
REGULAR BOARD MEETING PACKET



BOARD OF COMMISSIONERS

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

February 26, 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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Executive Session

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Old Business

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Superintendent



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

February 26, 2025 at 3:30 p.m.

Conference Room 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
Call to Order Roll Call Excused/Unexcused Absences Reading of the Mission & Vision Statement Approval or Amendment of Agenda Conflicts of Interest		3:30 pm
Comments and Remarks <ul style="list-style-type: none"> Commissioners Audience 		3:35 pm
Guest Speaker(s) <ul style="list-style-type: none"> Kiersten Mercado, Assistant State Auditor, Office of the WA State Auditor <ul style="list-style-type: none"> 2022 & 2023 Auditor Report Q & A 	6	3:45 pm 4:15 pm
Executive Session- RCW 70.41.200 <ul style="list-style-type: none"> Medical Privileging-Chief of Staff Dr. Don Allison & Medical Staff Coordinator Barb Goble 	27	4:30 pm
Department Spotlight <ul style="list-style-type: none"> <i>Deferred.</i> 		
Board Committee Reports <ul style="list-style-type: none"> Hospital Foundation Report-Committee Chair-Board Chair Herrin/Foundation Manager Jessica Scogin 	29	4:35 pm
<ul style="list-style-type: none"> Finance Committee Report- Committee Chair-Commissioner Anderson 	31	4:40 pm
<ul style="list-style-type: none"> Compliance Committee Report- Committee Chair-Secretary McMahan 		4:45 pm
Consent Agenda (Action) <ul style="list-style-type: none"> Approval of Minutes: <ul style="list-style-type: none"> January 29, 2025, Regular Board Meeting February 5, 2025, Compliance Committee Meeting February 19, 2025, Finance Committee Meeting 	36 44 48	4:50 pm

<ul style="list-style-type: none"> Warrants & EFTs in the amount of \$4,946,227 dated January 2025 	52	
<ul style="list-style-type: none"> RES-25-03-Declaring to Surplus or Dispose of Personal Property <ul style="list-style-type: none"> <i>To approve liquidation of items beyond their useful life.</i> 	54	
<ul style="list-style-type: none"> RES-25-04-Adopting the 2025 Compliance Workplan <ul style="list-style-type: none"> <i>To adopt the 2025 Compliance Workplan.</i> 	56	
<ul style="list-style-type: none"> Medical Staff Appointments <ul style="list-style-type: none"> <i>DNV NIAHO MS.2 Accountability/Responsibility-Revision to medical staff leadership assignments.</i> 	59	
<ul style="list-style-type: none"> Approve Documents Pending Board Ratification 02.26.25 <ul style="list-style-type: none"> <i>To provide board oversight for document management in Lucidoc.</i> 	60	
Old Business <ul style="list-style-type: none"> Board Community Engagements <ul style="list-style-type: none"> <i>To monthly discuss the status of board engagements.</i> 		4:55 pm
<ul style="list-style-type: none"> Board Policy & Procedure Review <ul style="list-style-type: none"> <i>CEO/Superintendent Evaluation (REVISED) Superintendent Mach</i> <i>Code of Ethics (Revision Recommendation) Compliance Officer Hargett</i> 	62 64	5:00 pm
New Business <ul style="list-style-type: none"> PDC Filing Reminder <ul style="list-style-type: none"> <i>To file Financial Affairs Disclosure Statement (F-1) by April 15, 2025 deadline.</i> 		5:05 pm
Superintendent Report <ul style="list-style-type: none"> Marketing Campaign Update Board Educational Articles <ul style="list-style-type: none"> WSHA <ul style="list-style-type: none"> Hospital Finances: Losses from 2021-2024 2025 Policy Brief Healthcare Finance 	72 76 82 83 87	5:10 pm
Meeting Summary & Evaluation		5:25 pm
Next Board Meeting Dates and Times <ul style="list-style-type: none"> Regular Board Meeting-March 26, 2025 @ 3:30 PM (TEAMS & In Person) Next Committee Meeting Dates and Times <ul style="list-style-type: none"> QIO Committee Meeting-March 12, 2025 @ 7:00 AM (TEAMS) Finance Committee Meeting-March 19, 2025 @ 12:00 PM (TEAMS) 		
Adjournment		5:30 pm

GUEST SPEAKER

Exit Conference

Lewis County Public Hospital District No. 1

DBA Arbor Health

Doug Kirkwood
Assistant Audit Manager

Kiersten Mercado
Audit Lead

February 26, 2025



Office of the
Washington
State Auditor
Pat McCarthy

Disclaimer: This presentation is intended to be viewed in conjunction with the complete packet of exit materials provided. A copy of those materials may be requested by contacting the presenters listed or by emailing PublicRecords@sao.wa.gov.

Results that Matter



Increased trust in government



Independent, transparent examinations



Improved efficiency and effectiveness of government



Pat McCarthy
State Auditor

Accountability Audit Results

January 1, 2022 through December 31, 2023



Results in Brief

This report describes the overall results and conclusions for the areas we examined.

In those selected areas, Hospital operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

Accountability Audit Results



Using a risk-based audit approach, for the Hospital, we examined the following areas during the period:

- Self-insurance – health and welfare
- Cash receipting – timeliness and completeness of deposits
- Tracking and monitoring of theft sensitive assets, such as computers, tools, equipment, fuel, gift cards and pharmaceutical inventory
- Accounts payable – general disbursements and electronic funds transfers
- Selected IT security policies, procedures, practices and controls protecting financial systems – user access
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

Closing Remarks

- Audit costs are in alignment with our original estimate
- Next audit: Winter 2025
 - Accountability for public resources

An estimated cost for the next audit has been provided in our exit packet



Report Publication



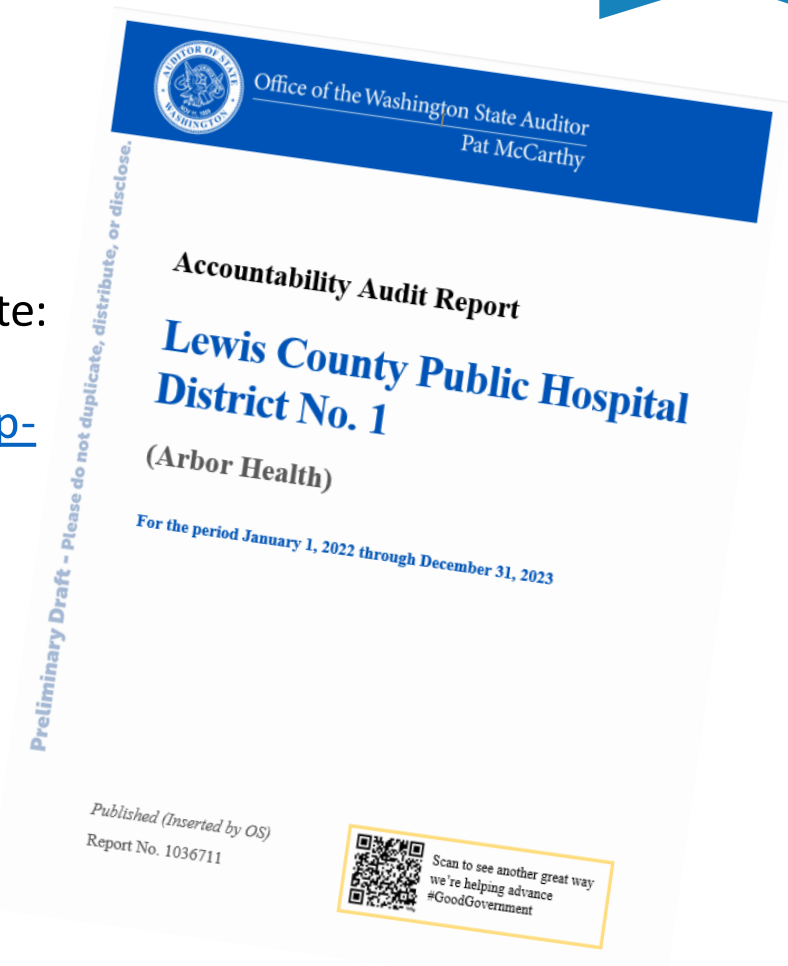
- ✓ Audit reports are published on our website.
- ✓ Sign up to be notified by email when audit reports are posted to our website:

<https://sao.wa.gov/about-sao/sign-up-for-news-alerts/>

Audit Survey

When your report is released, you will receive an audit survey from us.

We value your opinions on our audit services and hope you provide feedback.



Thank You!



- We thank Hospital officials and staff for timely communications throughout the audit process.
- In particular, we would like to thank Clint Scogin for his assistance throughout the audit.

Questions?



Contact Lisa Carrell, Program Manager, CPA

Lisa.Carrell@sao.wa.gov

(564) 999-0882



Office of the Washington State Auditor

Pat McCarthy

Exit Conference: Arbor Health

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

Audit Reports

We will publish the following reports:

- Accountability audit for January 1, 2022 through December 31, 2023 – see draft report.

Audit Highlights

Interactions with District personnel were professional, polite, and conducive to a positive working environment. Additionally, audit requests were addressed in a timely manner, which facilitated an efficient audit process.

Recommendations not included in the Audit Reports

Exit Items

We have provided exit recommendations for management's consideration. Exit items address control deficiencies or noncompliance with laws or regulations that have an insignificant or immaterial effect on the entity, or errors with an immaterial effect on the financial statements. Exit items are not referenced in the audit report.

Work of Other Auditors

A financial statement audit was performed by Wipfli LLP of Arbor Health. Professional audit standards require us to evaluate relevant work done by other auditors and communicate certain matters to the governing body.

- We performed procedures to ensure we could rely on the work of the external auditors and reference their audit in our audit report. These procedures included consideration of attendance at key meetings, evaluation of the firm's last peer review report, review of the other auditor's work, review of the other auditor's results and communications with the other auditor.
- We did not become aware of any instance in which the work of the other auditors gave rise to concern about the quality of their work.
- There were no limitations that restricted our analysis of the other audit.
- We did not become aware of any instance in which a material misstatement of the financial statements has or may have resulted from fraud or suspected fraud.

Finalizing Your Audit

Report Publication

Audit reports are published on our website and distributed via email in a .pdf file. We also offer a subscription service that notifies you by email when audit reports are released or posted to our website. You can sign up for this convenient service at <https://portal.sao.wa.gov/SAOPortal>.

Management Representation Letter

We have included a copy of representations requested of management.

Audit Cost

At the entrance conference, we estimated the cost of the audit to be \$37,300 and actual audit costs will approximate that amount.

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in Winter 2025 and will cover the following general areas:

- Accountability for public resources

The estimated cost for the next audit based on current rates is \$23,000 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

If expenditures of federal awards are \$750,000 or more in any fiscal year, notify our Office so we can schedule your audit to meet federal Single Audit requirements. Federal awards can include grants, loans, and non-cash assistance like equipment and supplies.

Working Together to Improve Government

Audit Survey

When your report is released, you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

Local Government Support Team

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally, this team assists with the online filing of your financial statements.

The Center for Government Innovation

The Center for Government Innovation at the Office of the Washington State Auditor offers services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean process improvement, peer-to-peer networking, and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public

servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at Center@sao.wa.gov.

Questions?

Please contact us with any questions about information in this document or related audit reports.

Tina Watkins, CPA, Director of Local Audit, (360) 260-6411, Tina.Watkins@sao.wa.gov

Ann Strand, Assistant Director of Local Audit, (509) 454-7849, Ann.Strand@sao.wa.gov

Lisa Carrell, Audit Manager, (564) 999-0882, Lisa.Carrell@sao.wa.gov

Doug Kirkwood, Assistant Audit Manager, (564) 999-0916, Doug.Kirkwood@sao.wa.gov

Kiersten Mercado, Audit Lead, (564) 999-0834, Kiersten.Mercado@sao.wa.gov



Office of the Washington State Auditor
Pat McCarthy

Preliminary Draft - Please do not duplicate, distribute, or disclose.

Accountability Audit Report

Lewis County Public Hospital District No. 1

(Arbor Health)

For the period January 1, 2022 through December 31, 2023

Published (Inserted by OS)

Report No. 1036711



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we're helping advance
#GoodGovernment



Office of the Washington State Auditor Pat McCarthy

Issue Date – (Inserted by OS)

Board of Commissioners
Arbor Health
Morton, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for District operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the District's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, District operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of Arbor Health from January 1, 2022 through December 31, 2023.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the District's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended December 31, 2023, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Self-insurance – health and welfare
- Cash receipting – timeliness and completeness of deposits
- Tracking and monitoring of theft sensitive assets, such as computers, tools, equipment, fuel, gift cards and pharmaceutical inventory
- Accounts payable – general disbursements and electronic funds transfers
- Selected IT security policies, procedures, practices and controls protecting financial systems – user access
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

RELATED REPORTS

Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available on our website, <https://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE DISTRICT

Lewis County Public Hospital District No. 1, doing business as Arbor Health, operates a 25-bed critical access hospital. The District also owns and operates clinics in the cities of Mossyrock and Randle. Services offered by the District include acute care, 24-hour emergency, laboratory, radiology, physical and respiratory therapy, and skilled nursing care. Medical staff includes physicians in emergency medicine, family practice, general surgery, gynecology, radiology and pathology.

