112	9,006,552	9,248,863	(254,751)
Right-of-use assets	883,373	904,159	1,168,907	(285,533)
Other Assets	<u>2,440</u>	<u>2,496</u>	<u>2,661</u>	<u>(220)</u>
<b>Total Assets</b>	<u><u>\$ 28,243,954</u></u>	<u><u>24,675,874</u></u>	<u><u>25,771,747</u></u>	<u><u>2,472,207</u></u>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable	1,978,209	532,585	1,291,094	687,114
Accrued Payroll and Related Liabilities	1,075,047	946,977	1,563,109	(488,062)
Accrued Vacation	1,044,408	1,032,694	984,338	60,070
Third Party Cost Settlement	(108,209)	(579,586)	70,903	(179,112)
Interest Payable	97,873	73,405	0	97,873
Current Maturities - Debt	950,221	950,221	950,221	0
Other Payables	<u>2,372</u>	<u>4,632</u>	<u>4,842</u>	<u>(2,471)</u>
Current Liabilities	<u>5,039,921</u>	<u>2,960,928</u>	<u>4,864,509</u>	<u>175,413</u>
Total Notes Payable	355,517	381,756	460,195	(104,677)
Lease Liability	777,853	807,437	897,925	(120,072)
Net Bond Payable	<u>4,106,062</u>	<u>4,106,062</u>	<u>4,106,062</u>	<u>0</u>
Total Long Term Liabilities	<u>5,239,432</u>	<u>5,295,255</u>	<u>5,464,182</u>	<u>(224,750)</u>
<b>Total Liabilities</b>	<u>10,279,354</u>	<u>8,256,184</u>	<u>10,328,691</u>	<u>(49,337)</u>
General Fund Balance	15,443,056	15,443,056	15,443,056	0
Net Gain (Loss)	<u>2,521,544</u>	<u>976,634</u>	<u>0</u>	<u>2,521,544</u>
<b>Fund Balance</b>	<u>17,964,600</u>	<u>16,419,690</u>	<u>15,443,056</u>	<u>2,521,544</u>
<b>Total Liabilities And Fund Balance</b>	<u><u>\$ 28,243,954</u></u>	<u><u>24,675,874</u></u>	<u><u>25,771,747</u></u>	<u><u>2,472,207</u></u>

Lewis County Hospital District No. 1  
Income Statement  
April, 2025

Pr Yr MTD	% Var	MTD \$ Var	MTD Budget	MTD Actual		YTD Actual	YTD Budget	YTD \$ Var	YTD % Var	PY YR YTD
912,660	6%	49,152	891,070	940,222	Total Hospital IP Revenues	3,615,098	3,565,654	49,444	1.4	3,667,674
4,091,986	9%	377,554	4,335,745	4,713,299	Outpatient Revenues	19,095,822	17,294,821	1,801,001	10.4	15,063,808
640,250	-1%	(3,574)	670,337	666,763	Clinic Revenues	2,542,448	2,681,348	(138,900)	-5.2	2,381,412
5,644,896	7%	423,132	5,897,152	6,320,284	<b>Total Gross Patient Revenues</b>	25,253,369	23,541,823	1,711,546	7.3	21,112,894
(2,189,372)	-9%	213,297	(2,250,559)	(2,463,856)	Contractual Allowances	(9,259,266)	(9,031,451)	227,814	-2.5	(8,418,141)
(31,702)	55%	(33,317)	(60,601)	(93,918)	Bad Debt	(474,064)	(246,436)	(227,628)	92.4	(161,255)
(34,308)	9%	(6,070)	(65,599)	(71,669)	Charity Care	(341,462)	(266,525)	(74,937)	28.1	(259,386)
(2,255,383)	11%	(252,684)	(2,376,758)	(2,629,442)	<b>Total Deductions From Revenue</b>	(10,074,791)	(9,544,412)	(530,379)	5.6	(8,838,782)
<b>3,389,513</b>	<b>5%</b>	<b>170,448</b>	<b>3,520,394</b>	<b>3,690,842</b>	<b>Net Patient Revenues</b>	<b>15,178,578</b>	<b>13,997,410</b>	<b>1,181,167</b>	<b>8.4</b>	<b>12,274,111</b>
572,794	13%	19,688	154,489	174,177	Other Operating Revenue	557,569	617,956	(60,387)	-9.8	862,868
<b>3,962,307</b>	<b>5%</b>	<b>190,136</b>	<b>3,674,883</b>	<b>3,865,019</b>	<b>Total Operating Revenue</b>	<b>15,736,146</b>	<b>14,615,366</b>	<b>1,120,780</b>	<b>7.7</b>	<b>13,136,979</b>
2,496,595	-6%	(167,678)	2,633,420	2,801,098	Salaries And Benefits	10,901,455	10,584,577	(316,877)	-3.0	9,302,443
46,676	-133%	(61,997)	46,725	108,722	Professional Fees	214,686	176,322	(38,364)	-21.8	204,472
286,519	-25%	(64,809)	263,400	328,209	Supplies	1,277,256	1,068,507	(208,749)	-19.5	1,007,806
367,237	-36%	(137,786)	379,546	517,332	Total Purchased Services	1,675,676	1,511,833	(163,842)	-10.8	1,471,715
40,349	-3%	(1,416)	41,707	43,123	Utilities	182,281	171,638	(10,644)	-6.2	164,317
32,798	-4%	(1,542)	34,570	36,112	Insurance Expense	144,262	138,280	(5,982)	-4.3	131,137
121,394	25%	32,620	129,250	96,631	Depreciation and Amortization	447,604	517,002	69,398	13.4	484,986
30,357	21%	7,896	37,023	29,127	Interest Expense	117,918	153,067	35,148	23.0	122,523
43,324	17%	8,758	52,458	43,700	Other Expense	155,044	247,596	92,552	37.4	177,687
3,465,250	-11%	(385,954)	3,618,100	4,004,053	<b>Total Operating Expenses</b>	15,116,183	14,568,823	(547,360)	-3.8	13,067,086
497,057	-345%	(195,818)	56,783	(139,034)	<b>Income (Loss) From Operations</b>	619,964	46,543	573,420	1232.0	69,893
87,556	2058%	1,835,748	89,199	1,924,946	Total Non-Operating Revenue	2,202,943	356,794	1,846,149	517.4	334,006
6,894	-2808%	(231,428)	8,243	239,671	Total Non-Operating Expense	300,032	33,082	(266,950)	-806.9	35,106
80,662	-1980%	(1,602,989)	80,955	1,683,945	<b>Non-Operating Revenue/Expense</b>	1,901,581	323,712	(1,577,869)	-487.4	298,901
<b>577,720</b>	<b>1022%</b>	<b>1,407,172</b>	<b>137,738</b>	<b>1,544,910</b>	<b>Net Gain (Loss)</b>	<b>2,521,544</b>	<b>370,255</b>	<b>2,151,289</b>	<b>581.0</b>	<b>368,794</b>

Unaudited

# Arbor Health

2025 Forecast

	2025 Budget	April Actual YTD	May-Dec Budget	2025 Forecast
Inpatient Revenues	10,669,498	3,615,098	7,112,999	10,728,097
Outpatient Revenues	51,975,806	19,095,822	34,650,537	53,746,359
Clinic Revenues	8,044,060	2,542,448	5,362,707	7,905,155
Gross patient Revenue	70,689,364	25,253,368	47,126,243	72,379,611
Deductions from Revenues	29,114,658	10,074,791	19,409,772	29,484,563
	41%	40%	41%	41%
Net Patient Revenues	41,574,706	15,178,577	27,716,471	42,895,048
Other Operating Revenue	1,853,867	557,569	1,235,911	1,793,480
Total Operating Revenues	43,428,573	15,736,146	28,952,382	44,688,528
<b>Operating Expenses</b>				
Salaries & Wages	26,979,068	9,114,806	17,986,045	27,100,851
Benefits	4,835,195	1,786,649	3,223,463	5,010,112
Professional Fees	462,943	214,686	308,629	523,315
Supplies	3,171,647	1,277,256	2,114,431	3,391,687
Purchase Services	4,684,720	1,675,676	3,123,147	4,798,823
Utilities	475,698	182,281	317,132	499,413
Insurance	414,839	144,262	276,559	420,821
Other Expenses	784,750	155,044	523,167	678,211
Depreciation	1,561,146	447,604	1,040,764	1,488,368
Interest Cost	456,589	117,918	304,393	422,311
Operating Expenses	43,826,595	15,116,182	29,217,730	44,333,912
Operating Income	(398,022)	619,964	(265,348)	354,616
	-1%	4%	-1%	1%
<b>Non Operating Activity</b>				
Non-Operating Income	1,021,848	1,901,581	681,232	2,582,813
	623,826	2,521,545	415,884	2,937,429



**Arbor Health**  
**Cash Flow Statement**  
**For the Month Ending April 2025**

	<b>MTD</b>	<b>YTD</b>
<b>Cash Flows from Operating Activities</b>		
Net Income	1,544,910	2,521,544
Adjustments to reconcile net income to net cash provided by operating activities		
Decrease/(Increase) in Net Patient Accounts receivable	556,276	(90,744)
Decrease/(Increase) in Taxes receivable	(14,260)	(214,938)
Decrease/(Increase) in Est 3rd Party Receivable	(706,786)	(706,786)
Decrease/(Increase) in Prepaid expenses	52,006	(14,997)
Decrease/(Increase) in Inventories	(2,183)	(11,679)
Decrease in Other Current Assets	0	0
Increase/(Decrease) in Accrued payroll liabilities	139,784	(427,992)
Increase/(Decrease) in 3rd Party cost stlmt liabilities	471,377	(179,112)
Increase/(Decrease) in Accounts payable	1,443,364	684,643
Increase/(Decrease) in Interest payable	24,468	97,873
Depreciation expense	75,790	364,705
<b>Net Cash Flow from Operations</b>	<b>3,584,746</b>	<b>2,022,517</b>
<b>Cash Flows from Investing Activities</b>		
Cash paid for		
Purchases of Fixed assets	(63,350)	(109,954)
Right-of-use assets	20,842	285,755
<b>Net Cash Flow from (used) in Investing Activities</b>	<b>(42,508)</b>	<b>175,801</b>
<b>Cash Flows from Financing Activities</b>		
Cash paid for		
Additions to long-term debt	0	0
Principal payments of long-term liabilities	(26,239)	(104,677)
Lease liabilities	(29,584)	(120,072)
<b>Net Cash Flow from (used) in Financing Activities</b>	<b>(55,823)</b>	<b>(224,749)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>3,486,415</b>	<b>1,973,569</b>
Cash at Beginning of Period	\$ 6,571,040	\$ 8,083,886
Cash at End of Period	<b>\$ 10,057,455</b>	<b>\$ 10,057,455</b>