The District is governed by an elected, five-member Board of Commissioners. The Board appoints a Superintendent-Chief Executive Officer who oversees the District’s daily operations as well as its approximately 200 employees. The District provides services to patients under contractual agreements with Medicare, Medicaid, and private insurance carriers.

Contact information related to this report	
Contact:	Clinton Scogin, Controller
Telephone:	360-496-3713
Website:	www.myarborhealth.org

Information current as of report publish date.

Audit history

You can find current and past audit reports for Arbor Health at <https://portal.sao.wa.gov//ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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- [Request public records](#)
- Search BARS Manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

Other ways to stay in touch

- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov

LETTER OF REPRESENTATION TO BE TYPED ON CLIENT LETTERHEAD

February 26, 2025

Office of the Washington State Auditor
3200 Capitol Blvd
P.O. Box 40031
Olympia, WA 98504-0031

To the Office of the Washington State Auditor:

We are providing this letter in connection with your audit of Arbor Health for the period from January 1, 2022 through December 31, 2023. Representations are in relation to matters existing during or subsequent to the audit period up to the date of this letter.

Certain representations in this letter are described as being limited to matters that are significant or material. Information is considered significant or material if it is probable that it would change or influence the judgment of a reasonable person.

We confirm, to the best of our knowledge and belief, having made appropriate inquiries to be able to provide our representations, the following representations made to you during your audit. If we subsequently discover information that would change our representations related to this period, we will notify you in a timely manner.

General Representations:

1. We have provided you with unrestricted access to people you wished to speak with and made available all requested and relevant information of which we are aware, including:
 - a. Financial records and related data.
 - b. Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. Other internal or external audits, examinations, investigations or studies that might concern the objectives of the audit and the corrective action taken to address significant findings and recommendations.
 - d. Communications from regulatory agencies, government representatives or others concerning possible noncompliance, deficiencies in internal control or other matters that might concern the objectives of the audit.
 - e. Related party relationships and transactions.
 - f. Results of our internal assessment of business risks and risks related to financial reporting, compliance and fraud.
2. We acknowledge our responsibility for compliance with requirements related to confidentiality of certain information, and have notified you whenever records or data containing information subject to any confidentiality requirements were made available.

3. We acknowledge our responsibility for compliance with applicable laws, regulations, contracts and grant agreements.
4. We have identified and disclosed all laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
5. We have complied with all material aspects of laws, regulations, contracts and grant agreements.
6. We acknowledge our responsibility for establishing and maintaining effective internal controls over compliance with applicable laws and regulations and safeguarding of public resources, including controls to prevent and detect fraud.
7. We have established adequate procedures and controls to provide reasonable assurance of safeguarding public resources and compliance with applicable laws and regulations.
8. We have no knowledge of any loss of public funds or assets or other illegal activity, or any allegations of fraud or suspected fraud involving management or employees.
9. In accordance with RCW 43.09.200, all transactions have been properly recorded in the financial records.

Robert Mach, CEO

Clint Scogin, Controller

EXECUTIVE SESSION



MEDICAL STAFF PRIVILEGING

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.

INITIAL APPOINTMENTS-2

Radiology Consulting Privileges

- Michael Tran, MD

Cardiology Consulting Privileges (Providence Cardiology Associates)

- Tran Nguyen, MD

REAPPOINTMENTS-5

Telestroke/Neurology Consulting Privileges

- Corey White, DO
- Benjamin Atkinson, MD

Radiology Consulting Privileges

- Jonathan Davison, MD
- Michael Gunlock, MD
- Michal Klysik, MD

★-notates files with items to note.

BOARD COMMITTEE REPORTS

Hybrid Meeting Minutes
February 11, 2025
Hybrid

1. Call to order by Marc Fisher at 12:03 pm

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.

- **ATTENDEES:** Lenée, Shannon, Katelin, Tom, Kip, Jeanine, Louise, Bonnie, Paula
- **EXCUSED ABSENCES:** Gwen Turner
- **ABSENT:**

2. Approval of Treasurer's Report and October Minutes

Minutes – Motion by Tom Herrin, 2nd by Jeanine. Motion carried.

Treasurer's Report – Motion by Tom Herrin, 2nd by Jeanine. Motion carried.

3. Administrators Report

- Given by Shannon Kelly. Rob is in Olympia at a legislative advocacy event.
- January was another good month for the hospital.
- Cardiology is going well.
- April 26th will be an employee appreciation event.

4. Executive Directors Report

- Year-end report – Jessica shared an overview of the foundation community impact
- Signup sheets
- Family resource fair March 22....Bonnie J can help. Tom will help with tables and he volunteered Rob to help with that also. Event is held at the elementary school. Jessica is looking for additional vendors. Molina is partnering with us again this year. The fire truck has been secured for the event.
- Grant writing course – Jessica is taking a course in grant writing and hoping to use the class assignments for actually writing a grant... possibly for the blood pressure cuffs.
- Roots and Wings representatives will be on site tomorrow (Feb 12) Managers will help share how the \$\$ from the grant is being used in various areas. Show the impact the \$\$ has had in our birth to 3 populations.

5. Old Business:

Budget—it was suggested that we break the budget overall areas down to show how many of those dollars are already allocated for projects so that a clearer picture can be seen in each category (line item obligations)

Katelin made a motion to accept the 2025 budget and Tom 2nd it...passed with all in favor

We are still waiting for a price break quote from the blood pressure company. Jessica and Tina will meet to check into this. The blood pressure cuffs that were distributed helped with the STAR rating in the clinics by increasing our rating by 1 point.

6. New Business:

Discussion about increasing the number of raffle tickets we sell at Jubilee...we need to have a conversation with Christy/Brooks/Eric to determine any barriers there may be to increasing the number sold.

Possibly think about purchasing a piece of equipment for PT that would aid patients who are learning to walk again.

7. Next Meeting: March 11th (6pm) possibly have it catered at the hospital. Jessica and Shannon were going to check with a couple options for catering.

Meeting adjourned at 12:54 pm.



To: Finance Committee
From: Finance Department
Date: February 11, 2025
Subject: January Financial Statement Review

Volumes

The district's volume highlights show higher than expected results in Outpatient registrations and Physician Clinic Visits.

- Outpatient Registration volumes exceeded budgeted expectations by 591 visits or 50%.
- Physician Clinic volumes were favorable to budget by 798 visits or 381%.

Income Statement

Results from Operations show net income of \$296,168. Operating Revenues were ahead of budget by \$301,92 and Operating Expenses were near budgeted expectations.

Revenue highlights

- Observation revenues were favorable to budget by \$191,332 or 59%.
- Outpatient revenues were favorable to budget by \$645,252 or 34%.

Expense highlights

- Salaries and Wages expense were lower than expected by \$65,258.
- Benefits expense was ahead of budgeted expectations by \$103,297.
 - Group Health insurance expense was more than expected by \$77,947.

Balance Sheet

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

- Cash accounts decreased \$642,153 to \$5,528,094.
 - Days in cash decreased from 51 days to 49 days.
- Accounts receivable decreased \$389,153.
 - AR days increased from 53 to 60 days.

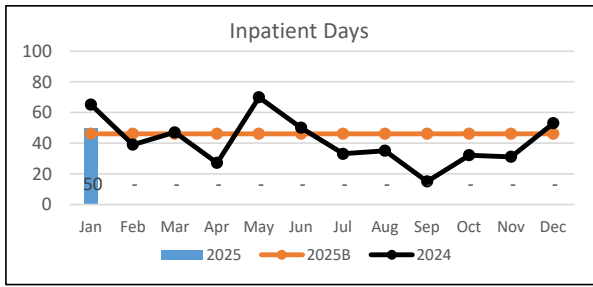


Lewis County Hospital District No. 1

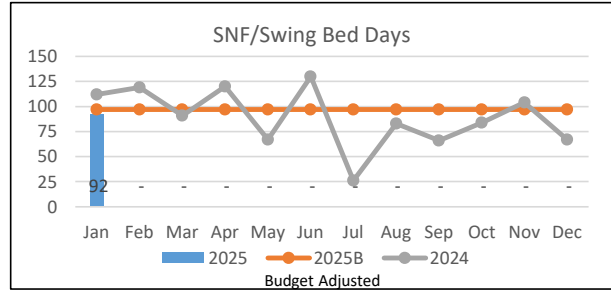
Board Financial Summary

January 31, 2025

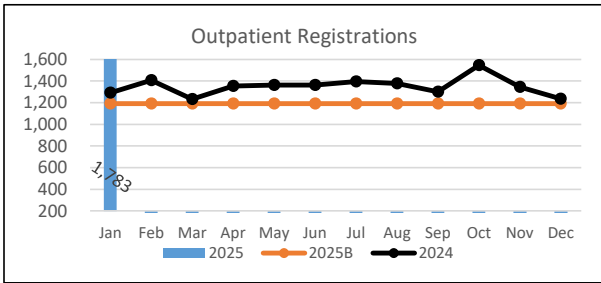
Growth



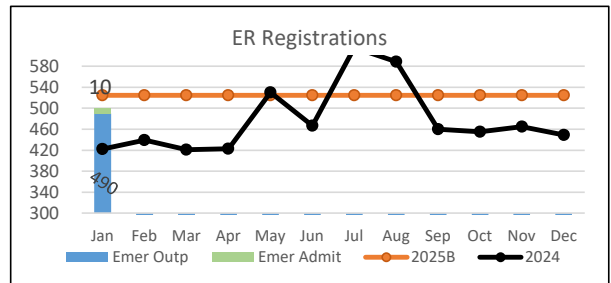
YTD: 50 Budget: 46 Pr Yr: 65



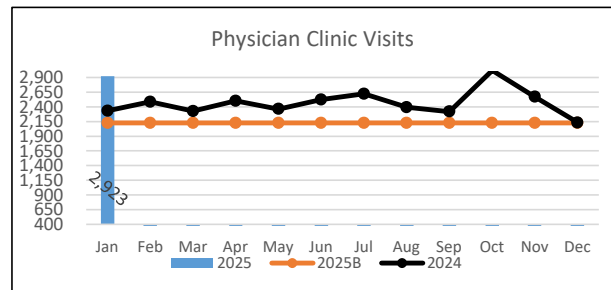
YTD: 92 Budget: 97 Pr Yr: 112



YTD: 1,783 Bud: 1,192 Pr Yr: 1,292

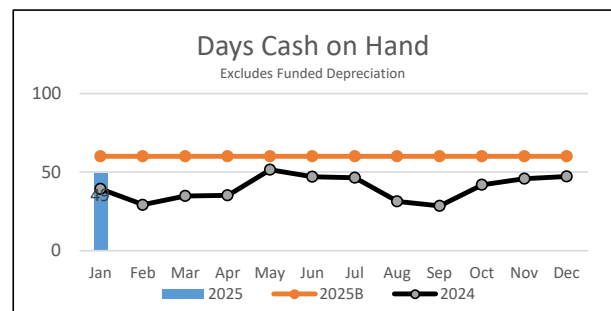
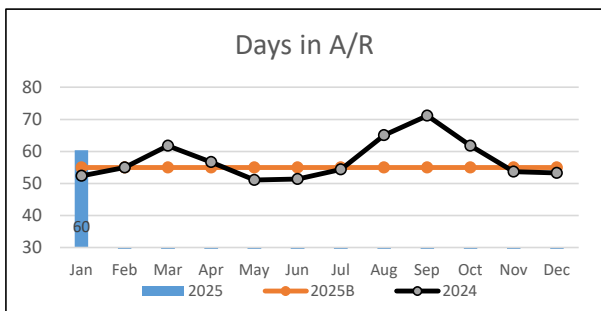
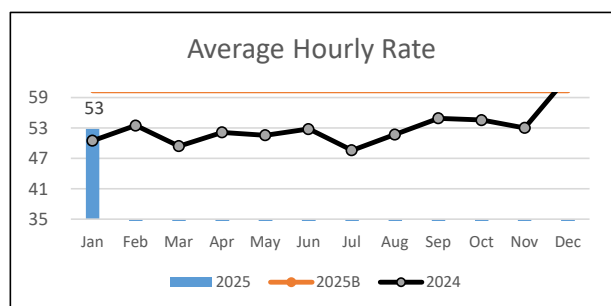
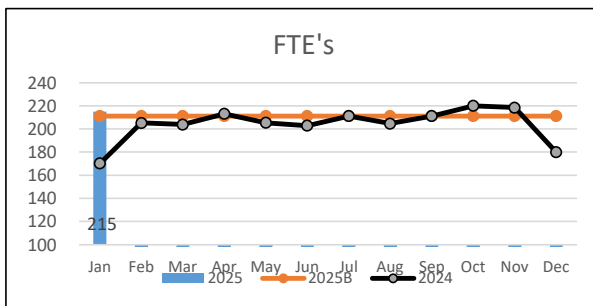


YTD: 490 Bud: 525 Pr Yr: 422



YTD: 2,923 Bud: 2,125 Pr Yr: 2,333

People and Operational Aspects



Lewis County Public Hospital District No. 1

Balance Sheet

January, 2025

	<u>Current Month</u>	<u>Prior-Month</u>	<u>Prior-Year end</u>	<u>Incr/(Decr) From PrYr</u>
Assets				
Current Assets:				
Cash	\$ 5,528,094	6,170,247	6,170,247	(642,154)
Total Accounts Receivable	11,435,641	11,046,488	11,046,488	389,153
Reserve Allowances	<u>(4,854,403)</u>	<u>(4,250,094)</u>	<u>(4,250,094)</u>	<u>(604,310)</u>
Net Patient Accounts Receivable	6,581,237	6,796,394	6,796,394	(215,157)
Taxes Receivable	112,547	35,830	35,830	76,717
Prepaid Expenses	487,589	470,964	470,964	16,625
Inventory	241,389	238,552	238,552	2,837
Funds in Trust	1,913,639	1,913,639	1,913,639	0
Total Current Assets	<u>14,864,496</u>	<u>15,625,627</u>	<u>15,625,627</u>	<u>(761,131)</u>
Property, Buildings and Equipment	35,858,201	35,837,739	35,837,739	20,463
Accumulated Depreciation	<u>(26,689,587)</u>	<u>(26,588,876)</u>	<u>(26,588,876)</u>	<u>(100,711)</u>
Net Property, Plant, & Equipment	9,168,615	9,248,863	9,248,863	(80,248)
Right-of-use assets	1,148,584	1,168,907	1,168,907	(20,323)
Other Assets	<u>2,606</u>	<u>2,661</u>	<u>2,661</u>	<u>(55)</u>
Total Assets	<u><u>\$ 25,184,300</u></u>	<u><u>26,046,057</u></u>	<u><u>26,046,057</u></u>	<u><u>(861,757)</u></u>
Liabilities				
Current Liabilities:				
Accounts Payable	1,482,150	1,282,798	1,282,798	199,353
Accrued Payroll and Related Liabilities	816,966	1,566,140	1,566,140	(749,174)
Accrued Vacation	926,182	984,338	984,338	(58,156)
Third Party Cost Settlement	82,396	598,945	598,945	(516,549)
Interest Payable	24,469	0	0	24,468
Current Maturities - Debt	950,221	950,221	950,221	0
Other Payables	<u>4,842</u>	<u>4,842</u>	<u>4,842</u>	<u>0</u>
Current Liabilities	<u>4,287,228</u>	<u>5,387,286</u>	<u>5,387,286</u>	<u>(1,100,058)</u>
Total Notes Payable	434,095	460,195	460,195	(26,100)
Lease Liability	838,309	870,076	870,076	(31,766)
Net Bond Payable	4,106,062	4,106,062	4,106,062	0
Total Long Term Liabilities	<u>5,378,466</u>	<u>5,436,332</u>	<u>5,436,332</u>	<u>(57,866)</u>
Total Liabilities	<u>9,665,694</u>	<u>10,823,618</u>	<u>10,823,618</u>	<u>(1,157,925)</u>
General Fund Balance	15,222,439	15,097,614	15,097,614	0
Net Gain (Loss)	<u>296,168</u>	<u>124,825</u>	<u>124,825</u>	<u>296,168</u>
Fund Balance	<u>15,518,606</u>	<u>15,222,439</u>	<u>15,222,439</u>	<u>296,168</u>
Total Liabilities And Fund Balance	<u><u>\$ 25,184,300</u></u>	<u><u>26,046,057</u></u>	<u><u>26,046,057</u></u>	<u><u>(861,757)</u></u>

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

CURRENT MONTH					YEAR TO DATE					
Pr Yr Month	% Var	\$ Var	Budget	Actual		Actual	Budget	\$ Var	% Var	Actual
1,064,305	-3%	(29,519)	892,444	862,925	Inpatient Revenue	862,925	892,444	(29,519)	-3%	1,064,305
3,384,646	20%	843,482	4,287,586	5,131,068	Outpatient Revenue	5,131,068	4,287,586	843,482	20%	3,384,646
568,969	3%	19,691	670,337	690,028	Clinic Revenue	690,028	670,337	19,691	3%	568,969
5,017,920	14%	833,653	5,850,367	6,684,020	Gross Patient Revenues	6,684,020	5,850,367	833,653	14%	5,017,920
2,401,630	-19%	(453,580)	2,326,810	2,780,390	Contractual Allowances	2,780,390	2,326,810	(453,580)	-19%	2,401,630
53,206	-17%	(11,831)	69,131	80,962	Charity Care	80,962	69,131	(11,831)	-17%	53,206
(28,771)	-51%	(32,834)	63,795	96,629	Bad Debt	96,629	63,795	(32,834)	-51%	(28,771)
2,426,065	-20%	(498,245)	2,459,736	2,957,981	Deductions from Revenue	2,957,981	2,459,736	(498,245)	-20%	2,426,065
2,591,854	10%	335,408	3,390,631	3,726,039	Net Patient Service Rev	3,726,039	3,390,631	335,408	10%	2,591,854
51.7%	3.8%	2.2%	58.0%	55.7%	NPSR %	55.7%	58.0%	2.2%	3.8%	51.7%
86,792	-22%	(33,488)	154,489	121,001	Other Operating Revenue	121,001	154,489	(33,488)	-22%	86,792
2,678,647	9%	301,920	3,545,120	3,847,040	Net Operating Revenue	3,847,040	3,545,120	301,920	9%	2,678,647
Operating Expenses										
1,893,251	3%	65,258	2,244,926	2,179,669	Salaries & Wages	2,179,669	2,244,926	65,258	3%	1,893,251
357,861	-26%	(103,297)	404,980	508,277	Benefits	508,277	404,980	(103,297)	-26%	357,861
42,288	11%	3,929	36,488	32,559	Professional Fees	32,559	36,488	3,929	11%	42,288
259,848	8%	21,102	264,066	242,965	Supplies	242,965	264,066	21,102	8%	259,848
319,665	5%	17,549	373,561	356,012	Purchase Services	356,012	373,561	17,549	5%	319,665
21,855	-62%	(24,410)	39,108	63,519	Utilities	63,519	39,108	(24,410)	-62%	21,855
32,929	-4%	(1,542)	34,570	36,112	Insurance	36,112	34,570	(1,542)	-4%	32,929
61,911	23%	15,164	66,901	51,737	Other Expenses	51,737	66,901	15,164	23%	61,911
2,989,608	0%	(6,248)	3,464,601	3,470,850	EBDITA Expenses	3,470,850	3,464,601	(6,248)	0%	2,989,608
(310,962)	367%	295,672	80,519	376,191	EBDITA	376,191	80,519	295,672	367%	(310,962)
-11.6%	-330.5%	-7.5%	2.3%	9.8%	EBDITA %	9.8%	2.3%	-7.5%	-330.5%	-11.6%
Capital Cost										
120,741	6%	8,163	129,251	121,089	Depreciation	121,089	129,251	8,163	6%	120,741
30,911	23%	8,814	38,797	29,984	Interest Cost	29,984	38,797	8,814	23%	30,911
3,141,260	0%	10,728	3,632,650	3,621,922	Operating Expenses	3,621,922	3,632,650	10,728	0%	3,141,260
(462,614)	-357%	312,648	(87,530)	225,118	Operating Income/(Loss)	225,118	(87,530)	312,648	-357%	(462,614)
-17.3%			-2.5%	5.9%	Operating Margin %	5.9%	-2.5%			-17.3%
Non Operating Activity										
67,421	-14%	(12,665)	89,199	76,533	Non-Op Revenue	76,533	89,199	(12,665)	-14%	67,421
5,144	-36%	(1,439)	4,044	5,484	Non-Op Expenses	5,484	4,044	(1,439)	-36%	5,144
62,277	-17%	(14,105)	85,154	71,050	Net Non Operating Activity	71,050	85,154	(14,105)	-17%	62,277
(400,336)	-12565%	298,544	(2,376)	296,168	Net Income / (Loss)	296,168	(2,376)	298,544	-12565%	(400,336)
-14.9%			-0.1%	7.7%	Net Income Margin %	7.7%	-0.1%			-14.9%

Unaudited

CONSENT AGENDA



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

January 29, 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
Call to Order Roll Call Unexcused/Excused Absences Reading the Mission & Vision Statements	<p>Board Chair Herrin called the meeting to order at 3:30 p.m.</p> <p>Commissioners present:</p> <ul style="list-style-type: none"><input checked="" type="checkbox"/> Tom Herrin, Board Chair<input checked="" type="checkbox"/> Craig Coppock, Secretary<input checked="" type="checkbox"/> Wes McMahan<input checked="" type="checkbox"/> Van Anderson<input checked="" type="checkbox"/> Chris Schumaker <p>Others present:</p> <ul style="list-style-type: none"><input checked="" type="checkbox"/> Robert Mach, Superintendent<input checked="" type="checkbox"/> Shana Garcia, Executive Assistant<input checked="" type="checkbox"/> Barbara Van Duren, CNO/CQO<input checked="" type="checkbox"/> Cheryl Cornwell, CFO<input type="checkbox"/> Shannon Kelly, CHRO<input checked="" type="checkbox"/> Julie Taylor, COSO<input checked="" type="checkbox"/> Dr. Kevin McCurry, CMO<input checked="" type="checkbox"/> Matthew Lindstrom, CFPO<input checked="" type="checkbox"/> Spencer Hargett, Compliance Officer<input checked="" type="checkbox"/> Barb Goble, Medical Staff Coordinator<input checked="" type="checkbox"/> Dr. Don Allison, Chief of Staff			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<ul style="list-style-type: none"> ☒ Jessica Scogin, Foundation Manager ☒ Clint Scogin, Controller ☒ Robert Houser, Imaging Manager ☒ Buddy Rose, Journalist ☒ Diane Markham, Marketing & Communication Manager ☒ Julie Johnson, QMRC Manager ☒ Nicholas Tyler, Pharmacist <p>Board Chair Herrin noted the chat function has been disabled and the meeting will not be recorded.</p>			
Approval or Amendment of Agenda	Commissioner Anderson inquired on the agenda topic to address electing a Board Chair and Secretary. Board Chair Herrin shared it is under Old Business, agenda topic 2025 Organization & Officers of the Board of Commissioners.	Commissioner Anderson made a motion to approve the agenda. Commissioner Schumaker seconded, and the motion passed unanimously.		
Conflicts of Interest	Board Chair Herrin asked the attendees to state any conflicts of interest with today's agenda.	None.		
Comments and Remarks	<p>Commissioners: Commissioner McMahan commended the team on a good year financially and thank you to everyone's efforts to get to a place where the District made money. Commissioner Anderson thanked John Carter for his IT assistance, shared he still has not received a response from the Mineral Fire Department and the new Mountain View Library offers teen events so the clinic may see students passing through. Superintendent Mach welcomed Dr. Allison as our 2025 Chief of Staff, as well as requested grace, as the District moves from Zoom to Teams for the virtual platform for board meetings.</p> <p>Audience: None.</p>			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
Executive Session <ul style="list-style-type: none"> RCW 70.41.200 & RCW 42.30.110 (g) 	<p>Board Chair Herrin announced going into executive session at 3:40 p.m. for 15 minutes to discuss RCW 70.41.200-Medical Privileging and Quality Improvement Oversight Report, as well as RCW 42.30.110 (g) to discuss the performance of a public employee. At 3:55 p.m. Board Chair Herrin extended Executive Session by 5 minutes. At 4:00 p.m. Board Chair Herrin extended Executive Session by 2 minutes. The Board returned to open session at 4:02 p.m. Board Chair Herrin noted no decisions were made in Executive Session.</p> <p>Initial Appointments:</p> <p>Radiology Consulting Privileges</p> <ol style="list-style-type: none"> Luke Stall, MD Leszek Pisinski, MD <p>Reappointments:</p> <p>Telestroke/Neurology Consulting Privileges</p> <ol style="list-style-type: none"> Muhammad Farooq, MD Mohammad Hirzallah, MD John Zurasky, MD <p>Radiology Consulting Privileges</p> <ol style="list-style-type: none"> Jonathan Kullnat, MD David Lee, MD Justin Siegal, MD Harold Prow, MD <p>Arbor Health</p> <ol style="list-style-type: none"> Coleen Overdorf, DO (Consulting Pulmonology) 	<p>Secretary Coppock made a motion to approve the Medical Privileging as presented and Commissioner Schumaker seconded. The motion passed unanimously.</p>		
Department Spotlight <ul style="list-style-type: none"> Medical Staff Update 	<p>CMO Dr. McCurry shared insight into the Medical Staff. Medical Staff includes eight primary physicians, four advance care providers, sleep medicine, podiatry and general surgery. The clinics marked 29,586 visits, the ED</p>			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<p>marked 5,633 registrations, the outpatient registrations 16,208. Cardiology Services have officially begun with the team being onsite every other week until volumes show more demand. Dr. Ball is the District's Medical Director for the Emergency Department. All physicians are ED Board Certified. All in all, a stable Medical Staff here at Arbor Health.</p> <p>Commissioner McMahan appreciated the update and hearing firsthand about Medical Staff. Commissioner McMahan inquired about the quality control oversight of APP's. Dr. McCurry confirmed there is required oversight, and it is a part of the quality program where it's reported. Commissioner Anderson inquired on future request and/or support from the Board. Dr. McCurry noted recruiting to replace the orthopedist, another surgeon in the next year or two, as well as the clinics are at capacity and a long-term plan needs to be put into place to expand.</p>			
Board Committee Reports <ul style="list-style-type: none"> Hospital Foundation Report 	<p>Board Chair Herrin shared Jason Whitney submitted a grant request for additional blood pressure cuffs for the clinics. He had great energy and was thankful for the Foundation's efforts in 2024, so hoping for another donation in 2025.</p> <p>Foundation Manager Scogin shared the AH Foundation has the 2025 Calendar of Events which includes the Dinner Auction with a fairytale theme this year.</p>			
<ul style="list-style-type: none"> Finance Committee Report 	<p>Commissioner Anderson highlighted the financial statistics year to date. The District ended with a Net Income of \$2,090,509. The District was projecting a loss on the budget; however, experienced a profit of \$2,956, 381. The State Auditors Office is in the process of completing audits for</p>			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	2022 and 2023. The capital presented was in both December and January with Committees support and already approved.			
Consent Agenda	<p>Board Chair Herrin announced the consent agenda items for consideration of approval:</p> <ol style="list-style-type: none"> 1. Approval of Minutes <ol style="list-style-type: none"> a. December 11, 2024, QIO Committee Meeting b. December 18, 2024, Finance Committee Meeting c. December 18, 2024, Regular Board Meeting d. January 22, 2025, Finance Committee Meeting 2. Warrants & EFTs in the amount of \$4,035,572.82 dated December 2024 3. Approve Documents Pending Board Ratification 01.29.25 4. RES-25-01-Approving the Petty Cash Drawers and Custodians of the District 5. RES-25-02-Appointing DNV Accreditation-Antimicrobial Stewardship Program Manager 	<p>Secretary Coppock made a motion to approve the Consent Agenda and Commissioner Anderson seconded. The motion passed unanimously.</p> <p>Minutes and Warrants will be sent for electronic signatures.</p>	Executive Assistant Garcia	12.20.24
Old Business <ul style="list-style-type: none"> • Board Community Engagements 	<p>Board Chair Herrin opened the floor for Commissioners to share on meetings attended in the last month. Secretary Coppock recently attended a Mossyrock Alliance League (MAL) and the group requested the District have a booth that engages the youth with quick, easy, healthy snack ideas.</p> <p>The Board agreed to revisit formalized questions to be bringing to these meetings to ensure we are identifying how we can bring better healthcare to the District.</p>	Bring back brainstorming session with Kurt O'Brien when questions were identified.	Superintendent Mach	02.26.25