Arbor Health

Cash Forecast

Planned Cash Reserves

	Actual January	Actual February	Actual March	Actual April	Forecast May	Forecast June	Forecast July	Forecast August	Forecast September	Forecast October	Forecast November	Forecast December
Total Cash Balance	8,083,887	7,441,734	7,213,845	6,571,040	10,057,455	10,188,880	10,320,305	10,451,730	10,583,155	10,714,580	10,846,005	10,977,430
Operating Reserves	(1,913,639)	(1,921,614)	(1,928,995)	(1,936,466)	(1,913,639)	(1,913,639)	(1,913,639)	(1,913,639)	(1,913,639)	(1,913,639)	(1,913,639)	(1,913,639)
Commitments and Contingencies	-											

Cash, Net of Reserves	6,170,248	5,520,120	5,284,850	4,634,574	8,143,816	8,275,241	8,406,666	8,538,091	8,669,516	8,800,941	8,932,366	9,063,791
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Cash Receipts

Patient Receipts - Run Rate	4,133,246	3,738,827	3,691,245	3,826,598	3,464,559	3,464,559	3,464,559	3,464,559	3,464,559	3,464,559	3,464,559	3,464,559
Non Operating	71,050	85,154	98,173	1,924,946	85,154	85,154	85,154	85,154	85,154	85,154	85,154	85,154
Other Operating Receipts	121,001	154,489	160,574	174,177	154,489	154,489	154,489	154,489	154,489	154,489	154,489	154,489
Total Cash Receipts	4,325,297	3,978,470	3,949,992	5,925,721	3,704,202	3,704,202	3,704,202	3,704,202	3,704,202	3,704,202	3,704,202	3,704,202

Cash Disbursements

Payroll and Benefits	3,842,373	2,960,499	2,825,377	3,027,712	2,651,189	2,651,189	2,651,189	2,651,189	2,651,189	2,651,189	2,651,189	2,651,189
A/P -	1,067,126	1,391,754	1,728,805	(686,737)	830,382	830,382	830,382	830,382	830,382	830,382	830,382	830,382
Debt Coverage	57,867	55,434	55,627	55,823	38,050	38,050	38,050	38,050	38,050	38,050	38,050	38,050
Property, Plan, Equipment	84	(201,328)	(17,012)	42,508	53,156	53,156	53,156	53,156	53,156	53,156	53,156	53,156
Total Cash Disbursements	4,967,450	4,206,359	4,592,797	2,439,306	3,572,777	3,572,777	3,572,777	3,572,777	3,572,777	3,572,777	3,572,777	3,572,777

Net Change in Cash	(642,153)	(227,889)	(642,805)	3,486,415	131,425	131,425	131,425	131,425	131,425	131,425	131,425	131,425
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Ending Cash Balance	7,441,734	7,213,845	6,571,040	10,057,455	10,188,880	10,320,305	10,451,730	10,583,155	10,714,580	10,846,005	10,977,430	11,108,855
Ending Cash Net Of Reserves	5,528,095	5,292,231	4,642,045	8,120,989	8,275,241	8,406,666	8,538,091	8,669,516	8,800,941	8,932,366	9,063,791	9,195,216

## **CONSENT AGENDA**



**LEWIS COUNTY HOSPITAL DISTRICT NO. 1  
REGULAR BOARD OF COMMISSIONERS' MEETING**

**April 30, 2025, at 3:30 p.m.**

**Conference Room 1 & 2 and via TEAMS**

Meeting ID: 278 815 328 169

Passcode: 9uo7gX9H

Dial: +1.360.302.2717

Phone Conference ID: 705 103 053#

**Mission Statement**

**To foster trust and nurture a healthy community.**

**Vision Statement**

**To provide every patient the best care and every employee the best place to work.**

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
<b>Call to Order</b> <b>Roll Call</b> <b>Unexcused/Excused</b> <b>Absences</b> <b>Reading the Mission</b> <b>&amp; Vision Statements</b>	<p>Board Chair Herrin called the meeting to order at 3:30 p.m.</p> <p><b>Commissioners present:</b></p> <ul style="list-style-type: none"><li><input checked="" type="checkbox"/> Tom Herrin, Board Chair</li><li><input checked="" type="checkbox"/> Wes McMahan, Secretary</li><li><input checked="" type="checkbox"/> Craig Coppock</li><li><input checked="" type="checkbox"/> Van Anderson</li><li><input checked="" type="checkbox"/> Chris Schumaker</li></ul> <p><b>Others present:</b></p> <ul style="list-style-type: none"><li><input checked="" type="checkbox"/> Robert Mach, Superintendent</li><li><input checked="" type="checkbox"/> Misty Stephens, Executive Assistant</li><li><input checked="" type="checkbox"/> Barbara Van Duren, CNO/CQO</li><li><input checked="" type="checkbox"/> Colleen Littlejohn, ACNO</li><li><input checked="" type="checkbox"/> Shana Garcia, Contract &amp; Accreditation Manager</li><li><input checked="" type="checkbox"/> Shannon Kelly, CHRO</li><li><input checked="" type="checkbox"/> Julie Taylor, COSO</li><li><input checked="" type="checkbox"/> Janice Pendergast, Laboratory Manager</li><li><input type="checkbox"/> Dr. Kevin McCurry, CMO</li><li><input checked="" type="checkbox"/> Matthew Lindstrom, CFPO</li><li><input checked="" type="checkbox"/> Spencer Hargett, Compliance Officer</li></ul>			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<input checked="" type="checkbox"/> Barb Goble, Medical Staff Coordinator <input checked="" type="checkbox"/> Jill Elizaga, Medical Staff Support Specialist <input checked="" type="checkbox"/> Dr. Don Allison, Chief of Staff <input type="checkbox"/> Jessica Scogin, Foundation Manager <input checked="" type="checkbox"/> Clint Scogin, Controller <input checked="" type="checkbox"/> Robert Houser, Imaging Manager <input checked="" type="checkbox"/> Buddy Rose, Journalist <input type="checkbox"/> Diane Markham, Marketing & Communication Manager <input type="checkbox"/> Julie Johnson, QMRC Manager <input type="checkbox"/> Nicholas Tyler, Pharmacist <input type="checkbox"/> Laura Glass, Patient Care Services Director <input checked="" type="checkbox"/> Delores Jones, Community Member  Board Chair Herrin noted the chat function has been disabled and the meeting will not be recorded.			
<b>Approval or Amendment of Agenda</b>		Secretary McMahan made a motion to approve the agenda. Commissioner Anderson seconded, and the motion passed unanimously.		
<b>Conflicts of Interest</b>	Board Chair Herrin asked the attendees to state any conflicts of interest with today's agenda.	None.		
<b>Comments and Remarks</b>	Commissioners: Secretary McMahan noted recently a personal referral to OHSU and issues getting information back and forth. Secretary McMahan complimented Arbor Health (AH) staff unwavering support and putting in extra effort with customer and patient care.  Commissioner Anderson thanked Superintendent Mach and Commissioner Coppock for attending the Mossyrock Fire District Meeting on April 23, 2025. Reminded the audience that the			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<p>Packwood Mountain Festival Fun Run is May 3, 2025. Noted having seen a lot of positive feedback related to Dr. Hines. Commented that the Employee Appreciation Event was great and appreciated the new hire, Interim Patient Care Services Director Anthony Garcia for attending prior to starting the assignment.</p> <p>Audience: None.</p>			
<p>Executive Session</p> <ul style="list-style-type: none"> <li>RCW 70.41.200</li> </ul>	<p>Board Chair Herrin announced going into executive session at 3:38 p.m. for 5 minutes to discuss RCW 70.41.200-Medical Privileging. The Board returned to open session at 3:43 p.m. Board Chair Herrin noted no decisions were made in Executive Session.</p> <p>Initial Appointments:</p> <p>Telestroke/Neurology Consulting Privileges</p> <ol style="list-style-type: none"> <li>Harsh Patel, MD</li> </ol> <p>Emergency Medicine Privileges</p> <ol style="list-style-type: none"> <li>Timothy Curlett, MD</li> </ol> <p>Radiology Consulting Privileges</p> <ol style="list-style-type: none"> <li>Duard Enoch III, MD</li> <li>Austin Lawrence, DO</li> </ol> <p>Reappointments:</p> <p>Telestroke/Neurology Consulting Privileges</p> <ol style="list-style-type: none"> <li>Shelia Smith, MD</li> </ol> <p>Emergency Medicine Privileges</p> <ol style="list-style-type: none"> <li>Jakdej Nikomborirak, MD</li> </ol>	<p>Commissioner Anderson made a motion to approve the Medical Privileging as presented and Commissioner Schumaker seconded. The motion passed unanimously.</p>		
<p>Department Spotlight</p> <ul style="list-style-type: none"> <li>Laboratory</li> </ul>	<p>COSO Taylor and Laboratory Manager Pendergast gave a brief overview of departments within the Laboratory, noting the molecular department as most recently added. Year over Year trending 2021-2024 shows recovery over pandemic. Laboratory Tests showing a</p>			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<p>downward trend. Laboratory Net Revenue remains steady. Molecular tests are more expensive resulting in drop off in tests completed but not in net revenue. Staffing struggles have been a challenge. Staff are not here long enough to gain organizational knowledge. Partnership with Conexus has been successful. Technicians recruited through program are from Philippines, work three years, receive a green card and become permanent employees. This has made a huge difference and has stabilized the workforce.</p> <p>After a three-year search Lab Manager, Janice Pendergast was hired and is doing a great job. Weekly newsletter feedback is great, indicating that lab staff go above and beyond to take care of their patients. Future planning for laboratory reviewed. Challenges being space limitations followed by older instruments and aging equipment, chemistry analyzers to be replaced in January 2027 which is where the space issue lies. EHR in the laboratory is almost a separate module. Currently working to break down communication barriers between the laboratory and clinics. Opportunities for support from the Board include expansion of molecular testing as additional channels would allow for more tests to be done in house saving time.</p> <p>Secretary McMahan commented on staffing Filipino nurses, willing to put in time and efforts. Good job COSO Taylor and Laboratory Manager Pendergast.</p>			
<b>Board Committee Reports</b> <ul style="list-style-type: none"> <li>Hospital Foundation Report</li> </ul>	<p>Board Chair Herrin highlighted the Foundation <i>Thrive After 55</i> event has been scheduled for June 28<sup>th</sup> at Morton Senior Center. COSO Taylor stated that a representative from Community Health Needs Assessment (CHNA) would be</p>			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	available at the event to get feedback on community needs. Board Chair Herrin recommended doing this event in Packwood and Mossyrock if successful.			
<ul style="list-style-type: none"> <li>Finance Committee Report</li> </ul>	<p>Commissioner Anderson highlighted and summarized the financial statistics for the month of March.</p> <p>Superintendent Mach reported Employee Retention Credits (ERC) check amount \$1.8 million. After 15% to Sagemont Tax Services money received approximately \$1.4 million. IRS interest received. Superintendent Mach noted Controller Scogin is inquiring whether the District has to pay Sagemont Tax Services the 15% on the interest amount.</p>	Contacting Sagemont Tax Services regarding the 15% payable on the interest amount.	Controller Scogin	05.28.25 Regular Board Meeting
<b>Consent Agenda</b>	<p>Board Chair Herrin announced the consent agenda items for consideration of approval:</p> <ol style="list-style-type: none"> <li>Approval of Minutes <ol style="list-style-type: none"> <li>March 26, 2025, Regular Board Meeting</li> <li>April 14, 2025, Special Board Meeting</li> <li>April 23, 2025, Finance Committee Meeting</li> </ol> </li> <li>Warrants &amp; EFTs in the amount of \$5,925,589 dated March 2025</li> <li>Approve Documents Pending Board Ratification 04.30.25</li> </ol>	<p>Secretary McMahan made a motion to approve the Consent Agenda and Commissioner Coppock seconded. The motion passed unanimously.</p> <p>Minutes, Resolutions and Warrants will be sent for electronic signatures.</p>	Executive Assistant Stephens	05.05.25
<b>Old Business</b> <ul style="list-style-type: none"> <li>Board Community Engagements</li> </ul>	Commissioner Anderson noted attending the April 23, 2025, Mossyrock Fire District Meeting with Superintendent Mach and Commissioner Coppock. Concerns were noted related to diverts and the Latino population receiving medical care. Transports 50/50 between here and Providence. Commissioner Coppock shared it was a good			



AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<p>meeting and thankful Superintendent Mach was there to answer questions. Superintendent Mach noted attending whenever the schedule allow and plans to follow up on open items in a couple of months.</p> <p>Superintendent Mach shared that the Public-input invite card to collect data from the community is in draft status. It will not prompt an account to be created by the community member. Commissioner Herrin commented that this is a good idea.</p>	Follow up with Marketing Director Markham to get project going.	Executive Assistant Stephens and Contract & Accreditation Manager Garcia	05.28.25 Regular Board Meeting
<ul style="list-style-type: none"> <li>Board Policy &amp; Procedure Review</li> </ul>	<p>Compliance Officer Hargett had discussions with legal and MRSC to determine the Code of Ethics is not required by local governments, but many governmental agencies use such a policy at the board level.</p> <p>Board Chair Herrin shared that the Code of Ethics policy enforces holding board members to a higher standard making it a good clear reminder of what we are striving for and should be doing. Commissioner Anderson shares in Board Chair Herrin's feelings towards this and leading by example.</p> <p>The board further discussed and agrees there is room for improvement to the Code of Ethics policy. Possible edits to the policy include adding core values, mission, and vision statements, mirroring the policy statement on page one of the Code of Conduct policy signed by hospital employees, include an appendix and add hyperlinks to applicable RCWs.</p> <p>The Board requested the Compliance Committee reviews the proposed edits next week and bring back for approval next month.</p>	Review and provide a draft of the Code of Ethics policy with revisions.	Compliance Officer Hargett	05.07.25 Compliance Committee Meeting & 05.28.25 Regular Board Meeting

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
<ul style="list-style-type: none"> <li>Upcoming Commissioner Vacancies</li> </ul>	Board Chair Herrin shared the Board has two open vacancies, Commissioner #1-Morton & Position #5-At Large Position. The filing period is May 5 <sup>th</sup> -9 <sup>th</sup> . The Board will continue efforts to build interest among the community.			
<b>New Business</b> <ul style="list-style-type: none"> <li>Resolution 25-06-Adopting the Community Health Improvement Services (CHIS) Addendum</li> </ul>	Superintendent Mach and COSO Taylor presented the CHIS Addendum, which is an internal reporting document that ties to the CHNA and Implementation Plan.	Commissioner Anderson made a motion to approve Resolution 25-06 and Commissioner Schumaker seconded. The motion passed unanimously.  Submit CHIS Addendum to DOH.	COSO Taylor and Contract & Accreditation Manager Garcia	05.01.25
<b>Superintendent Report</b>	<p>Superintendent Mach highlighted the memo in the packet and added the following updates:</p> <ol style="list-style-type: none"> <li>1. Optum - QTR 1 contract incorrectly loaded and being addressed.</li> <li>2. Ketamine Infusions – First patient seen, positive feedback.</li> <li>3. Arbor Health (AH) now has the capability to keep patients with heparin drip.</li> <li>4. New sign is complete at Mossyrock Clinic.</li> <li>5. Collaborating with the new Randle Library on the reading path behind Randle Clinic. Plan to tell the AH story.</li> <li>6. HCA quarterly invoice not yet paid after discussions with WSHA and other CEOs regarding Medicaid. Mixed messages being received from State and Federal Agencies. Pending Federal approval.</li> </ol>			
<b>Meeting Summary &amp; Evaluation</b>	Superintendent Mach provided a meeting summary and said it was a good meeting.			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<p>Commissioner Schumaker noted the meeting was informative and good conversation on the Code of Ethics policy.</p> <p>Commissioner Anderson noted the meeting was a great lab presentation and commented on falling off course regarding times on agenda.</p> <p>Commissioner Coppock appreciated learning about the space planning needs in the lab which will be helpful going into strategic planning.</p> <p>Secretary McMahan noted the meeting was a good meeting and happy about the discussion on the Code of Ethics policy.</p> <p>Board Chair Herrin appreciated the board coming together and feeling comfortable to share even when it may be uncomfortable.</p> <p>Community Member Delores Jones was very impressed, interested in learning more about healthcare in the area. AH staff has a lot to be proud of.</p>			
<b>Adjournment</b>		Commissioner Anderson moved, and Commissioner Coppock seconded to adjourn the meeting at 5:19 p.m. The motion passed unanimously.		

Respectfully submitted,

Wes McMahan, Secretary

Date



**LEWIS COUNTY HOSPITAL DISTRICT NO. 1**  
**Compliance Committee Meeting**  
**May 7, 2025, at 12:00 p.m.**  
**Via Teams**

**Mission Statement**  
**To foster trust and nurture a healthy community.**

**Vision Statement**  
**To provide every patient the best care and every employee the best place to work.**

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
Call to Order Roll Call Unexcused/Excused Absences Reading the Mission & Vision Statements	Secretary McMahan called the meeting to order via Teams at 12:00 p.m.  Commissioner(s) Present in Person or via Zoom: <input checked="" type="checkbox"/> Wes McMahan, Secretary <input checked="" type="checkbox"/> Craig Coppock, Commissioner  Committee Member(s) Present in Person or via Zoom: <input checked="" type="checkbox"/> Robert Mach, Superintendent/CEO <input checked="" type="checkbox"/> Misty Stephens, Executive Assistant <input checked="" type="checkbox"/> Shana Garcia, Contract & Accreditation Manager <input checked="" type="checkbox"/> Spencer Hargett, Compliance Officer <input checked="" type="checkbox"/> Clint Scogin, Controller <input type="checkbox"/> Shannon Kelly, CHRO <input checked="" type="checkbox"/> Barbara Van Duren, CNO/CQO <input checked="" type="checkbox"/> Colleen Littlejohn, ACNO <input checked="" type="checkbox"/> Julie Johnson, Quality Management, Risk & Regulatory Compliance Mgr. <input type="checkbox"/> Matthew Lindstrom, CFMO <input checked="" type="checkbox"/> Jim Frey, IT Director <input checked="" type="checkbox"/> Julie Taylor, COSO	Excused- Shannon Kelly          Unexcused- Matthew Lindstrom & Janice Cramer		

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<input checked="" type="checkbox"/> Jessica Neidert, Business Office Manager <input type="checkbox"/> Janice Cramer, Patient Access Manager			
Approval or Amendment of Agenda	No amendments noted.	Commissioner Coppock made a motion to approve the agenda and COSO Taylor seconded. The motion passed unanimously.		
Conflicts of Interest	Secretary McMahan asked the Committee to state any conflicts of interest with today's agenda.	None noted.		
Committee Reports <ul style="list-style-type: none"> <li>Compliance Operational Workgroup Recap</li> </ul>	Compliance Officer Hargett highlighted March & April Compliance Workgroup minutes.			
Consent Agenda	Secretary McMahan announced the following in consent agenda up for approval: <ol style="list-style-type: none"> <li>Approval of Minutes               <ol style="list-style-type: none"> <li>Review of Compliance Minutes –February 5, 2025</li> <li>Review of Compliance Operational Workgroup Minutes –March 5, 2025</li> <li>Review of Compliance Operational Workgroup Minutes –April 2, 2025</li> </ol> </li> <li>Regulatory Audits Dashboard</li> </ol>	Commissioner Coppock made a motion to approve the consent agenda. IT Director Frey seconded. Motion passed unanimously.		
Old Business <ul style="list-style-type: none"> <li>Compliance Program Update</li> </ul>	Compliance Officer Hargett shared an update on the ongoing open items and recap of privacy events. The required Hospital Policies requirements are current, specifically the Charity Care Policy & Procedure.			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<p>Contract &amp; Accreditation Manager Garcia reported no new public record requests and reminded Commissioner Coppock to complete PRA training in this calendar year.</p> <p>Compliance Office Hargett discussed Revenue Cycle Integrity sharing that Corro Health meetings are taking place monthly, these are informational and provide a high-level summary. The meetings cover topics related to both revenue and compliance which links with compliance efforts. Commissioner Coppock commented on good work.</p> <p>Corro Health provides chargemaster and coding reviews. Chargemaster facility review, and charges updated in Jan 2025. An in-depth department review occurred here in Q2, as well as a coding review being completed to evaluate accuracy. Results should be available end of May.</p>	Complete public records training.	Commissioner Coppock	12.31.25
	<p>Compliance Officer Hargett noted that Provider Contract Review findings are being addressed through new template updates and anticipated this to be completed by August 6, 2025, Compliance Meeting.</p>	Provider Contract Review template updates.	Superintendent Mach & Contract and Accreditation Manager Garcia	08.06.25
	<p>Compliance Officer Hargett reviewed Department of Health (DOH) items due or past deadline. COSO Taylor provided shared the Community Health Improvement Services Addendum was approved by the Board and submitted to DOH. Superintendent Mach has signed off on the 2024 audited financials, so Controller Scogin can submit, as well as the compensation of hospital employees to DOH.</p>	Submit or verify that 2024 Financial Reports and Compensation of Hospital Employees were sent to DOH.	Controller Scogin	05.16.25
	<p>Controller Scogin noted recently discovered a self-insured audit</p>	Schedule self-insured audit.	Superintendent Mach &	Q3 &/or Q4