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
<ul style="list-style-type: none"> 2025 Organization & Officers of the Board of Commissioners 	<p>Board Chair Herrin shared the Board needs to elect the Board Chair and Secretary.</p> <p>Board Chair Herrin opened the floor for nominations for Board Chair. Commissioner Anderson nominated Commissioner Herrin as Board Chair. There were no other nominations.</p> <p>Board Chair Herrin opened the floor for nominations for Secretary. Commissioner Coppock nominated Commissioner McMahan as Secretary. There were no other nominations.</p>	<p>Commissioner Anderson made a motion to elect Commissioner Herrin as Board Chair. Commissioner McMahan seconded. The motion passed 3-0, two votes were not recorded.</p> <p>Commissioner Coppock made a motion to elect Commissioner McMahan as Secretary and Commissioner Anderson seconded. The motion passed unanimously.</p>		
<ul style="list-style-type: none"> Board Policy & Procedure Review 	<p>Board Chair Herrin presented the following policies/procedures for review and/or revision:</p> <ol style="list-style-type: none"> CEO/Superintendent Evaluation <ol style="list-style-type: none"> Commissioner requested to add benchmarking goals. 	Revise the policy and procedure.	Superintendent Mach	02.26.25
New Business	Board Chair Herrin noted no new business to report.			
Superintendent Report	<p>Superintendent Mach highlighted the memo in the packet and added the following updates:</p> <ol style="list-style-type: none"> New Tele-stroke equipment coming. Community Health Needs Assessment (CHNA) due again, so working to select a consultant. The CHNA will assist in the process and drives the Strategic Plan. Hired a new ED Physician, Dr Rachel Montes. She grew up in Mossyrock and wanted to come home to provide care. Welcome! 			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<p>4. Hired a new Lab Manager, Janice Pendergrass. She spent 24 years in the Swedish system and planned to relocate to this area, so the timing was excellent. Welcome!</p> <p>5. Continue to have Twin Transit services and hoping to do more scheduling this year to help patients.</p> <p>6. Respiratory Illness is upon us, delayed in the state of WA but either way is here.</p> <p>7. Continue to follow the Executive Orders, remember these are proposed.</p> <p>8. Planning to attend Advocacy Day in Olympia.</p> <p>Commissioner McMahan recently attended the legislative bills to being proposed. Continuing to track but wondering what can we do? Compliance Officer Hargett confirmed he is tracking and once finalized these regulations affecting the District are managed on the regulatory dashboard. Also, Superintendent Mach reminded the Board, the District pays dues to both WSHA and AWPHD to follow the legislative sessions and advocate on our behalf. Commissioner McMahan requested a meeting to discuss further and the Board advocated for this workshop to further discuss the proposed bills.</p> <p>Lastly, Superintendent Mach pulsed the Board on their interest in attending the 2025 AWPHD & WSHA Rural Hospital Leadership Conference in June. All commissioners would like to attend.</p>	<p>Schedule legislative workgroup meeting.</p> <p>Book hotel reservations.</p>	<p>Superintendent Mach</p> <p>Executive Assistant Garcia</p>	<p>Prior to 02.26.25 Board Meeting</p> <p>Prior to 02.26.25 Board Meeting</p>
Meeting Summary & Evaluation	<p>Superintendent Mach provided a meeting summary. Secretary Coppock noted a good meeting. Commissioner Schumaker noted everyone being vested.</p>			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
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	Commissioner Anderson shared everything seems to be going well and appreciated Dr. McCurry's update. Superintendent Mach reiterated that Dr. McCurry is a great resource to Admin team and people listen when he speaks. Commissioner McMahan thanked everyone for their tolerance of his questions. Board Chair Herrin noted a great meeting and appreciated Pharmacist Tyler's input, great addition.			
Adjournment		Secretary Coppock moved, and Commissioner Anderson seconded to adjourn the meeting at 5:21 p.m. The motion passed unanimously.		

Respectfully submitted,

Craig Coppock, Secretary

Date



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
Compliance Committee Meeting
November 6, 2024, at 12:00 p.m.
Via Zoom

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	Commissioner McMahan called the meeting to order via Zoom at 12:00 p.m. Commissioner(s) Present in Person or via Zoom: <input checked="" type="checkbox"/> Wes McMahan, Commissioner <input checked="" type="checkbox"/> Craig Coppock, Secretary Committee Member(s) Present in Person or via Zoom: <input type="checkbox"/> Robert Mach, Superintendent/CEO <input checked="" type="checkbox"/> Shana Garcia, Executive Assistant <input checked="" type="checkbox"/> Spencer Hargett, Compliance Officer <input checked="" type="checkbox"/> Cheryl Cornwell, CFO <input type="checkbox"/> Shannon Kelly, CHRO <input checked="" type="checkbox"/> Barbara Van Duren, CNO/CQO <input checked="" type="checkbox"/> Julie Johnson, Quality Management, Risk & Regulatory Compliance Mgr. <input type="checkbox"/> Matthew Lindstrom, Facilities Director <input type="checkbox"/> Jim Frey, IT Director <input type="checkbox"/> Julie Taylor, Ancillary Services Director <input checked="" type="checkbox"/> Jessica Neidert, Business Office Manager	Excused-Robert Mach (LC Chamber of Commerce Meeting) & Julie Taylor (Lab) Unexcused-Shannon Kelly, Matthew Lindstrom & Jim Frey		

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<input checked="" type="checkbox"/> Janice Cramer, Patient Access Manager			
Approval or Amendment of Agenda	No amendments noted.	Secretary Coppock made a motion to approve the agenda and CFO Cornwell seconded. The motion passed unanimously.		
Conflicts of Interest	Commissioner McMahan asked the Committee to state any conflicts of interest with today's agenda.	None noted.		
Committee Reports <ul style="list-style-type: none"> Compliance Operational Workgroup Recap 	Compliance Officer Hargett highlighted the workgroup minutes.			
Consent Agenda	Commissioner McMahan announced the following in consent agenda up for approval: <ol style="list-style-type: none"> Review of Compliance Minutes –November 6, 2024 Review of Compliance Operational Workgroup Minutes –December 4, 2024 Regulatory Audits Dashboard 	Secretary Coppock made a motion to approve the consent agenda. CFO Cornwell seconded. Motion passed unanimously.		
Old Business <ul style="list-style-type: none"> Compliance Program Update 	<p>Compliance Officer Hargett shared an updated on the ongoing open items.</p> <p>The appointment verses assignment document will be monitored annually in Lucidoc to ensure the District is tracking on certain positions.</p> <p>The Code of Ethics research includes two options, 1) Archive the document and only have the Code of Conduct that the whole District signs or 2) Keep the document but remove areas that are not applicable.</p> <p>The text message retention continues to be a decision to be made on if they are records or</p>	<p>Load Appointments/Assignments reference material into Lucidoc.</p> <p>Present recommendations for Code of Ethics to the Board.</p>	<p>Compliance Officer Hargett/Executive Assistant Garcia</p> <p>Compliance Officer Hargett</p>	<p>Prior to May 7, 2025 Compliance Committee Meeting</p> <p>02.26.25 Regular Board Meeting</p>

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<p>transitory records. Continue to research and possibly consult legal.</p> <p>Compliance Officer Hargett noted following the proposed legislative bills but waiting for final ruling before adding to dashboard. Then the District will track and make plans to implement changes. Commissioner McMahan connected with Superintendent Mach and plan to form a committee to review the bills that may impact the District.</p> <p>Compliance Officer Hargett highlighted in 2024 there for three HIPAA breaches that were reportable all due to misdirected mail.</p> <p>Executive Assistant Garcia noted one open Public Records Request (PRR) from 2024 and anticipate wrapping up this week. Received two PRR's in 2025 to date, one closed and one redirected as it's a Medical Records Request (MRR).</p> <p>Business Office Manager Niedert and Patient Access Manager Cramer did not have a Revenue Cycle update. Compliance Officer recommended noting billing issues that turn compliance related.</p> <p>Compliance Officer Hargett noted the Charity Care Policy & Procedure updates in Q1 2025, sent to DOH for final review.</p>			
<ul style="list-style-type: none"> New/Updated Laws Dashboard 	Compliance Officer Hargett shared there were extensive updates made to the CORE. Planning to update the managers group that manage records in each department.			
<p>New Business</p> <ul style="list-style-type: none"> Lucidoc Document Management 	<p>Compliance Officer Hargett presented the following documents for review:</p> <ol style="list-style-type: none"> Annual Adoption of the Compliance Plan-Updated language to match 	Secretary Coppock made a motion to approve the documents presented and CNO/CQO van Duren seconded. The		

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	documents and current process. Approved. 2. Compliance Plan-No material updates. Approved.	motion passed unanimously.		
<ul style="list-style-type: none"> Proposed 2025 Compliance Workplan 	<p>Compliance Officer Hargett presented the proposed 2025 Compliance Workplan. This was flooded with the results of the annual compliance risk assessment completed last November.</p> <p>The Compliance Committee supports the resolution for adopting the 2025 Compliance Plan and will recommend approval at the Board level in Consent Agenda.</p>	The Compliance Committee supported requesting the Board's approval of a resolution for adopting the 2025 Compliance Plan at the Regular Board Meeting.	Executive Assistant Garcia	02.26.25 Regular Board Meeting
Meeting Summary & Evaluation	<p>Compliance Officer Hargett provided a summary report.</p> <p>Commissioner McMahan noted the delay is starting the meeting but appreciates those in the meeting staying on top of all thing's compliance related.</p> <p>Secretary Coppock noted the absences in today's meeting makes it harder to get the job done. He appreciated the embedded pdfs and links in the packet.</p>			
Adjournment	Commissioner McMahan adjourned the meeting at 1:03 p.m.			



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
Finance Committee Meeting
February 19, 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 12:04 p.m. Commissioner(s) Present in Person or via Teams: <input checked="" type="checkbox"/> Van Anderson, Commissioner <input checked="" type="checkbox"/> Wes McMahan, Commissioner Committee Member(s) Present in Person or via Zoom: <input checked="" type="checkbox"/> Shana Garcia, Executive Assistant <input checked="" type="checkbox"/> Cheryl Cornwell, CFO <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"/> Jessica Niedert, Business Office Manager <input checked="" type="checkbox"/> Janice Cramer, Patient Access Manager	Excused: Unexcused:		
Approval or Amendment of Agenda		Commissioner McMahan made a motion to approve the agenda and Community Member Fisher seconded. The motion passed unanimously.		

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
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"> 1. Review of Finance Minutes –January 22, 2025 2. Board Oversight Activities 3. Review Warrants & EFT's in the amount of \$4,946,227 dated January 2025 <p>The Finance Committee supports the Warrants and EFT's and will recommend approval at the Board level in Consent Agenda.</p>	<p>Superintendent Mach made a motion to approve the consent agenda and Commissioner McMahan seconded. The motion passed unanimously.</p> <p>The Finance Committee supported requesting the Board's approval of the Warrants & EFT's at the Regular Board Meeting in Consent Agenda.</p>	Executive Assistant Garcia	02.26.25 Regular Board Meeting
Old Business <ul style="list-style-type: none"> • CFO Financial Review 	<p>CFO Cornwell noted another strong month to kick off 2025. Inpatient admissions were right on target with budget and swing bed admissions were above budget. Right now patients are ill and may be related to the delayed of flu in the state. Outpatient registrations, surgeries, and physician visits were all off the charts, very busy January.</p> <p>CFO Cornwell shared Day Cash on Hand is slightly lower and Days in AR are high but working to reduce. Finally training two replacement FTE's that the team has been without since the summer of 2024.</p> <p>CFO Cornwell highlighted cash is lower but expected due to a Medicare take back on payments. That be said it was hardly affected, strong work Revenue Cycle. Only one month, but the operating margin is 5.9% on a national average of 3%, so that's great news! Positive net income of \$296,168.</p>			
<ul style="list-style-type: none"> • State of WA Survey 	CFO Cornwell noted the survey audits for 2022 and 2023 have been completed by the State Auditors			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	Office (SAO). No major findings shared, but minor items to improve. The SAO will present the whole report at the February 26, 2025 Regular Board Meeting.			
New Business <ul style="list-style-type: none"> WIPFLI Financial Audit 	CFO Cornwell shared the financial audit is underway with WIPFLI. Controller Scogin has received the audit list and will begin to fulfill. CFO Cornwell is anticipating the audit to take the next couple months to complete.			
<ul style="list-style-type: none"> AH Retirement Fund Update 	<p>CFO Cornwell presented the retirement info shared at the recent quarterly meeting. The plan remains competitive in the market.</p> <p>Commissioner Anderson inquired about what the Board should be monitoring for performance of the plan. CFO Cornwell confirmed the Board has a fiduciary responsibility to review the plan. A pattern of negative numbers should be monitored, as well as is the plan beating the down the market. Also, monitoring how does Multnomah Group compare to other investors. Superintendent Mach shared this investment group is through the TRC, which adds another level of review and oversight.</p>			
<ul style="list-style-type: none"> Capital Review 	<p>Superintendent Mach highlighted the two capital items:</p> <ol style="list-style-type: none"> 439 Cottlers Lane Roof Replacement-recent storm ruined the roof and needs to be replaced. No approval required, within Superintendent Mach's spending authority. HVAC Units for EVS & Offices-the units are end of life and currently heating this wing of the hospital with space heaters. No additional approval required, approved in the 2025 capital plan. 			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
<ul style="list-style-type: none"> Surplus or Dispose of Personal Property 	<p>CFO Cornwell presented the list of assets for surplus. Most are capital items recently replaced.</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 Garcia	02.26.25 Regular Board Meeting
Appendix	<p>Commissioner Anderson inquired on prior authorizations. Superintendent Mach shared this is a big discussion at the TRC and how difficult insurance has made it for hospitals to get paid. While the District cannot tell patients to not sign up with Medicare Advantage plans, we strongly encourage them to make the best choice for them.</p> <p>Commissioner McMahan inquired if the District has recouped costs for opening the Packwood Clinic and if there's a chance to explore a Mobile Clinic Unit again. CFO Cornwell noted the Packwood Clinic is performing and good addition to the growing community. While volumes are not high, most RHC's are not huge money makers rather a referral source for outpatient services at the hospital. It is a huge process to even become a RHC and then to be paid as one.</p>	Complete preliminary research on Mobile Clinic Unit.	Superintendent Mach	Prior to 03.19.25 Finance Committee Meeting
Meeting Summary & Evaluation	<p>Commissioner Anderson provided a summary report.</p> <p>Commissioner McMahan noted a productive meeting, little late start. Excited to see capital investments being made as planned.</p> <p>Superintendent Mach and CFO Cornwell appreciated everyone's time and another good meeting.</p>			
Adjournment	Commissioner Anderson adjourned the meeting at 12:49 pm.			

WARRANT & EFT LISTING NO. 2025-01

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:

Cheryl Cornwell, CFO

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

\$4,946,227 this 26th day

of February 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 \$4,946,227 dated January 1, 2025 – January 31,
2025.

ARBOR HEALTH WARRANT REGISTER SUMMARY

January 31, 2025

Routine A/P Check Runs

Warrant Number	Date	Amount	Description
See Detail	1/1/2025-1/31/2025	989,383	System Checks
See Detail	1/1/2025-1/31/2025	3,300,817	EFT payments
Total - Umpqua Bank		\$ 4,290,200	

Warrant Number	Date	Amount	Description
1242	01/03/25	210,758	IRS
1243	01/17/25	221,369	IRS
1244	01/31/25	220,225	IRS
4857-4860	01/31/25	3,676	BBP Admin
Total - Security State Bank		\$ 656,027	

Total Checks/Warrants	\$4,946,227
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Error Corrections - in Check Register - Voids

Warrant No.	Date Voide	Amount	Description
137155	01/20/2025	2,850.54	AMERISOURCEBERGEN DRUG CORP
137156	01/20/2025	11,813.21	CAPITAL BUSINESS MACHINES INC
137157	01/20/2025	3,150.33	CARDINAL HEALTH 110
137158	01/20/2025	21.06	CERNER CORP / CO ORACLE AMERICA INC
137159	01/20/2025	10,674.21	CONEXUS MEDSTAFF LLC
137160	01/20/2025	9,327.26	CORROHEALTH LOCK BOX
137161	01/20/2025	52,998.88	HMA
137162	01/20/2025	2,496.18	MCKESSON MEDICAL-SURGICAL INC.
137163	01/20/2025	3,611.11	MEDLINE INDUSTRIES, INC
137164	01/20/2025	134.76	MULTIMEDICAL SYSTEMS, LLC
137165	01/20/2025	1,200.00	PRISTA CORPORATION
137166	01/20/2025	1,394.95	RELIAS LEARNING, LLC
137167	01/20/2025	267.17	SIEMENS HEALTHCARE DIAG
137168	01/20/2025	1,566.84	TRUSTMARK VOLUNTARY BENEFIT SOLUTIONS INC
137169	01/20/2025	109.20	WEX HEALTH
137213	02/13/2025	162.00	JANICE CYR
137251	02/13/2025	26.00	JANICE CYR
Total - Voided Checks		\$ 101,804	



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION DECLARING TO
SURPLUS OR DISPOSE OF PERSONAL
PROPERTY

RESOLUTION NO. 25-03

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 26th day of February 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: February 12, 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
02/2025	OR SURGERY LIGHTS	OR	1830	SURPLUS	OBSOLETE
2/2025	WASHER DISINFECTOR	STERILE	2136	SURPLUS	OBSOLETE
2/2025	HOOD	DIETARY	2093	SURPLUS	OBSOLETE
2/2025	TV	OR	5201	SURPLUS	OBSOLETE



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION ADOPTING THE
2024 COMPLIANCE WORKPLAN

RESOLUTION NO. 25-04

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:

Adopting the 2025 Compliance Workplan.

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 26th day of February 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

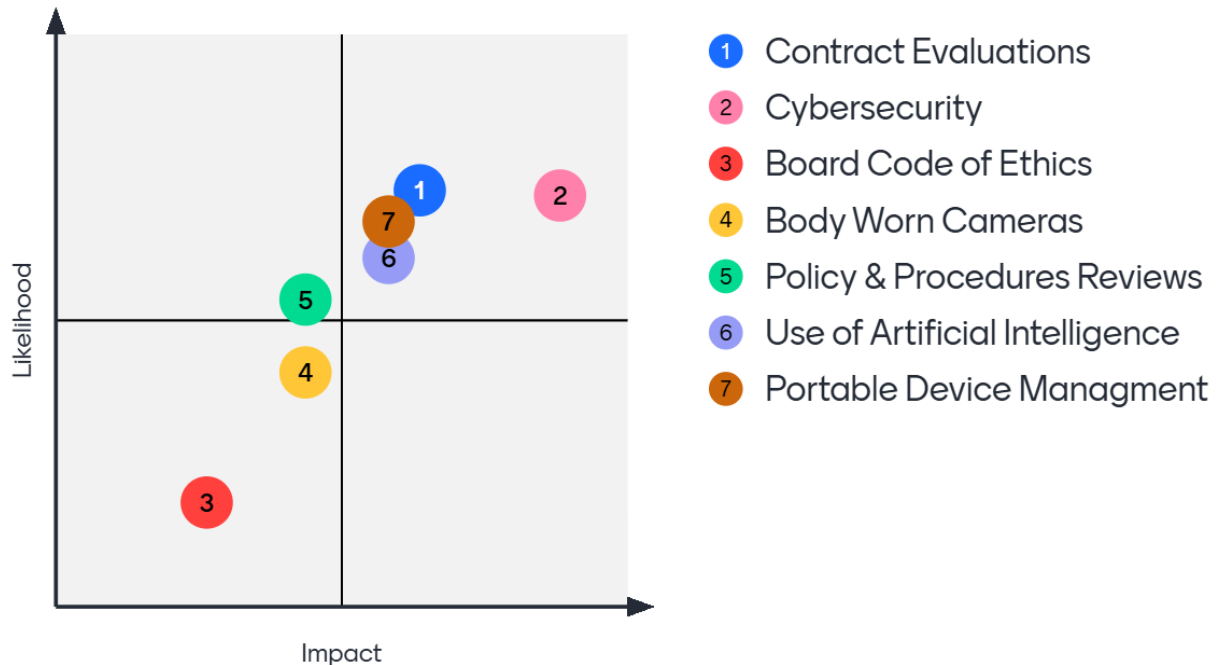
Chris Schumaker, Commissioner

To: Compliance Committee
From: Spencer Hargett, Compliance Officer
Date: 1/23/2025
Subject: 2025 Proposed Compliance Workplan

2024 Workplan Final Status: 91%

Initiative		Status (% Addressed)
1	ADT Notifications	100%
2	Contract Evaluations	74%
3	E3 SRA Findings	53%
4	Personnel Chart Access	100%
5	Wage & Hours Rounding Law	100%
6	Artificial Intelligence	100%
Auditing & Monitoring		93% (14/16 Complete)

2024 Year End Risk Assessment



Proposed 2024 Compliance Workplan Key Initiatives:

Key Initiatives		Q1	Q2	Q3	Q4
1	Cybersecurity/E3 SRA	X	X		
2	Contract Evaluations	X	X		
3	Portable Device Management		X	X	
4	Use of Artificial Intelligence		X	X	
5	Policy & Procedure Reviews			X	X
6	LEO Body Worn Cameras			X	X

Proposed 2024 Audit & Monitoring Activities:

Activity		Q1	Q2	Q3	Q4
1	Physician Signature Attestation Log	X			
2	CORRO Chargemaster Review & Coding Review		X		
3	PEPPER		X		
4	Provider Contracts Review				X
5	Record Program			X	
6	DOH Required Policies/Items due to DOH			X	
7	Annual Conflicts of Interest Disclosures				X
8	Cerner Activity Log Review/Payer Access	X	X	X	X
9	CMS Promoting Interoperability Attestation	X			
10	340B		X		
11	Annual Update HHS Poverty Guidelines (Available 1/15)	X			
12	CMS IPPS/OPPS Final Rule	X			
13	Report previous year breaches to OCR	X			
14	OIG LEIE Checks		X		
15	BAA Questionnaire		X		



2025 Medical Staff Appointments

Medical Executive Committee (MEC)

Chief of Staff	Don Allison, MD
Secretary	Fabiola Puga, MD
Immediate Past Chief of Staff	Victoria Acosta, DO

Service Chiefs

Surgery/Specialties	Charles T. Anderson, MD
Hospitalist	Don Allison, MD

Medical Directors

Emergency Department	Vincent Ball, MD
Sleep Center	Jakdej Nikomborirak, MD
Respiratory Therapy & Pulmonary Rehabilitation	Mark Hansen, MD
Pathology	Helen Kim, MD-PeaceHealth Medical Group
Anesthesia	Amy Nielsen, CRNA
Rehabilitation Services	Travis Podbilski, DO
Imaging	Jonathan Davison, MD-Radia, Inc.
Rural Health Clinics	Travis Podbilski, MD

Medical Staff Committee Assignments

Pharmacy & Therapeutics	Kevin McCurry, MD Edward Junn, MD Quoc Ho, MD (Alternate) Nicholas Tyler-Hashemi, Pharmacist
Utilization Quality Review/QI & Medical Records	Charles T. Anderson, MD Travis Podbilski, DO Garrett Peresko, DPM (Alternate)
Ethics Committee	Charles T. Anderson, MD Kevin McCurry, MD Don Allison, MD
Tissue & Transfusion	Peace Health
Infection Prevention & Control	Charles T. Anderson, MD Amy Nielsen, CRNA (Alternate)
Joint Conference	See Bylaws
Credentialing (3-year rotation)	Charles Anderson, MD (3rd Year) Edward Junn, MD (2nd Year) Quoc Ho, MD (2nd Year)
Swing Bed	John Hines, DO Mark Hansen, MD

Documents Awaiting Board Ratification 02.26.25

	LCHD No. 1's Policies, Procedures & Plans:	Departments:
1	Annual Adoption of the Compliance P	Governing Body
2	Compliance Plan	Compliance

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.