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
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	needs to be scheduled. Superintendent Mach has state contacts for a company to provide the audit.		Controller Scogin	
<ul style="list-style-type: none"> <li>New/Updated Laws Dashboard</li> </ul>	<p>Compliance Officer Hargett shared new laws and a few that have not passed yet.</p> <p>RHC Claims change allows CPT Category II Codes to be submitted on RHC Claims beginning April 7, 2025. IT Director Frey researched finding that this is not included as part of the invoice to do roll up script. Cerner contract reviewed.</p> <p>Nondiscrimination in Health Programs to be provided annually beginning May 1, 2025.</p> <p>Compliance Officer Hargett stated Human Resources is working to implement into Relias staff training.</p> <p>Business Office Manager Niedert reported being on track for the Medicare Vaccine Reimbursement Changes.</p> <p>CNO van Duren questioned requirements for CMS OPPS CY25 Emergency Services' required documentation. Compliance Officer Hargett verified needing to see policies, protocols and that staff were trained.</p> <p>Compliance Officer Hargett noted the upcoming Retention of Medical Records law effective July 27, 2025, is 26 years from the date the record was created. Cerner is compliant. IT Director Frey commented on historical records currently archived how to move forward regarding those records.</p> <p>Compliance Officer Hargett noted the Payer Claims Database which provides a lot of information and would be available to access July 27, 2025 after entering into a data use agreement.</p> <p>Secretary McMahan inquired as to Medical Debt being unreportable to credit bureau and understanding that if reported would be considered null and void.</p>			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	Commissioner Coppock inquired as to if there are ways to collect besides reporting to credit bureau. Superintendent Mach stated potentially take other legal action to obtain funds but cannot report to credit bureau.			
<ul style="list-style-type: none"> <li>Board Code of Ethics</li> </ul>	<p>Compliance Officer Hargett presented the edited Board Code of Ethics policy as discussed at Regular Board Meeting on April 30, 2025. Secretary McMahan has reviewed the document and shared that although it is somewhat redundant and does not flow perfectly, it is acceptable. Commissioner Coppock agreed.</p> <p>The Compliance Committee supports the policy and will recommend approval at the Board level in Old Business.</p>	Present the Board Code of Ethics Policy to the Board for approval.	Superintendent Mach & Compliance Officer Hargett	05.28.25 Regular Board Meeting
<p>New Business</p> <ul style="list-style-type: none"> <li>RA #1 E3 SRA Findings</li> </ul>	IT Director Frey reports E3 is a vendor to perform Security Risk Analysis (SRS). Findings since the last assessment show movement with positive business impact. Meetings are being conducted, paperwork completed and verifying that processes are in place.			
<ul style="list-style-type: none"> <li>RA #2 Contract Evaluations</li> </ul>	Contract & Accreditation Manager Garcia reported making progress with contract evaluations with 55% April 1 <sup>st</sup> to 65% completion April 30 <sup>th</sup> . Moving into the new role has significantly helped move the needle and partner with managers to complete their due diligence. This is a work in progress, verification is being done to ensure the correct placement of contracts and in good shape for the upcoming DNV survey.			
Meeting Summary & Evaluation	<p>Compliance Officer Hargett provided a summary report.</p> <p>Commissioner Coppock thanked Compliance Officer Hargett for the format of the meeting, it was detailed and high level and</p>			



AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<p>appreciated information links. The meeting went great.</p> <p>Secretary McMahan stated there are a lot of things going on and proud that Arbor Health has a good team in place. Being rated in the top 150 hospitals in the US to work for shows the District is leading with our mission and vision statements. Secretary McMahan expressed gratitude to the team.</p>			
Adjournment	Secretary McMahan adjourned the meeting at 12:52 p.m.			



**LEWIS COUNTY HOSPITAL DISTRICT NO. 1**  
**Finance Committee Meeting**  
**May 21, 2025, at 12:00 p.m.**  
**Via Teams**

**Mission Statement**  
**To foster trust and nurture a healthy community.**

**Vision Statement**  
**To provide every patient the best care and every employee the best place to work.**

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
Call to Order Reading the Mission & Vision Statements Roll Call Excused/ Unexcused Absences	Commissioner Anderson called the meeting to order via Teams at 12:00 p.m.  Commissioner(s) Present in Person or via Teams: <input checked="" type="checkbox"/> Van Anderson, Commissioner <input checked="" type="checkbox"/> Wes McMahan, Secretary  Committee Member(s) Present in Person or via Zoom: <input checked="" type="checkbox"/> Misty Stephens, Executive Assistant <input type="checkbox"/> Shana Garcia, Contract & Accreditation Manager <input checked="" type="checkbox"/> Robert Mach, Superintendent <input checked="" type="checkbox"/> Marc Fisher, Community Member <input checked="" type="checkbox"/> Clint Scogin, Controller <input checked="" type="checkbox"/> Barbara van Duren, CNO/CQO <input checked="" type="checkbox"/> Colleen Littlejohn, ACNO <input checked="" type="checkbox"/> Sarah Paul, Interim CFO <input checked="" type="checkbox"/> Jessica Niedert, Business Office Manager <input type="checkbox"/> Janice Cramer, Patient Access Manager <input checked="" type="checkbox"/> Julie Taylor COSO <input type="checkbox"/> Will Sullivan, Facility Engineering Manager	Excused: Janice Cramer (PTO), Shana Garcia (PTO), & Will Sullivan  Unexcused:		

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<input checked="" type="checkbox"/> Robert Houser, Imaging Manager			
Approval or Amendment of Agenda		Secretary McMahan made a motion to approve the agenda and Superintendent Mach seconded. The motion passed unanimously.		
Conflicts of Interest	Commissioner Anderson asked the Committee to state any conflicts of interest with today's agenda.	None noted.		
Consent Agenda	<p>Commissioner Anderson announced the following in consent agenda up for approval:</p> <ol style="list-style-type: none"> <li>1. Review of Finance Minutes –April 23, 2025</li> <li>2. Board Oversight Activities</li> <li>3. Review Warrants &amp; EFT's in the amount of \$3,053,323 dated April 2025.</li> </ol> <p>The Finance Committee supports the Warrants and EFT's and will recommend approval at the Board level in Consent Agenda.</p>	<p>Secretary McMahan made a motion to approve the consent agenda and Superintendent Mach seconded. The motion passed unanimously.</p> <p>The Finance Committee supported requesting the Board's approval of the Warrants &amp; EFT's at the Regular Board Meeting in Consent Agenda.</p>	Executive Assistant Stephens	05.28.25 Regular Board Meeting
Old Business <ul style="list-style-type: none"> <li>• CFO Financial Review</li> </ul>	<p>Controller Scogin stated it was an exceptional month highlighting net income \$1,544,910 for month, \$2,521,544 YTD. Operating Revenue &amp; Expenses ahead of budgeted expectations. Some expenses over budget but on track YTD. Balance Sheet shows Cash on Hand is up from 42 to 63 days mainly due to the ERC monies received. Accounts Receivable is decreased from 54 to 51 days. Accounts Payable increase primarily due to payroll transfers in transit. Overall good month operationally.</p> <p>Superintendent Mach commented salaries and wages are more than budgeted but credits CNO/CQO van</p>			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<p>Duren and ACNO Littlejohn with hiring nurses. Reducing travelers and bringing in our own staff should bring this more in line. CNO/CQO van Duren noted ten nurses hired in the past month.</p> <p>Interim CFO Paul commented that Arbor Health has some of the healthiest days in AR and to be proud of it.</p> <p>Community Member Fisher was thankful for long-term debt schedule provided. Controller Scogin noted changes related to bonds in long term payouts and picked up some capital leases. Some paid off and paying more on some so it offsets.</p> <p>Community Member Fisher referenced 340B expenses over budget. Controller Scogin noted these are processing expenses for outside help.</p> <p>Commissioner Anderson referenced warrants being lower in April. Superintendent Mach clarified the three payrolls in March is why warrants are lower in April.</p> <p>Superintendent Mach stated nothing more known at this time regarding Legislative updates. Hopes for Medicaid approval shortly. Expectation is that it will get approved but nothing final from Feds. Medicaid invoice has not yet been paid.</p> <p>Interim CFO Paul noted hearing the state is allowed to start withholding past due invoices from remit payments, interested to see what will come of it.</p>			
<ul style="list-style-type: none"> <li>Washington Distressed</li> </ul>	<p>Superintendent Mach reported having applied for the WA Distressed Hospital Grant for an estimated \$750k. Approval is</p>			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
Hospital Grant	<p>currently pending with hopes of approval by end of May/early June.</p> <p>Interim CFO Paul added many factors determine approval and it is fair to assume less will be received this year than in years prior due to the overall status of Arbor Health vs other hospitals.</p>			
<ul style="list-style-type: none"> <li>WIPFLI Financial Audit</li> </ul>	<p>Superintendent Mach noted WipFli completed the 2024 final audit and cost report to be presented at the May 28<sup>th</sup> Regular Board Meeting.</p> <p>Interim CFO Paul provided a brief review. Clean audit, no findings. Noting third-party liability to Medicaid assumed as paid and since it was not paid the audit was restated and restated financials provided to the District.</p> <p>Commissioner Anderson referenced a difference in numbers related to assets on internal statements vs audit statements. Interim CFO Paul provided a detailed explanation. There are specific requirements for recording the data on audits versus how the numbers are shown internally.</p>			
<p>New Business</p> <ul style="list-style-type: none"> <li>Arbor Health Retirement Fund Update</li> </ul>	<p>Superintendent Mach shared Q1 2025. The funds are performing well, reaching the next tier level which will be saving employees on expenses.</p>			
<ul style="list-style-type: none"> <li>Capital Review – Front Parking Lot</li> </ul>	<p>Superintendent Mach stated the sink hole is forming in the front parking lot near administration. Facility Engineering Manager Sullivan completed research finding a contractor available to start the project May 27, 2025, as this is emergent and there is a need to prevent worsening it is requested that the item be approved ahead of the scheduled regular board meeting on May 28, 2025. Partial cost is in</p>	<p>Commissioner Anderson made a motion to approve the capital purchase of the Front Parking Lot and Superintendent Mach seconded. The motion passed unanimously.</p> <p>The Finance Committee supported requesting the Board's approval of a</p>	Executive Assistant Stephens	05.28.25 Regular Board Meeting