OLD BUSINESS



DocID: 8610-103
Revision: 5
Status: In preparation
Department: Governing Body
Manual(s):

Policy & Procedure : CEO/Superintendent Evaluation

Policy:

The Lewis County Hospital District No. 1 Board of Commissioners will conduct an evaluation of the CEO/Superintendent no less than annually during their anniversary month, but may call for an evaluation at anytime.

Purpose:

For the Lewis County Hospital District No. 1 Board of Commissioners and the CEO/Superintendent to set goals.

Procedure:

The Lewis County Hospital District No. 1 Board of Commissioners will set goals and evaluate the CEO/Superintendent through this process:

1. The Board of Commissioners will complete the evaluation two month's prior to scheduled annual evaluation with the CEO/Superintendent. The CEO/Superintendent will present prior year accomplishments, benchmarks and upcoming year goals to the Board Chair two month's prior to scheduled annual evaluation.
2. The Board of Commissioners will review the performance of a public employee in Executive Session which will include the CEO/Superintendent's accomplishments and goals, as well as the completed evaluation with compiled results from the Board of Commissioners a month prior to annual evaluation.
3. The Board of Commissioners will review the performance of a public employee in Executive Session with the CEO/Superintendent during their anniversary month and/or as soon as practical.
4. The Board of commissioners will also hold a 6 month check in with the CEO/Superintendent approximately halfway through the evaluation period. This checkin will be held in executive session. The CEO/superintendent will share progress report on his/her annual goals, benchmarks and overall performance of the organization.

Document Owner: Herrin, Tom
Collaborators: Mach, Robert

Approvals

- Committees:
- Signers:

Original Effective Date: 07/05/2006

Revision Date:

[07/05/2006 Rev. 1], [03/09/2007 Rev. 0], [05/31/2016 Rev. 2], [06/26/2018 Rev. 3], [01/30/2024 Rev. 4]

Review Date:

[07/09/2008 Rev. 1], [05/29/2009 Rev. 1], [04/06/2010 Rev. 1], [04/11/2011 Rev. 1], [11/08/2013 Rev. 1], [12/23/2014 Rev. 1], [09/05/2019 Rev. 3], [10/08/2020 Rev. 3]

Attachments:

(REFERENCED BY THIS DOCUMENT)

[CEO/Superintendent Evaluation](#)

Other Documents:

(WHICH REFERENCE THIS DOCUMENT)

Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at [https://www.lucidoc.com/cgi/doc-gw.pl?ref=morton:10653\\$5](https://www.lucidoc.com/cgi/doc-gw.pl?ref=morton:10653$5).



DocID: 15804
Revision: 5
Status: Official
Department: Governing Body
Manual(s):

Policy : Code of Ethics

Policy:

It is the policy of Lewis County Hospital District No. 1 that the Board of Commissioners will adopt and comply with this Code of Ethics.

Procedure:

Introduction

This Board of Commissioners Code of Ethics (Code) has been adopted by the Board of Commissioners (Board) of Lewis County Public Hospital District No. 1, Arbor Health of Lewis County, Washington (District) to promote honest and ethical conduct and compliance with applicable laws, rules and regulations by the members of the Board (Commissioners).

Applicability

This Code applies to each Commissioner.

How to Use the Code

This Code is a general guide to the Board's standards of conduct and regulatory compliance. This Code is not intended to cover every issue or situation Commissioners may face in their official capacity. This Code does not replace other more detailed policies and procedures adopted by the District, including but not limited to the District's Bylaws, the Lewis County Hospital District No. 1 Code of Ethics (to the extent applicable to Commissioners), and specific directives adopted from time to time by the Board.

It is essential that Commissioners thoroughly review this Code and make a commitment to uphold its requirements. Failure to read and/or acknowledge this Code does not exempt a Commissioner from his or her responsibility to comply with this Code, applicable laws, rules and regulations, and District policies and procedures.

None of the principles and practices outlined in the Code is intended to restrict any Commissioner from exercising its constitutional rights of free speech and should not be so construed. Furthermore, the exercise of such rights shall not subject any Commissioner to any sanctions under this Code, even if such exercise is otherwise inconsistent with a stated principle or practice of appropriate ethical conduct.

The Board does not intend to adopt any rule in this Code that violates existing law. If, as a result of changes in the law or otherwise, any provision of the Code is subsequently determined to violate applicable law, such provision

shall be construed in such a way as to eliminate such violation and, if no such construction of the applicable provision is possible, the provision shall be void.

Fundamental Responsibilities of Commissioners

The fundamental responsibility of each Commissioner is to promote the best interests of the public by overseeing the management of the District's business and community operations. In doing so, each Commissioner shall act in accordance with this Code, the District's other policies and procedures, and applicable laws, rules and regulations, including, but not limited to, Washington state law and the District's Bylaws. The Commissioners acknowledge that the purpose of Chapter 70.44 RCW, pursuant to which the District was formed, is to authorize the establishment of public hospital districts to own and operate hospitals and other health care facilities and to provide hospital and other health care services for the residents of such districts and other persons. The discharge of this responsibility requires the District to operate its hospital and other health care facilities in a competitive manner. Were it not to do so, the District could not compete with other private and public health care providers for patients, medical staff, executives and other critical operational support and would cease to be an economically viable entity notwithstanding the public support provided through tax levies against real property located within the District's boundaries.

Principles and Practices

1. In the performance of their official duties, Commissioners shall act ethically, in good faith, with integrity, with care, and in a manner they reasonably believe to be in the best interests of the public that is served by the District.
2. Commissioners shall not allow outside activities or personal financial or other interests to influence or appear to influence their ability to make objective decisions with respect to the District.
3. Commissioners shall conduct their official and personal affairs in such a manner as to give the clear impression that they cannot be improperly influenced in the performance of their official duties.
4. Commissioners in discharging their duties to the District shall use their best efforts to comply with all applicable laws, rules and regulations of federal, state and local governments and other regulatory agencies.
5. Commissioners shall not be beneficially interested, directly or indirectly, in any contract or transaction which may be made by, through or under the supervision of such Commissioner, in whole or in part, or which may be made for the benefit of their office, or accept, directly or indirectly, any compensation, gratuity or reward in connection with such contract or transaction from any other person beneficially interested therein, except to the extent permitted under applicable law. Should a Commissioner have a beneficial interest in any contract or transaction proposed for the District, such beneficial interest shall be disclosed to the Board, before the Board authorizes the District to enter into such contract or transaction. The existence of such conflict of interest shall be reflected in the official minutes of the Board. Any Commissioner having such a conflict of interest shall not vote when the matter is presented to the Board for approval. Moreover, such Commissioner shall not influence or attempt to influence any other Commissioner to enter into a contract or transaction in which such Commissioner has a beneficial interest.
6. At the time of a Commissioner's election, a Commissioner shall disclose in writing to the Board all personal or professional relationships that create, or have the appearance of creating, a conflict of interest with the District. Should any such personal or professional relationships arise in the future, the Commissioner shall promptly disclose such relationships to the Board.
7. Commissioners shall not use their position to secure special privileges or exemptions for themselves or others.
8. Commissioners may not, directly or indirectly, give or receive or agree to give or receive any compensation, gift, reward, or gratuity from a third party for the Commissioners' services to the District or as to any contract or transaction between the District and any other party.
9. Commissioners shall not receive any compensation, remuneration, payments or distributions from the District for their services as Commissioners, except as and only to the extent permitted by applicable law.
10. Commissioners shall not accept employment or engage in any business or professional activity that could reasonably be expected to place them in a conflict of interest with the District or require or induce them, by reason of their new employment or engagement, to disclose confidential information acquired by the Commissioners by the reason of their office.

11. To the extent Commissioners obtain confidential information by reason of their office, they will not disclose such confidential information to others unless authorized to do so by the Board. For purposes of this paragraph "confidential information" means information that the Commissioners are required to treat as confidential under applicable law (whether such law is derived from statutes, regulations, case law, the District's charter documents, or otherwise). Information regarding the District not deemed confidential under applicable law may be shared by the Commissioners with others.
12. If Commissioners receive frequent inquiries from individuals or other persons requesting the disclosure of confidential information, Commissioners shall bring that information to the attention of the other Commissioners to allow the Board to determine if it wishes to adopt preventive measures to further protect the Board and District's legitimate interest in controlling access to its confidential information.
13. Commissioners shall not simultaneously hold any other incompatible office or position, including, but not limited to, another office or position whose functions are inconsistent with the functions of a Commissioner for the District, or where the occupation of such other office or position is detrimental to the public interest.
14. Commissioners shall comply with all of the District's policies and procedures, including those applicable to District employees and medical staff generally, to the extent applicable to their services as Commissioners.
15. The Superintendent is, by statute, the District's chief administrative officer and, in such capacity, is responsible for the administration of the District. Accordingly, if Commissioners receive questions or concerns from employees, from members of the medical staff, or from the public concerning District operations, they shall promptly notify the Superintendent and it shall be the responsibility of the Superintendent (or the Superintendent's designee) to respond on behalf of the District. Similarly, if third parties, such as third party payors, employee groups, real estate developers, or others, communicate with Commissioners regarding existing or proposed business or other relationships with the District, such matters shall promptly be referred to the Superintendent to take whatever action the Superintendent deems appropriate. The Superintendent shall be accountable to the full Board for follow-up on such items.
16. Commissioners shall fully cooperate with government investigators as required by applicable law. If a Commissioner encounters an investigator, or receives a subpoena, search warrant or other similar document, related to an investigation of the District, the Commissioner shall promptly give notice of such investigation to the Board.
17. Commissioners shall not destroy or alter any information or documents in anticipation of, or in response to, a request for documents by any applicable governmental agency or from a court of competent jurisdiction.
18. The Commissioners are expected to prepare for, participate in, and attend all Board meetings. They should commit the time necessary to review all Board materials. The same level of participation is expected with respect to all Board committees, if any, to which the Commissioners are assigned. For purposes of the foregoing, "attend" shall mean that the Commissioner arrives at the Board meeting (or, if applicable, the Board committee meeting) on time and stays until the conclusion of the meeting.
19. Commissioners are expected to engage in robust, active discussions of the issues submitted to the Board for consideration in order to arrive at the most carefully considered decisions for the District. With this in mind, Commissioners must study all relevant information (including materials in Board packages), articulate clearly their personal views, be prepared to argue for and support their positions, and, when appropriate, question and challenge the views of others. Such deliberations should be conducted in a respectful manner in line with customary standards of civility and decorum.
20. Commissioners when discussing District business, whether at Board meetings or elsewhere, are urged to adhere to the following standards: Commissioners should be respectful of the views of other Commissioners and executives, even if such views are contrary to the Commissioners' personal opinions; not divulge confidential information regarding the District's affairs; not purport to represent the views of the Board, unless authorized to do so by the Board; and not intentionally misrepresent, demean or belittle positions taken by other Commissioners or District executives and, where appropriate, take all reasonable steps to ensure that a balanced presentation of competing points of view is given so as to promote common understanding of (rather than to foster a spirit of divisiveness with respect to) the issues before the Board and the various competing points of view taken by other Commissioners and District executives. Nothing in this Code is intended to limit any Commissioner's constitutionally-protected rights of free speech, nor is this Code to be construed so as to impair the ability of Commissioners to participate in ceremonial, representational or informational functions in the pursuit of their official duties.
21. Commissioners are publicly-elected officials. As a consequence, if incumbent Commissioners choose to run for re-election, they will of necessity be involved in campaign-related activities during the tenure of their service on the Board. Nothing in this Code of Ethics is intended to deprive such individuals of, or to inhibit or limit the lawful exercise of, the right to engage in customary re-election activities, including but not limited to seeking and securing

endorsements, soliciting campaign contributions, distributing voter pamphlets and other campaign related materials, or making public appearances. They may solicit financial or other support for the community at large, hospital employees, medical staff members, nurses, and others, provided that the support comes from such persons when acting in their personal capacities, and not as representatives or employees of the District. All such support must be voluntary and may not be given or received with the expectation or understanding that the contributing individual will receive any consideration, privilege or benefit, directly or indirectly, from the District. Commissioners may not, claim, suggest or create the impression that their re-election is supported or endorsed by the District itself, nor may they use or gain access to the District financial resources to support their re-election campaign. They may however fully discharge their duties and responsibilities as Commissioners during the re-election campaign (as indeed they are obligated to do), and such activities are not wrongful.

22. Commissioners shall refrain from any illegal, unethical, or inappropriate conduct, whether or not specifically identified in this Code.

General Standards of Conduct

Commissioners' compliance with the principles and practices of this Code will be subject to the following guidelines:

1. Commissioners may not be considered in violation of the ethical guidelines of the Code as long as they have acted in good faith, and in a manner they believed to be consistent with their obligations under Code.
2. To the extent that Commissioners receive advice from the District's legal counsel (consisting of in-house counsel or legal counsel engaged by the District), Commissioners may rely upon such advice in discharging their duties to the District. If Commissioners have in good faith relied upon such advice in conducting the District's business, such reliance will constitute a defense to charges that actions based upon such reliance violated the provisions of the Code.
3. Absent evidence of bad faith, inadvertent violations of the Code that do not adversely affect the District in a material way and that do not create private benefits in favor of the Commissioner or related parties will not constitute grounds for disciplining a Commissioner.

Enforcement of Code

The Board is the body vested with the exclusive authority to enforce the provisions of the Code and to take disciplinary action against Commissioners for violations. As provided in Article VIII, the Board may, under certain circumstances, enlist the support of others to assist with fact finding and to make recommendations.

While members of the public may give the Board notice of alleged violations of the Code, they may not, except as qualified below, bring legal actions against Commissioners for alleged violations, whether such actions seek specific performance, damages or other forms of judicial relief. The Commissioners are not liable to members of the public for damages resulting for Code violations.

Notwithstanding the foregoing, if a Commissioner's misconduct constitutes official misconduct as to which a legal action may be brought by a member of the public, separate and apart from its constituting a violation of the Code, members of the public may pursue such matters, at law or in equity, in the same manner as they might otherwise have pursued such matters under then-existing law. Hence, as relates to members of the public, the Code does not, and is not intended to create, a basis for making claims or pursuing remedies that would not otherwise be available under existing law.

Reporting Procedures and Process

1. Any individual may advise the Board of an alleged violation of the Code by a Commissioner. To the extent feasible, any such notice should be given in writing and specify in reasonable detail the alleged misconduct.
2. The District will not take retribution or disciplinary action against any District employee who raises concerns or reports potential violations of the Code by a Commissioner, whether or not it is subsequently determined that there is a legal or factual basis to support such allegations. On the other hand, should members of the public allege official misconduct by Commissioners, and should such allegations not be supported either for factual or legal reasons, Commissioners may pursue such remedies as are available, at law or in equity, including but not limited to claims for libel or slander, against the parties wrongfully accusing the Commissioners of misconduct.

3. The Board shall review promptly, and in a prudent manner, allegations of Commissioner misconduct to determine whether there have been violations of the Code and what disciplinary action, if any, is appropriate. The processing of such allegations shall be under the direction of the Board Chair, acting with the advice of counsel, and being subject to the other guidelines provided for in this Article VIII. If the Board Chair is the subject of alleged misconduct, the responsibilities vested in the Board Chairman under the Code will pass to the next ranking officer (or, if none, the senior most member) of the Board who is not accused of the alleged Code violations.
4. The Board may, from time to time, adopt procedures for investigating, handling, and resolving allegations of misconduct, subject to adopting reasonable procedures for:
 - a. gathering information regarding the alleged misconduct, including but not limited to, accepting written submissions, hearing testimony, conducting hearings, undertaking fact finding, and soliciting information from experts;
 - b. the right of the accused to respond to the allegations and to be represented by counsel;
 - c. the screening out of frivolous complaints; and
 - d. the right of the public to observe such proceedings under the Open Public Meeting Act ("OPMA").
5. If the Board determines that a Commissioner has violated one or more of the provisions of the Code, the Board may give written or oral warnings, issue formal reprimands, publicly censure the Commissioner and/or relieve the commissioner of board committee assignments. Such disciplinary action shall be recorded in the minutes of the Board's meetings and, as directed by the Board, be published in local newspapers, the District's communications with residents, or through other media. In those instances where the misconduct is of a serious nature, the Board may, after receiving legal advice from counsel, initiate legal action in a court of competent jurisdiction to remove such Commissioner from office.
6. Subject to the following guidelines, the Board may appoint the Values, Ethics & Conflict of Interest committee to assist in fact-finding and/or making recommendations to the Board regarding allegations of Commissioner misconduct:
 - a. It will be left to the discretion of the Board to determine whether such a panel should be convened and to determine the scope of the responsibility given to such panel. The Board shall consider all facts and circumstances in making such determinations, including but not limited to the seriousness of the allegations, the history of the alleged misconduct – whether constituting an isolated incident or pattern of misconduct, the publicity surrounding the activities, the level of public interest, and whether and to what extent the public's interest might be advanced by enlisting the support of others outside of the Board. The Board's determinations regarding such matters will be final and binding. It is not expected that such panels would be convened to handle frivolous complaints or allegations regarding inadvertent or minor violations of the Code.
 - b. If the Board elects to solicit outside support in processing allegations of Code violations, the Board Chair, acting with the advice of legal counsel, shall appoint, on such basis as the Board Chair deems appropriate, the individuals to serve on the advisory panel, which participants may be drawn from public officials or members of the local business community (such as members of the chambers of commerce) from those municipalities whose geographic boundaries fall primarily within the boundaries of the District. The size of the panel will be determined by the Board Chair.
 - c. The Board or, absent specific direction from the Board, the Board Chair will establish the specific fact-finding and advisory responsibilities of the panel.
 - d. If such a panel is constituted, the panel's activities will be subject to the public access requirements of the OPMA, to the extent required by OPMA.
 - e. The Board will, however, in all instances, retain ultimate decision making regarding whether the alleged misconduct constitutes a violation of the Code and whether and to what extent to take disciplinary action against any Commissioner found to be in violation of the Code.
7. To the extent that alleged misconduct constitutes a violation of law, separate and apart from a violation of the Code, such misconduct may be referred to the county prosecuting attorney for action.

Waiver

If a Commissioner believes that it is inappropriate to apply any of the provisions of this Code to such Commissioner, such Commissioner may submit to the Board a written request for a waiver from such provision. Such written request must be accompanied by a statement setting forth the reasons why the waiver should be granted under the circumstances. Such waiver shall be effective if approved by a majority vote of the Commissioners (excluding the requesting Commissioner). Furthermore, such waiver may be granted only if supported by legal advice from the District's in-house or outside legal advisors.

Review

The Board shall review this Code to ensure compliance with all applicable laws, rules and regulations, and to ensure that the Commissioners are held to the highest standards of conduct and ethics. In connection with such review, the Board should discuss what, if any, amendments or revisions are necessary to improve the effectiveness of this Code.

Amendments

This Code may be amended from time to time by the Board, if approved by a majority vote of all Commissioners, and any amendment must be disclosed as required by and in accordance with applicable laws, rules and regulations.

Affirmation

Each Commissioner is responsible for reviewing, understanding, acknowledging and personally upholding this Code and other policies and procedures. Each of the Commissioners shall certify that he or she has read, understands, is in compliance with and is not aware of any violations of this Code upon the initial adoption of this Code; upon the adoption of any amendments to this Code; upon a Commissioner's appointment, election or re-election to office; and at the beginning of each fiscal year. Each such certification shall be made by the execution of the Receipt and Acknowledgement attached hereto as Exhibit A.

EXHIBIT A

LEWIS COUNTY HOSPITAL DISTRICT NO. 1

Board of Commissioners Code of Ethics

Receipt and Acknowledgement

I understand that each Commissioner is responsible for reviewing, understanding, acknowledging and personally upholding the Board of Commissioners Code of Ethics (Code), and for familiarizing him or herself with the applicable detailed elements of other policies and procedures.

By executing this Receipt and Acknowledgement, I hereby acknowledge that:

1. I have received and read a copy of the Code;
2. I understand the contents of the Code;
3. I have familiarized myself with the applicable detailed elements of the Code of Ethics and other policies and procedures;
4. I affirm my commitment to and compliance with the standards and procedures set forth in the Code; and
5. I am not aware of any violations of the Code involving myself that occurred since the later of the adoption of the Code, the last time I executed and delivered a Receipt and Acknowledgement or the beginning of the last fiscal year that have not otherwise been reported in accordance with the procedures set forth in the Code.
6. I acknowledge that my execution of this Receipt and Acknowledgement has been requested by the Board of Commissioners as a part of the District's ongoing program to ensure compliance with the terms of the Code and that the District and the Board intended to rely upon the representations made herein.

Printed name: _____

Signature: _____

Date: _____

Document Owner: Herrin, Tom

Collaborators:

Approvals

- Committees:

- Signers:

Original Effective Date: 07/17/2012

Revision Date: [07/17/2012 Rev. 0], [07/17/2012 Rev. 1], [08/27/2015 Rev. 2], [08/27/2018 Rev. 3], [09/06/2019 Rev. 4], [01/19/2024 Rev. 5]

Review Date: [11/08/2013 Rev. 1], [12/23/2014 Rev. 1], [06/20/2016 Rev. 2], [08/24/2017 Rev. 2], [07/21/2020 Rev. 4], [10/21/2022 Rev. 4]

Attachments:

(REFERENCED BY THIS DOCUMENT)

Other Documents:

(WHICH REFERENCE THIS DOCUMENT)

Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at

<https://www.lucidoc.com/cgi/doc-gw.pl?ref=morton:15804>.

NEW BUSINESS

SUPERINTENDENT REPORT

To: Board of Commissioner

From: Superintendent Mach

Date: 02.26.25

Re: February Superintendent Report

- Good start to 2025 with strong January financials.
- CEO attended advocacy day on February 11
 - Met with Senator Braun
 - Met with Representative Abbarno
 - Met with Representative Orcutt
 - Discussed SEEB/PEEB cuts, Snap funding, Levy legislation
- SEBB/PEBB would cap the amount of reimbursement to hospitals from state insurance plans
- Snap funding (Medicaid) cuts would be devastating for many hospitals and probably close 5 Washington hospitals if cut.
- Levy legislation would allow the county treasurer to impose a 1%-2% fee to hospitals to pay for collecting the levy
- Had on site demonstrations from both Cerner and Meditech as we are just looking to see what is possible in the future with Electronic Health Record solutions.
- Started negotiations with WSNA.
- The Rural Collaborative board met and discussed
 - Continued work on Rural payer contracting strategy
 - Group purchasing organization strategy
 - Federal and state policy discussions and how we fight back
- Discussions with WSHA and TRC around Health Care Authority sending out SNAP invoices and what hospitals should do as the Federal government has not approved funding yet.
- CEO will be remote during the March and April Board meetings
 - March Rural Collaborative annual meeting in Spokane
 - April CEO education at Beckers annual meeting in Chicago (Conference is free)
- CEO will be taking PTO the week of March 10 (34-year anniversary)
- Working with Skyline health to provide them some technical assistance in Radiology.
- CEO, Commissioner McMahan, Compliance officer and Pharmacy director met to discuss goals as it relates to legislation advocacy.
- Started the Kitchen hood project and OR replacement equipment projects this month.
- Continue meeting with Community Health Needs Assessment vendors.



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

2025 Goals	December	January	February	March	April	May	June	July	August	September	October	November
<u>Financial Stability and Growth</u>												
End the fiscal year of the hospital with a positive operating margin of at least 3% or better.		5.90%										
<u>Workforce Stabilization</u>												
Voluntary resignations under 12%												
<u>Service and Quality</u>												
Patient satisfaction ranking likelihood of recommending all departments combined \geq 70%												
<u>Community Relations and Partnerships</u>												
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										

PHARMACY 2024 REPORT

ACCOMPLISHMENTS

EDUCATION & TRAINING

- Carrie Anderson [CPhT]
340B University Training Complete!
- HRSA Grant Reviewer Training Completed

PHARMACY PROJECTS

- CMS Drug Research Project¹
- Ketamine Infusion Project
- Antimicrobial Stewardship
Now in FULL Compliance per CDC²
- Pharmacy Document Standardization³
- The Stump & Root⁴

QUALITY IMPROVEMENT PROJECTS

METRIC	STATUS
Patient Counseling	COMPLETED
Home Med Returns	COMPLETED
Pharmacy Consults	COMPLETED
Charge Capture	ONGOING
NARCAN Dispensing	ONGOING

GOVERNMENTAL & LEGISLATIVE RESEARCH

- CMS Negotiations on Drug Pricing Controls
[Chevron Decision Overturn]
- HIV Post-Exposure Prophylaxis Directive
[Early Adoption]

PROFESSIONAL DEVELOPMENT

- Psychedelic Medical Conference
[Denver, CO. OCT 2024]
- Registered HRSA Grant Reviewer
[NOV/DEC 2024]

YEAR	PHARMACY PHASE
2023	TRAINING & STABILIZATION
2024	STANDARDIZATION
2025	OPTIMIZATION



¹ Identification of outpatient infusion medications that are: 1) covered by CMS, 2) would be of benefit to the patient, and 3) high revenue generation probability based on patient demographics

² 1) best practice compliance, 2) formal change of leadership, 3) all regulatory reporting completed, 4) developing antibiotic order sets for ease of physician ordering

FINANCIAL HIGHLIGHTS

INCREASED REVENUE BY

~28%!

80% of this growth was as a direct result of the Pharmacy's CMS Drug Research Project

2024: BEST PHARMACY PERFORMANCE EVER!

~\$1.7 million

DECEMBER: BEST MONTH EVER!