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<p>the capital budget but will exceed that amount.</p> <p>The Finance Committee supports the resolution for the Front Parking Lot and will formally recommend approval at the Board level in New Business.</p>	resolution for the Front Parking Lot at the Regular Board Meeting.		
<ul style="list-style-type: none"> <li>Capital Review – CT Bone Density</li> </ul>	<p>Superintendent Mach stated this is an item that Physicians and Advanced Practitioners have been requesting. The software will be added to the current CT machine. Partial cost is in the capital budget but will exceed that amount. Grant was applied for, not approved. Providing this service will generate some revenue. Imaging Manager Houser added it would be more costly to add a Bone Density Scanner, however, with limited space this is a good solution allowing Arbor Health to provide this service to patients. Noted other hospitals in the collaborative have had success with this software.</p> <p>No approval required, within Superintendent Mach’s spending authority. No additional approval required, approved in the 2025 capital plan.</p>			
<ul style="list-style-type: none"> <li>Surplus or Dispose of Personal Property</li> </ul>	<p>Superintendent Mach presented the list of assets for surplus.</p> <p>The Finance Committee supports the resolution and will recommend approval at the Board level in Consent Agenda.</p>	The Finance Committee supported requesting the Board’s approval of a resolution of the Surplus at the Regular Board Meeting.	Executive Assistant Stephens	05.28.25 Regular Board Meeting
<p>Appendix</p> <ul style="list-style-type: none"> <li>Medicaid program cuts could have ‘devastating’ impacts.</li> <li>Income Statement by Line-</li> </ul>	<p>Commissioner Anderson stated an interesting article.</p> <p>Superintendent Mach stated we are in a better position than most hospitals.</p> <p>Interim CFO Paul noted hard times everywhere.</p>			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
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Item Reports				
Meeting Summary & Evaluation	<p>Commissioner Anderson summarized the meeting in detail and thanked Interim CFO Paul for participating in the audit review.</p> <p>Secretary McMahan commented great meeting, welcomed Interim CFO Paul, kudos to everyone for strong work on hospital accomplishments, good job everyone.</p> <p>Commissioner Anderson looks forward to working with Interim CFO Paul and convinced Arbor Health is one of the best organizations serving Lewis County.</p> <p>Billing Office Manager Niedert commented great meeting and a lot of good information.</p> <p>Interim CFO Paul commented great meeting and wonderful to meet everyone.</p> <p>Community Member Fisher continues to appreciate being a part of the meeting.</p> <p>Superintendent Mach commented on a great meeting, thanks for approval on the capital item, good job everyone, happy to have Interim CFO Paul, great job Business Office Manager Niedert on AR days.</p> <p>CNO/CQO van Duren noted great to meet Interim CFO Paul, always enjoys the finance meetings and knowing the District is financially doing well.</p> <p>Controller Scogin commented great meeting, it's wonderful when the financial results are in good shape.</p>			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
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	Imaging Manager Hauser commented a good meeting.			
Adjournment	Commissioner Anderson adjourned the meeting at 12:47 pm.			



WARRANT & EFT LISTING NO. 2025-04

RECORD OF CLAIMS ALLOWED BY THE  
BOARD OF LEWIS COUNTY  
COMMISSIONERS

The following vouchers have been audited,  
charged to the proper account, and are within the  
budget appropriation.

CERTIFICATION

I, the undersigned, do hereby certify, under  
penalty of perjury, that the materials have been  
furnished, as described herein, and that the claim  
is a just, due and unpaid obligation against  
LEWIS COUNTY HOSPITAL DISTRICT NO. 1  
and that I am authorized to authenticate and  
certify said claim.

Signed:

\_\_\_\_\_  
Robert Mach, Superintendent/CEO

We, the undersigned Lewis County Hospital  
District No. 1 Commissioners, do hereby certify  
that the merchandise or services hereinafter  
specified has been received and that total  
Warrants and EFT's are approved for payment  
in the amount of

\$3,053,323 this 28<sup>th</sup> day  
of May 2025

\_\_\_\_\_  
Board Chair, Tom Herrin

\_\_\_\_\_  
Secretary, Wes McMahan

\_\_\_\_\_  
Commissioner, Craig Coppock

\_\_\_\_\_  
Commissioner, Van Anderson

\_\_\_\_\_  
Commissioner, Chris Schumaker

SEE WARRANT & EFT REGISTER in the amount of \$3,053,323 dated April 1, 2025 – April 30, 2025.

# ARBOR HEALTH WARRANT REGISTER SUMMARY

## April 30, 2025

### *Routine A/P Check Runs*

Warrant Number	Date	Amount	Description
Summary	4/1/2025-4/30/2025	814,824	System Checks
Summary	4/1/2025-4/30/2025	1,765,849	EFT payments
<b>Total - Umpqua Bank</b>		<b>\$ 2,580,672</b>	

Warrant Number	Date	Amount	Description
1249	04/11/25	224,833	IRS
1250	04/25/25	233,820	IRS
4872-4877	04/30/25	13,997	BBP Admin
<b>Total - Security State Bank</b>		<b>\$ 472,651</b>	

<b>Total Checks/Warrants</b>	<b>\$3,053,323</b>
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### *Error Corrections - in Check Register - Voids*

Warrant No.	Date Voided	Amount	Description
138317	04/04/2025	42.00	Lewis Cnty Solid Waste
<b>Total - Voided Checks</b>		<b>\$ 42</b>	

Documents Awaiting Board Ratification 05.28.25		
	LCHD No. 1's Policies, Procedures & Plans:	Departments:
1	Code of Ethics	Governing Body
<p>In order to access the above documents you will need to log into Lucidoc. Once you have logged into Lucidoc, on the top toolbar click "My Meetings" and select the upcoming Board meeting date that's highlighted in green to see the agenda with documents needing to be approved. You are able to view the documents once in the agenda. If the date is highlighted in yellow that means the agenda has not been released yet.</p>		



**LEWIS COUNTY HOSPITAL DISTRICT NO. 1**  
**MORTON, WASHINGTON**

RESOLUTION DECLARING TO  
SURPLUS OR DISPOSE OF PERSONAL  
PROPERTY

RESOLUTION NO. 25-07

WHEREAS, the Lewis County Hospital District No. 1 owns and operates Arbor Health, a 25-bed Critical Access Hospital located in Morton, Washington, and;

WHEREAS, the Lewis County Hospital District No. 1 feel that this is worthy,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Lewis County Hospital District No. 1 as follows:

**That the equipment and supplies listed on Exhibit A, attached hereto and by this reference incorporated herein, are hereby determined to be no longer required for hospital purposes.**

**The Superintendent is hereby authorized to surplus, dispose and/or trade in of said property upon such terms and conditions as are in the best interest of the District.**

ADOPTED and APPROVED by the Commissioners of Lewis County Hospital District No. 1 in an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 28<sup>th</sup> day of May 2025, the following commissioners being present and voting in favor of this resolution.

\_\_\_\_\_  
Tom Herrin, Board Chair

\_\_\_\_\_  
Wes McMahan, Secretary

\_\_\_\_\_  
Van Anderson, Commissioner

\_\_\_\_\_  
Craig Coppock, Commissioner

\_\_\_\_\_  
Chris Schumaker, Commissioner

To: Finance Committee & Board  
From: Tina Clevenger, Materials Management Supervisor  
Date: May 7, 2025  
Subject: Surplus or Dispose of Personal Property

Surplus or Dispose of Personal Property (RCW 43.19.1919)

EXHIBIT A

DATE	DESCRIPTION	DEPARTMENT	PROPERTY #	DISPOSITION	REASON
05/2025	LEEP SYSTEM 1000	SURGERY CLINIC	5569	DISPOSAL	SURPLUS
	VIBRALUNG CONTROL UNIT	RT	6365	DISPOSAL	SURPLUS
	VIBRALUNG CONTROL UNIT	RT	6364	DISPOSAL	SURPLUS
	CO2 MAINFOLD	MAIN	1798	DISPOSAL	SURPLUS
	HEART START ALS MONITOR	NURSING	1767	DISPOSAL	SURPLUS
	CR SCANNER	XRAY	1832	DISPOSAL	SURPLUS
	TELERADIOLOGY SYSTEM	XRAY	1751	DISPOSAL	SURPLUS
	MEDIA SONIC II	WOUND CARE	5420	DISPOSAL	SURPLUS

**OLD BUSINESS**

## **NEW BUSINESS**



**LEWIS COUNTY HOSPITAL DISTRICT NO. 1**  
**MORTON, WASHINGTON**

RESOLUTION APPROVING  
THE CAPITAL PURCHASE OF HOSPITAL  
FRONT PARKING LOT

RESOLUTION NO. 25-08

WHEREAS, the Lewis County Hospital District No. 1 owns and operates Arbor Health, a 25-bed Critical Access Hospital located in Morton, Washington, and;

WHEREAS, the Lewis County Hospital District No. 1 feel that this is worthy,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Lewis County Hospital District No. 1 as follows:

**Approving the purchase of the Hospital Front Parking Lot through operating cash.**

**The purchase price is \$76,538.00 with a 10% contingency.**

ADOPTED and APPROVED by the Commissioners of Lewis County Hospital District No. 1 in an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 28<sup>th</sup> day of May 2025, the following commissioners being present and voting in favor of this resolution.

\_\_\_\_\_  
Tom Herrin, Board Chair

\_\_\_\_\_  
Wes McMahan, Secretary

\_\_\_\_\_  
Van Anderson, Commissioner

\_\_\_\_\_  
Craig Coppock, Commissioner

\_\_\_\_\_  
Chris Schumaker, Commissioner





## CAPITAL EQUIPMENT REQUEST FORM

## SECTION 1 - DEPARTMENT INFORMATION / ITEM REQUESTED

Department Name: Facility Engineering 4 Digit Dept. Code: 8432Manager Name: William Sullivan Phone #: 360-496-3649General Description of Item: Sink hole in the front parking lot of the hospital.Reason for Purchase (Choose all that apply):  
☐ New ☐ Replacement ☐ End of Life ☐ Quality of Care ☐ Patient Satisfaction ☐ Increase Volume  
☒ Other Sink hole is causing damage to the building infrastructure.Expected Life of New Equipment: 20 Years ☐ NAExpected Life of Refurbished Equipment:        Years ☐ NA

Reason for request, effect on department's operations, effect on other departments, and impact of purchase on revenues or volumes:

There is a sinkhole at the northwest corner of the hospital. The sinkhole is progressively getting worse. The parking lot needs to be dug up and filled to prevent any structural damage to the hospital's infrastructure.

Do we have any similar equipment in the District? If yes, which department?

☐ Yes ☒ No

Can this equipment be utilized by other departments?

☐ Yes ☒ No

Was this equipment on this year's capital plan?

☐ Yes ☒ No - Detail belowA sink hole has developed in the parking lot and needs to be repaired before any damage to the building occurs.

Do we need to surplus this equipment? If yes, complete surplus form and submit to Materials Mgmt.

☐ Yes ☒ No - Detail belowNA

Were (3) Competitive Quotes Obtained (\$10,000 or greater, it's required)? (Involve Material Management in this process.) Explain your purchase decision in selecting the vendor. (Please attach bids.)

☐ Yes ☒ No - Detail belowThis is an emergency repair and we have used this vendor in the past for similar projects. The vendor completes safe, quality work.

Is there a warranty?

☐ Yes ☒ No - Detail belowThere is no warranty if the sink hole reappears after the repair.

Do we need a service agreement?

☐ Yes ☒ No - Detail below

(If yes, remember this is an operational cost and consult CFO &amp; Contract Manager.)

Name/Contact Of Vendor Boston Harbor Service/Ryan NeimeEstimated Price \$ \$76,538.00Source Of Estimated Price Quote (attach) Other (Explain)       

## SECTION 2 - DEPARTMENT AND TECHNOLOGY IMPACT

Does this purchase plug into the network, have a wireless connection, have a screen and/or interface with our computer system? ☐ If Yes - Detail below (IT Must Be Notified) ☒ No ☐ Unsure

Facilities Engineering Involvement

☒ Yes - Detail below☐ No☐ Unsure

Biomed Involvement

☐ Yes - Detail below☒ No☐ Unsure

Informatics Involvement

☐ Yes - Detail below☒ No☐ Unsure

Infection Control Involvement

☒ Yes - Detail below☐ No☐ Unsure

IT Involvement

☐ Yes - Detail below☒ No☐ Unsure

Material Management Involvement

☒ Yes - Detail below☐ No☐ Unsure

Explain and/or quantify any known involvement or expenses in these areas.

### SECTION 3 - CAPITAL EQUIPMENT ASSESSMENT SUMMARY

Assessment Team Members:

Tina Clevenger & Julie Taylor

Date of Meeting:

<b>PROS</b>	
<b>CONS</b>	
<b>CONSIDERATIONS</b>	Materials Management will cut the PO for payment, Infection Prevention will mitigate dust/dirt entering the hospital, Facilities will c
<b>RECOMMENDATIONS</b>	
<b>WARRANTY INFORMATION</b>	
<b>ADDITIONAL ACQUISITION/ PREP COST \$</b>	
<b>ADDITIONAL PREP/ TRAINING HOURS</b>	
<b>COMMENTS</b>	

Base Equipment Price	\$ 71,000.00
Shipping, Delivery and Installation	\$ -
Sales Tax	\$ 5,538.00
<b>TOTAL NON- RECURRING EXPENSE</b>	<b>\$ 76,538.00</b>
Service, Support And Maintenance Costs	\$ -
<b>TOTAL RECURRING EXPENSE</b>	<b>\$ -</b>

#### \*\*\* FOR CFO/CEO USE ONLY \*\*\*

HOW ARE WE PAYING FOR THIS?	Operating Cash
IS THIS IN THE CAPITAL PLAN?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No - Detail <span style="float: right; text-align: center;">Emergent</span>
ANTICIPATED PURCHASE DATE	Plan to fix, once approved by the Board.

#### \*\*\* APPROVALS \*\*\*

Materials Management:		Date
C-Suite:		Date
Chief Financial Officer		Date
Chief Executive Officer		Date
Board Chair		Date
if > than \$30,000		Date

Boston Harbor Services, Inc.  
 127 King Street  
 Wallace, ID 83873  
 3609993924  
 bostonharborsvcs@gmail.com  
 www.bostonharborservices.com



Estimate

ADDRESS
Arbor Health Morton Hospital 510 Adams Ave Morton, WA 98356

SHIP TO
Arbor Health Morton Hospital 510 Adams Ave Morton, WA 98356

ESTIMATE #	DATE	
3635	05/05/2025	

	DESCRIPTION	QTY	RATE	AMOUNT
<b>Labor &amp; Materials</b>	Morton Hospital We will remove asphalt sidewalks and curb. Then excavate 24" of bad material, replace it with a structural fill and prep with 5/8 minus for asphalt. This estimate includes trucking, rock, labor and all equipment to complete the excavation. The estimated time to complete is 5 days. This is only digging up to 2' if we have to go beyond 2' feet it is Time and Materials The only item we would also have on Time and Materials is if we have to rest the one light pole in the parking island and move electrical.	1	38,500.00	38,500.00T
<b>Paving Services</b>	Morton hospital- ryan to prep we will pave 2700 sq ft 2.5 inches thick, stripe 8 stalls and replace 102 ft of extruded curbing and new sidewalk in area of work	1	32,500.00	32,500.00T

Estimates valid for 15 days.

Estimate only-please do not pay until invoice is sent.

Please return estimate signed to indicate your approval of the work.

SUBTOTAL	71,000.00
TAX	5,538.00
<b>TOTAL</b>	<b>\$76,538.00</b>

Signature:

Accepted By

Accepted Date

## **SUPERINTENDENT REPORT**



**Mossyrock Clinic**  
745 WILLIAMS STREET  
360-983-8990

**Randle Clinic**  
108 KINDLE ROAD  
360-497-3333

**Packwood Clinic**  
13051 US HWY 12  
360-496-3777

**Morton Hospital**  
521 ADAMS AVENUE  
360-496-5112

**Morton Clinic**  
531 ADAMS AVENUE  
360-496-5145

To: Board of Commissioner

From: Superintendent Mach

Date: 05.28.25

Re: May Superintendent Report

---

- Days cash on hand 63
- Need to fix sink hole in parking lot asap
- Finished Kitchen hood project.
- Sarah Paul has started as our new remote CFO
- Starting our medical claims audit
- Wipfli finished the annual financial audit
- Rural health Collaborative/Rural health Enterprise updates
  - WHSN exceeded \$1 million in charges processed through our staffing platform in the month of April
  - We hit a new tier with the October 1-March 31 review! Participating hospitals will see another 2.5% reduction in pricing effective 4/1
  - We received 3 proposals for the GPO RFP and selected the front runner to continue to negotiate terms and conditions.
  - Making plans to exit ACO 1 year early (Arbor and Oceanside)
    - The downside risk is to great
  - Nationwide has agreed to reduce their record keeping fee by 50 basis points
- Jim Frey and Eli Potts attended the annual Cerner HER conference
  - Passive listening
  - AI
  - Revenue cycle enhancements
- Kickoff meeting with Heritage imaging
  - Enhanced MR services
    - 3 days per week
    - AI speeding up exam time
  - Nuclear medicine
- Discussing adding another day of Cardiologist services
- Working on switching 340B vendors to SunRX through WHS



**Mossyrock Clinic**  
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**Morton Hospital**  
521 ADAMS AVENUE  
360-496-5112

**Morton Clinic**  
531 ADAMS AVENUE  
360-496-5145

2025 Goals	December	January	February	March	April	May	June	July	August	September	October	November
<b><u>Financial Stability and Growth</u></b>												
End the fiscal year of the hospital with a positive operating margin of at least 3% or better.			5.90%	5.80%	6.00%							
<b><u>Workforce Stabilization</u></b>												
Voluntary resignations under 12%			1.19%	1.18%	1.18%							
<b><u>Service and Quality</u></b>												
Patient satisfaction ranking/likelihood of recommending all departments combined $\geq$ 70%												
<b><u>Community Relations and Partnerships</u></b>												
Sponsor at least 4 community events and the CEO attends at least 12 community events annually (2 per district and 4 at large events)	Christmas parade, Centralia College advisory meeting	Gave presentation to East Lewis County Chamber on Hospital happenings		Barb Attended Mineral PD meeting, sponsored Family Fair								

# April 2025, Digital Marketing Report

## Website Analytics

Total website views: 18,669

### Top three pages:

- Foot & Ankle (Podiatry), 1,947 views
- Morton Hospital location, 1,311 views
- Provider Directory with 1,046 views

### Top 5 Service Pages:

- Foot & Ankle, 1,947 (Running pay-per click and search-term campaigns)
- Rehab, 171 views
- Rapid Care Clinic, 135 views
- Mammography, 133 views
- Laboratory, 103 views

### Google Pay-Per Click advertising

- **Podiatry campaign**, spent \$1,000 pay-per click ads, generated 315 clicks from 3,894 impressions into our website, at \$3.25 per click. (8% click thru rate as compared to industry stand of 0.5-1%).
  - Search ads: Our podiatry services are ranking higher on Google than both podiatrists in Centralia for the search term, "Podiatrist near me."
- **Extended-Care Rehab** video ad (majority on YouTube): spent \$500, generated 1,799 clicks at cost of .27 per click. (Remarkable low-cost results) Click through rate was 1.27%. The industry standard is 0.5-1%

### Community Support

- Approved Packwood Trail Days sponsorship
- Approved Onalaska School District trauma kits program. They are purchasing kits for all classrooms and buses. We are purchasing half of the kits (\$4,500).





# WSHA 2025 Legislative Summary

**WSHA Government Affairs team**

May 12, 2025

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## **WSHA's Mission:**

The Washington State Hospital Association (WSHA) advocates for and provides value to members in achieving their missions.

## **WSHA's Vision:**

WSHA will be the trusted voice and indispensable resource that leads, challenges and assists hospitals and health systems to improve the health of the communities they serve.

## Presenters



Chelene Whiteaker  
WSHA Senior VP  
Government Affairs



Zosia Stanley  
WSHA VP &  
Associate General  
Counsel



Ashlen Strong  
WSHA VP  
Government Affairs

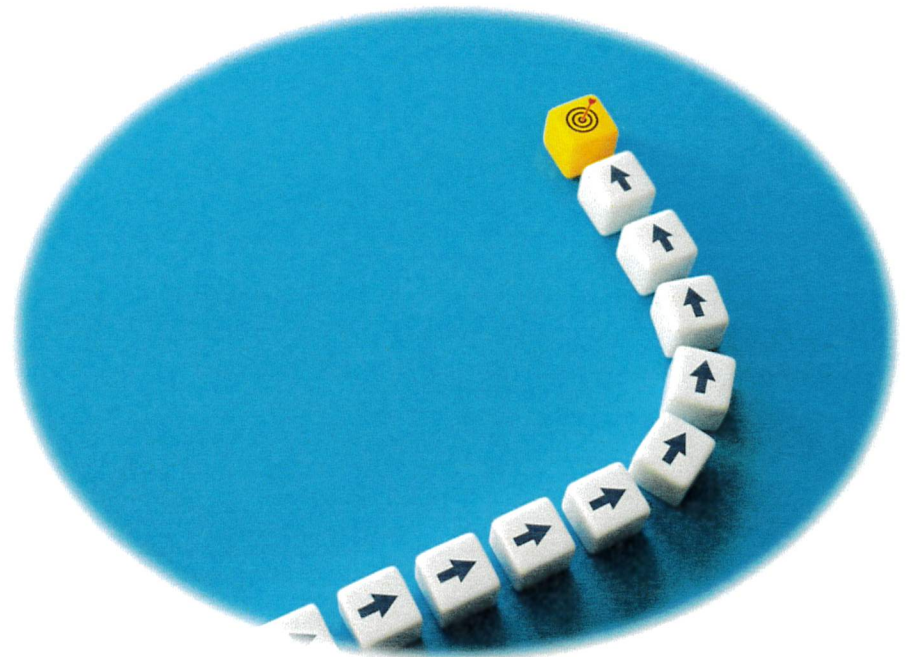


Tim Pfarr  
WSHA Director  
Communications



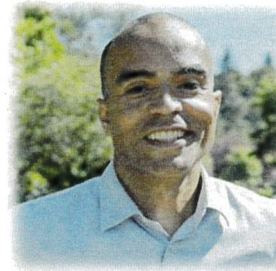
## Today's Objectives

- Review political landscape
- Share results from the legislative session
- Share how you can get involved



## Context for the 2025 Legislative Session

- Executive Office
  - Gov. Bob Ferguson
  - Attorney General Nick Brown
- Permanent and Interim Agency Heads
  - Patty Kuderer: Insurance Commissioner
  - Jessica Todorovich: Interim Secretary, DOH
  - Cheryl Strange: Acting Secretary, DSHS
  - MaryAnne Lindeblad: Interim Director, HCA







Washington State  
Hospital Association

# Political Landscape

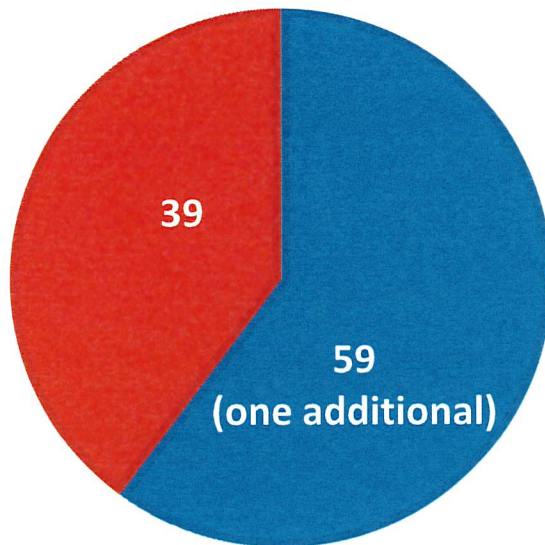
*Advocating for our valued members every day.*



## Democratic Majorities Have Grown in Both Chambers

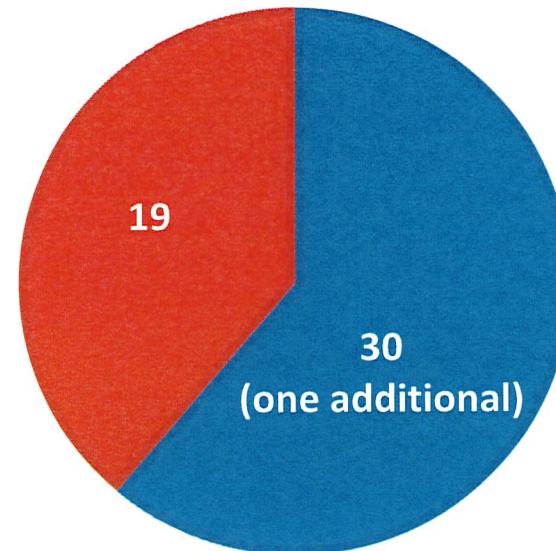
IN THE HOUSE (98)

■ Democratic Party



IN THE SENATE (49)

■ Democratic Party ■ Republican Party



## 2025 Governor's and Legislature's Priorities



**Affordable  
Housing**



**Public  
Employees**



**Funding  
Schools**



**Addressing  
Budget Deficit**



**Public Safety**



# Significant Bills



## WSHA's highest-priority bills

✓ = Good outcome

✗ = Bad outcome

Bill	WSHA position	Outcome	WSHA opinion on outcome
SB 5083: PEBB/SEBB	Opposed	Passed	✗
SB 5124: Network adequacy	Supported (WSHA bill)	Did not pass	✗
HB 1186: Prepack medications	Supported (WSHA bill)	Passed	✓
HB 1566/SB 5395: Prior authorization	Supported (WSHA bill)	Did not pass	✗
HB 1879: Meal and rest breaks	Supported (WSHA bill)	Passed	✓
HB 1392: Creating Medicaid Access Program	Supported	Passed	✓
SB 5387: Corporate practice of medicine	Opposed	Did not pass	✓
HB 1162: Workplace violence	Supported	Passed	✓
HB 5577: Patient notification during negotiation	Supported	Passed	✓

## SB 5083: PEBB/SEBB Contracting Requirements

- **Opposed/Passed Legislature**
- Sets acute care hospital reimbursement in PEBB/SEBB health plans at lesser of contracted rate or 200% of Medicare rates, beginning in January 2027
  - Rurals exempt & special Medicaid-based rate for children's hospitals
- Sets reimbursement floor of at least 150% of Medicare rates for primary & non-facility behavioral health
- Final version removed contracting mandate & mandatory rate step down
- Cuts payments by \$100 million/year





## SB 5124: Network Adequacy Standards

- Supported/Did not pass
- WSHA-initiated bill
- Would have established post-acute network adequacy standards for MCOs
- Lack of access to post-acute care impacts quality of life and can harm recovery
- Issue of health equity for Medicaid patients to obtain care in a timely fashion
- Passed unanimously until final step





## HB 1186: Prepack Medications

- Supported/Passed Legislature
- WSHA-initiated bill
- Exempts medications from ED and health care entity dosage limits when they can't be broken into smaller doses (i.e. creams and inhalers)
- Builds on prepacks law
- Safe, common-sense solution that improves health outcomes, reduce readmissions and waste







## HB 1566/SB 5395: Prior Authorization

- Supported/Did not pass
- WSHA-initiated bill
- To address issues providers and patients face when using the prior authorization process:
  - Identify who is performing the review/ensuring they are qualified
  - Require a human to make final care determinations if there is a denial
- Bill did not pass due to budget constraints



## HB 1879: Meal and Rest Breaks



- Supported/Passed & signed into law
- WSHA-initiated bill
- Clarifies that hospital staff can combine one or more meal and rest breaks into a longer break, and that timing requirements for meal and rest breaks can be waived by employees.



## HB 1392: Creating the Medicaid Access Program

- Supported/Passed Legislature
- Led by the Washington State Medical Association (WSMA)
- Implements directed payment program
- If approved by CMS, increases Medicaid professional services rates to near Medicare levels as of Dec. 31, 2024
- Rate increases likely effective in January 2028
- Estimated to bring in \$200 million per year



## SB 5387: Corporate Practice of Medicine

- **Opposed/Did not pass**
- Would have prohibited the corporate practice of health care except through a service corporation/limited liability company.
- Would have prevented non-licensed professionals from having influence over:
  - Time providers spend with patients
  - Timing of patient discharge
  - Patient clinical status (including admission and discharge)
  - Determining referrals for further care
  - Diagnosis codes and clinical orders in medical records





## HB 1162: Workplace Violence

- Supported/Passed Legislature
- Requires a health care setting to conduct a timely investigation of every workplace violence incident and conduct a review to update its workplace violence prevention plan annually.
- Amends current law



## SB 5579: Patient Notification During Negotiations

- Supported/Passed Legislature
- Arose from concerns that hospitals were causing anxiety by notifying patients during contract negotiations
- Original bill submitted by carriers would have prohibited nearly all notification by hospitals and providers.
- Compromise bill includes:
  - Uniform 45-day notification period in advance of termination date for either party
  - Standard notification language
  - Inclusion in provider contracts
  - Enforcement by OIC & DOH





## Other supported bills that passed

- HB 1130: Utilization of developmental disabilities waivers.
- HB 1142: Standardizing basic training and certification requirements for long-term care workers who provide in-home care for their family members, including spouses or domestic partners.
- HB 1287: Addressing the disclosure of health information for care coordination.
- HB 1432: Improving access to appropriate mental health and substance use disorder services.
- HB 1686: Creating a health care registry.
- SB 5079: Addressing the burden of unintentional overpayments on older adults and adults with disabilities served by the department of social and health services.
- SB 5122: Enacting the uniform antitrust premerger notification act.
- SB 5239: Concerning the retention of hospital medical records.
- SB 5480: Protecting consumers by removing barriers created by medical debt.
- SB 5557: Codifying emergency rules to protect the right of a pregnant person to access treatment for emergency medical conditions in hospital emergency departments.
- SB 5568: Updating and modernizing the Washington state health plan.



## Harmful bills successfully opposed or negotiated to neutral

- HB 1382: Modernizing the all payer claims database. (Amendment adopted to provide increased access to data to hospitals.) **Bill passed.**
- SB 5493: Concerning hospital price transparency. **Bill passed.**
- HB 1155: Noncompetition agreements. **Did not pass.**
- HB 1507: Limiting health care nondisclosure agreements. **Did not pass.**
- HB 1567: Concerning licensure of health care administrators. **Did not pass.**
- SB 5254: Strengthening patients' rights regarding their health care information. **Did not pass.**
- SB 1881: Concerning material changes to the operations and governance structure of participants in the health care marketplace. **Did not pass.**



## Other harmful bills that passed

- SB 5041: Concerning unemployment insurance benefits for striking and locked out workers.
  - Provides 6 weeks of unemployment coverage for striking workers following a waiting period.
- SB 5463: Concerning the duties of industrial insurance self-insured employers and third-party administrators.
  - Expands the duty of good faith and fair dealing for self-insured municipal employers and their TPAs (i.e. PHDs) to *all* employers in Washington.

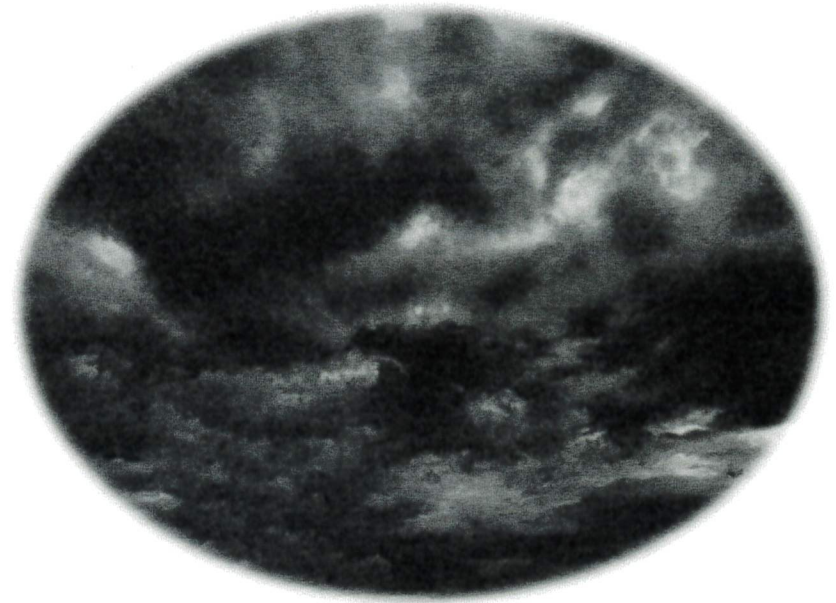


# Budget Outlook and Negotiations



## Washington's Budget Forecast

- State facing about \$16 billion shortfall over next 4 years
- Cuts and new taxes were needed to balance budget
- Without revenue, there was a potential for \$3.5 billion in health care cuts
- Gov. Inslee proposed \$12 billion in new revenue
- Gov. Ferguson proposed \$4 billion in cuts, including a 6% cut to state agencies





## Budget Negotiations Between Governor & Legislature

- Despite Democratic majorities, there were disagreements on how to address budget shortfall
  - House and Senate majority interest in "progressive" revenue to address regressive tax code
  - Ferguson expressed concerns publicly that the House and Senate Democrats' revenue proposal too much and too risky - particularly wealth tax proposal
- Legislature passed budget with combo of cuts and taxes





## Final Budget

- Funds \$78 billion in state services
- Increases spending by \$7.4 billion over 2023-2025 appropriations
- Adopts \$5.9 billion in cuts and \$9.3 billion in new revenue over the four-year period (2025-2029)
- Items of notes
  - Doesn't drain "rainy day" fund
  - Maintains collective bargaining and doesn't furlough state workers, but includes reductions for many agencies
  - Invests in law enforcement (governor priority) and K-12 education





## Hospital Fiscal Impact Final Enacted vs. Worst Case Proposals

All amounts shown in \$ millions

	2029 Enacted	2029 Proposed Worst Case
SB 5083 PEBB/SEBB*	\$100	\$170
HB 2081 B&O - 0.5% surcharge >\$250M of taxable revenue	\$60	\$120
HB 2081 B&O - Physician tax rate increase	\$17	\$17
SB 5814 Sales tax on services - IT services/custom software**	\$15-20	\$35-40
SB 5814 Sales tax on services - Temporary staff	\$0	\$80
SB 5796 - Payroll tax for wages < social security max	\$0	\$160
SNAP reduction (Gov budgets)	\$0	\$50
Facility fees (Ferguson cuts)	\$0	\$58
HB 2051 Ancillary services for complex discharge	\$5	\$5
<b>Total</b>	<b>\$197-202 M</b>	<b>\$695-700*</b>

**\*The highest worst case scenario was over \$500 million per year.** WSHA estimates \$540 million because payroll tax and sales tax would not have both passed.

\*Exempts independent rural hospitals

\*\*Hospitals' initial sales tax estimate was too high

Revised 5/8/25



## Estimated Annual Fiscal Impact of Cuts and Taxes to Hospitals

All amounts shown in \$millions

	2025	2026	2027	2028	2029
SB 5083 PEBB/SEBB		\$0	\$100	\$100	\$100
HB 2081 B&O - 0.5% surcharge		\$60	\$60	\$60	\$60
HB 2081 B&O - Physician tax rate increase	\$4	\$17	\$17	\$17	\$17
SB 5814/HB 2083 Sales tax on services - IT services/custom software	\$4-5	\$15-20	\$15-20	\$15-20	\$15-20
HB 2051 Ancillary services for complex discharge		\$5	\$5	\$5	\$5
<b>Total</b>	<b>\$8-9</b>	<b>\$97-102</b>	<b>\$197-202</b>	<b>\$197-202</b>	<b>\$197-202</b>
Medicaid Access Program adds funding to hospitals*				-\$200	-\$200
<b>New Total</b>	<b>\$8-9</b>	<b>\$97-102</b>	<b>\$197-202</b>	<b>Break Even</b>	<b>Break Even</b>

\*Uncertain if it will be approved by CMS - Michigan and California have received letters indicating similar programs need change



## Budget Items Significant to Health Care

- Apple Health Expansion Program: \$142 million
- Cascade Care Premium Subsidies: \$30 million
- Ancillary Hospital Services: **-\$4.7 million**
- Children's Long-Term Inpatient Beds: **-\$9.3 million**
- MCO Physician Health Capitation Rates: **-\$106.2 million**
- MCO Behavioral Health Rates: **-\$27.7 million**

## Advocacy in 2025 – Calls, emails and media coverage

- 5,400+ emails sent & 1,150 calls made to lawmakers
- Media coverage in:
  - Seattle Times
  - Spokane Public Radio
  - KIRO Radio
  - Fox 13
  - KIRO 7
  - KOMO
  - KING 5
  - KREM 2
  - Chief Healthcare Executive
  - My Northwest.com
  - The Washington State Standard
  - The Washington Observer
  - Everett Herald



Budget proposals currently under consideration by the Washington State legislature threaten access to local health care services. The proposals include **a combination of payments cuts and new taxes that will reduce funding for hospital services by \$280-\$330 million each year.**

Lower-than-expected revenues and increased costs for state services created a more than \$12-\$15 billion budget gap. The legislature is required by law to pass a balanced budget.

### Compose Your Message

- Senator Manka Dhingra
- Representative Larry Springer
- Representative Roger Goodman

Please customize the message below with your own thoughts about the proposed budget cuts and new taxes and the impact they will have on you, your family, and your community.

### Subject

Preserve local access to health care, reconsider



## Advocacy in 2025 – Joint Op-Eds

- In Seattle: Seattle Children's, MultiCare Mary Bridge, and Providence Sacred Heart Children's Hospital
- In Olympia, Chehalis & Centralia: MultiCare and Providence
- In Tacoma: MultiCare and VMFH

**The Seattle Times** Opinion


LOCAL BIZ NATION SPORTS ENTERTAINMENT LIFE HOMES OPINION | THE TICKET JOBS EXPLORE All Sections

Editors: Letters David Horsey Kate Riley Brian Dudley Alex Fryer Carlton Westray Claudia Rowe Josh Farley

Now: Doctors My Account

**Cuts to WA hospitals will hurt children statewide**

April 7, 2025 at 3:21 pm



Urgent pediatric hospitals as a way to balance the budget is short-sighted and ignores the critical benefits and services the organizations provide communities across Washington, write the authors. Pictured is the... (Jenavada Sengul / The Seattle Times, 2023) More >

By Jeff Opemano, Vanessa Carrell and Mike Barsotti  
Special to The Seattle Times

In an effort to close a more than \$12 billion budget gap, the Washington Legislature is considering significant cuts and taxes on hospitals that will

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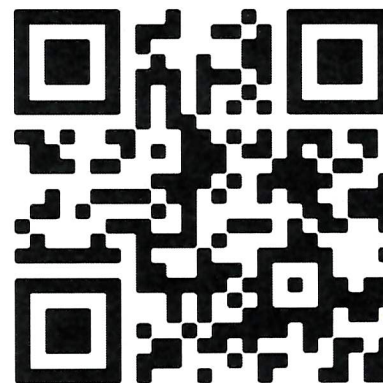
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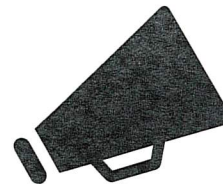
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## Questions?







Washington State  
Hospital Association

The background image shows two healthcare workers in a clinical setting. They are wearing masks and scrubs. The image is overlaid with a semi-transparent blue filter. The text 'Thank you!' is centered in white.







# Thank you!










## SUPERINTENDENT'S REPORT

Mission: To foster trust and nurture a healthy community

Vision: To provide every patient the best care and every employee the best place to work

Financial Stability and Growth	Progress	Status	Estimated Completion
Develop 5 year capital plan	Progress being made. Meeting with department managers and shared with senior team		Requires financial turnaround to be complete
Complete Facility master plan	Mathew met with company on 10/12, selected company to help with plans		Presentation to board summer/fall time frame
Establish 3 year IT plan	Jim frey working on plan		Requires financial turnaround to be complete
Ensure compliance with federal interoperability requirements	Multi factor authentication, Self service pass word reset, strengthened cyber security policy		
Identify and Implement new expanded services to attract patients	Board approved purchase of MRI, install mid 2024. Chronic care management nurse hired and working		
Increase Swing Bed ADC by 1	Meeting with Providence health quarterly to discuss issues including swing bed, access granted to both Providence and Multicare HER		

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Recruit Surgeon	No progress		2024/2025
Expand rapid care to 6 days	Currently recruiting for Mid level providers		Possibly January after Hugo is available
Implement Labor productivity	Scrapped plan, bad purchase.		

Workforce stabilization	Progress	Status	Estimated Completion
Reduce traveler/contracted staff usage by 50%	Working on recruiting new permanent positions, working on increasing visibility on social media platforms. Hired X-ray and lab tech positions in December		
Become Employer of Choice in East Lewis County	Working on rolling out employalty book and ideas. Working on an onsite program for leadership training and culture. Just Culture training in 2024 for staff		
Partner with local high schools to promote healthcare careers	Participated in career days. Working on developing scholarship program		
Partner with colleges to provide alternative education paths for healthcare careers	Met with centralia college on Arbor health needs. Will have nursing students from centralia college and Xray students from tacoma.		Completed
Establish discount programs for employees	Solv has discount program as part of new offering		Completed
Establish an employee recruitment and retention committee to identify retention and engagement opportunities	Shannon working on this		
Develop a wage and benefit structure that is competitive with the local market and competition	Developing pay comensation policy		Hired consultant in May/ 15 week timeline



Service and Quality	Progress	Status	Estimated
Recruit psychiatrist	No progress		Position posted for LCSW
Expand LICSW/Therapy services	moving PT LICWS to full time		Position posted for LCSW
Develop regional partnerships with behavioral care facilities	Contracts signed with CHS and Cascade		Completed
Implement streamlined check-in/registration system for all patient encounters (Phreesia)	August - IT working with Phreesia to implement streamline check in/registration		Phreesia go-live this summer
Implement Medicare Coordination program	Staff hired and working on Care coordination		Completed
Employ 2 measures for improved clinic access	Hired Dr. Ho, Dr. Hines signed offer letter		Completed
Develop and implement 4 improvement strategies from patient experience surveys	Focus on allowing patient family members to be with the patient in ED, Improve pharmacy discharge pt medication education		
Achieve successful NIAHO reaccreditation and maintain acute stroke ready certification annually	Work on improving door to CT/Lab metrics		
Partner or develop a regional OP transportation service	Regional meeting held to discuss transportation issues in east lewis county		Pilot program in September
Initiate and complete management review for initial ISO project	Medical Staff and Hospital Committee structures refined so that PI and projects now flow to Senior Leadership, QIO, and Medical Staff Leadership consistently.		
Complete 2 internal audits	Code red process, Access to new software, Lab resulting		
Receive ISO 9001 stage 2 certification			
Implement 2 new service lines for the community	MRI, Chronic care management		

Community relationships and partnerships	Progress	Status	Estimated Completion
Identify and partner with external groups to support youth based outreach	Contract signed with CIHS		Completed
Implement school based school physicals	Completed		Completed
Develop annual youth safety events for schools	Working on BLS for local schools		
Partner with Lewis county early childhood education and other wellness groups to create ongoing connections with	No Progress		
Identify and align with external groups to support wellness focused outreach	Sep - meeting with veterans group to promote hospital and clinic and how we can work together to provide care. Contracted with 2 other organizations to provide space for behavioral health.		Completed
Organize community education opportunities to enhance community awareness of Arbor health	Mossy Rock run, wellness week events		Completed
Continue senior fitness program	Started in August		Completed
Sponsor Packwood 5K, Mossyrock 5k, 5k color run, wellness week	Completed		Completed
Include health literacy focus at community resource fairs	TED talks at wellness week		Completed
Develop educational programs and partner with Molina on medical literacy	Working thru RHC with Molina on MCO		Completed
Participate in annual Latino community event in Mossyrock	Diane markham working on plan		Cancelled this year
Implement a diabetes education and outreach program	RN Hired in clinics		Completed
Partner with area organizations to address district food insecurity and homelessness programs	Working with Blue Zone organization		
Implement a community cardiac and/or pulmonary disease program	No progress		