~\$200k

KEPT INVENTORY LEAN

2023 TOTAL: \$115k

2024 TOTAL: \$114k!

NEW DRUG DESTRUCTION PARTNER

8% cut instead of the previous partner's 12%

2025 PLANS & PROJECTS

QUALITY IMPROVEMENT PROJECTS

- NEW: Rate Of Medication Error

EDUCATION & TRAINING

- Antimicrobial Stewardship related certifications
- Psychedelic Medicine in Behavioral Health

CONTINUING PROGRAMS

- CMS Research Project Expansion
- Arbor Health Strategic Vision [Year 3]

CURRENT LEGISLATIVE FOCUS

- Policy Draft: Inslee Directive 25-01
- Changes in Federal Regulatory Priorities

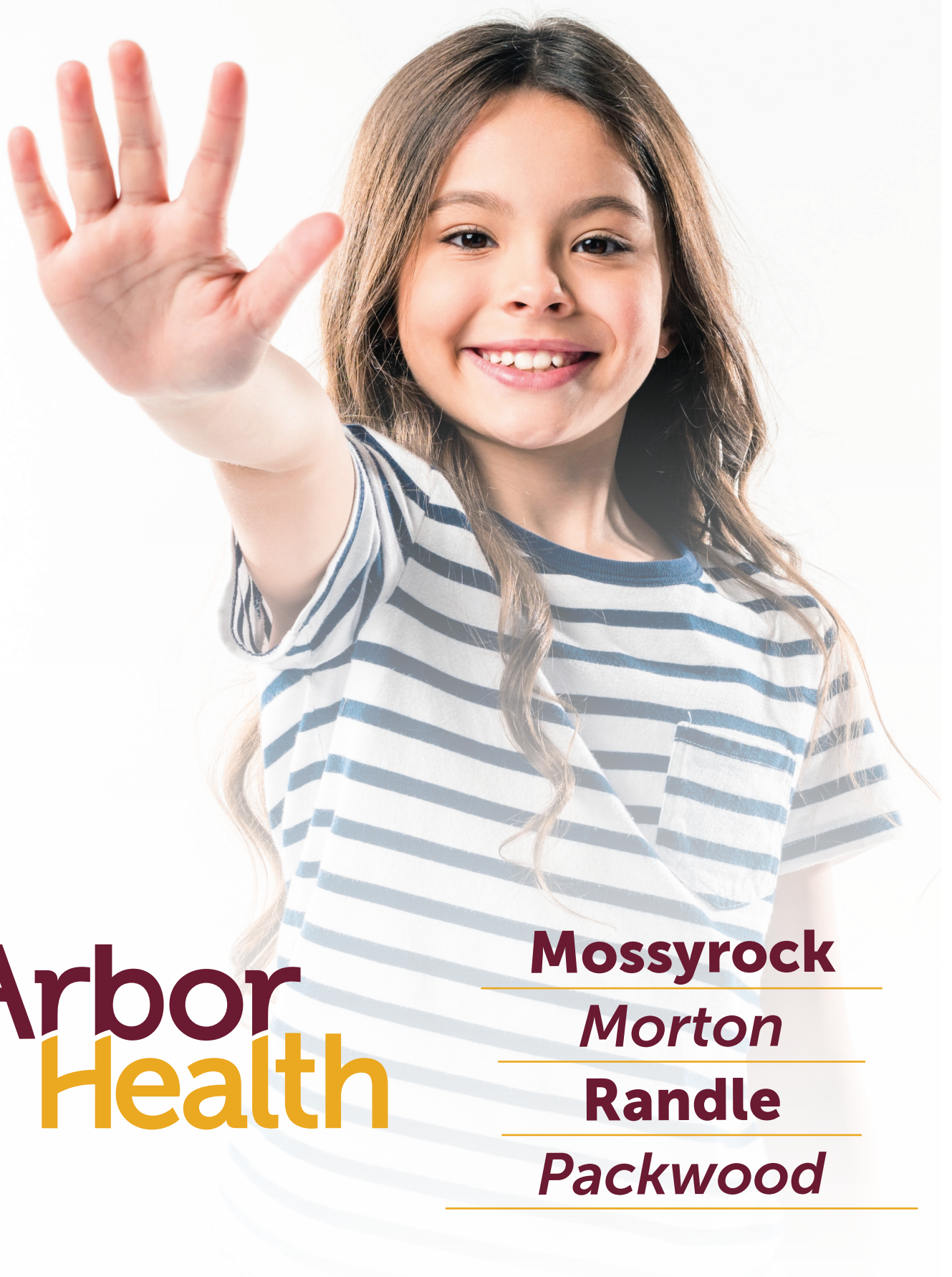
ACTIVE DEVELOPMENT PROJECTS

- Employee-Only Outpatient Pharmacy
[Expected: Q3/Q4 2026]
- Ambulatory Care Clinic Research
- Third Party Reliance Reduction
- Improved Use of Pharmacy Space
- Vaccination Process Improvement

³ 1) professionalism, 2) branding [Museo font, AH logos], 3) clarity, 4) trainability, 5) applied to internal and external documents [examples furnished upon request]

⁴ Arbor Health's new clinical newsletter designed to quickly share important information between clinicians

Checkups, hugs & high fives



Arbor
Health

Mossyrock

Morton

Randle

Packwood

**Caring for
your family**

like it's our own

**Arbor
Health**

***Mossyrock / Morton
Randle / Packwood***



Complex Injury & Illness Recovery

Your bridge between hospital & home.

Arbor Health
| EXTENDED
CARE REHAB

MyArborHealth.org/extended



Welcome, cardiology specialists!

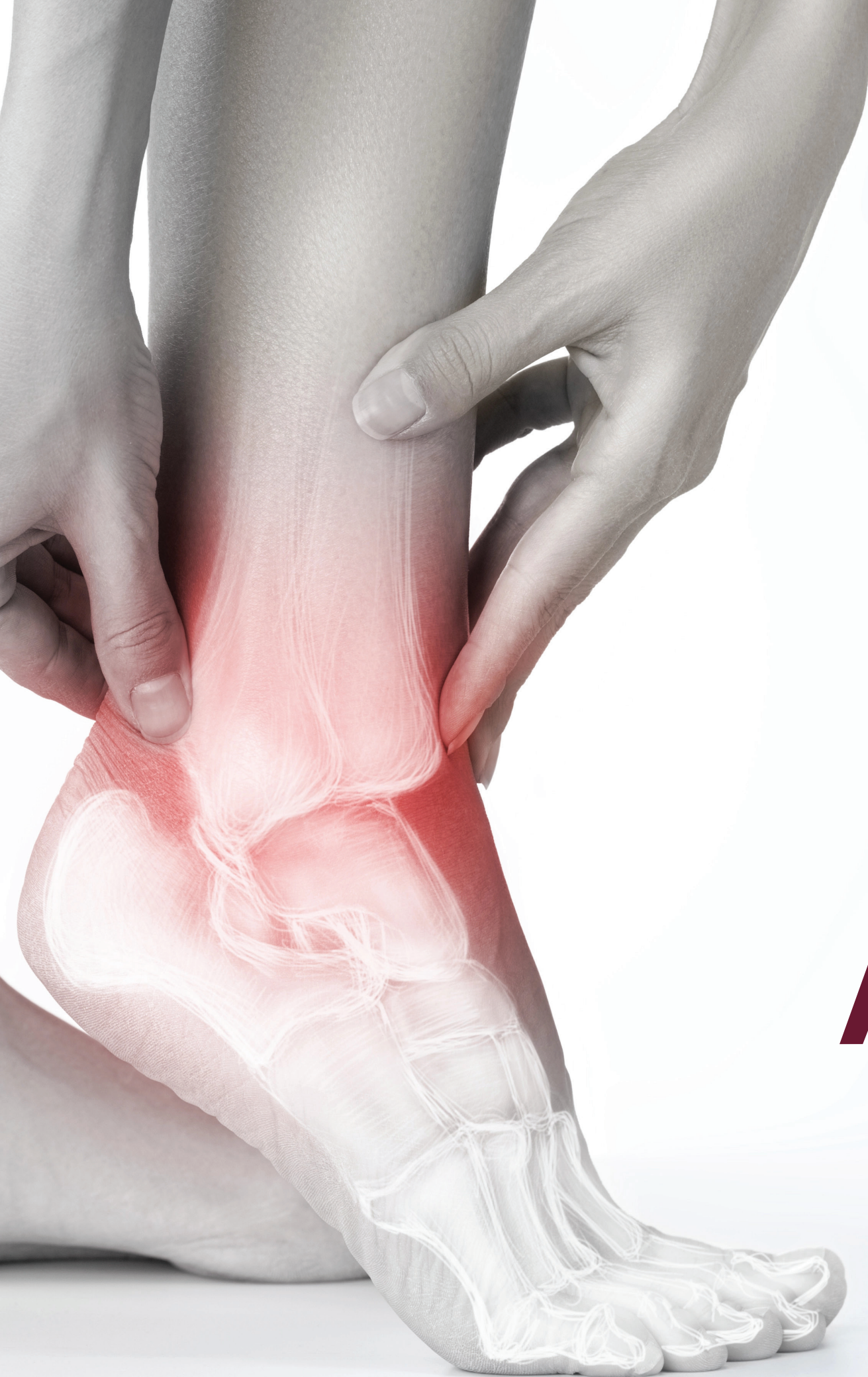


MyArborHealth.org

*Ask your doctor
for referral.*

**Arbor
Health**

| SPECIALTY
CLINIC



FOOT *OR* ANKLE
Dr. Peresko
can help.

ArborHealth
| MORTON
CLINIC

MyArborHealth.org/Feet

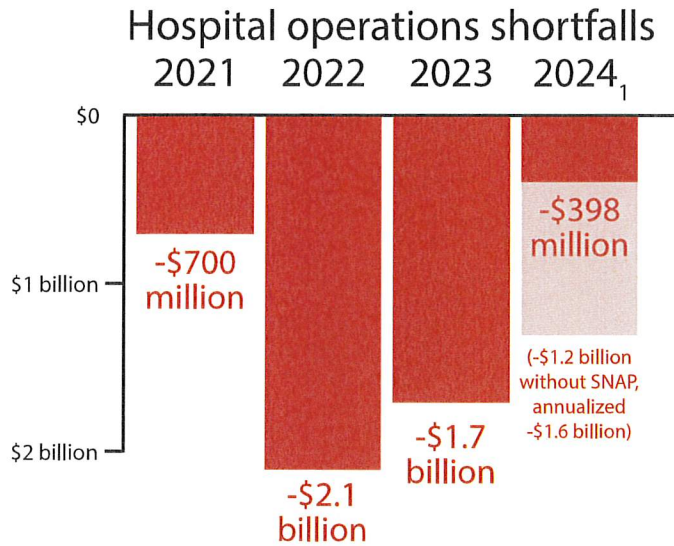




Walk-in Clinic

Weekends—Fri-Mon
521 Adams, Morton

Hospital Finances: Losses from 2021-2024

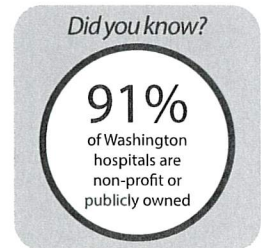
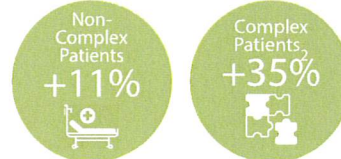


Source: WSHA Hospital/Health System Financial Surveys, 2021-2024, representing 94% of licensed beds. 1: 2024 data is from January-September.

Growth in expenses: 2021-2023

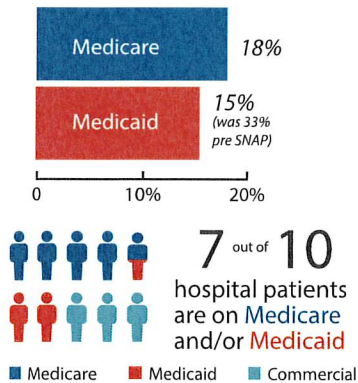


Growth in length of stay: 2019-2023



Source: : WA Discharge dataset aka CHARS for all acute care hospitals, excluding psychiatric, long-term care and swing bed claims. 2: Complex patients stay in hospitals longer than 31 days, many without a medical need.

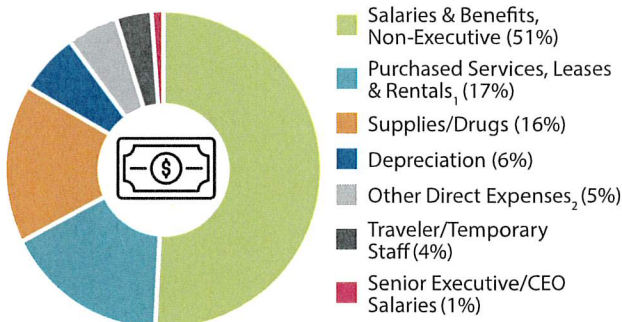
Losses/costs not covered



Source: 2023 Department of Health Year End Financials for hospitals; payor mix by revenue

What are Washington hospital expenses?

Washington hospitals employ 120,000 workers



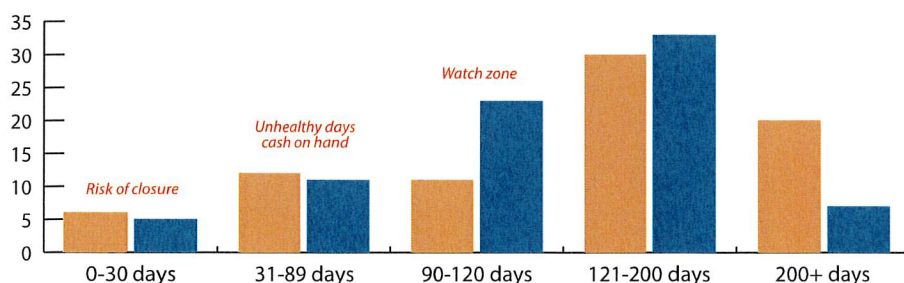
Source: WSHA 2023 financial survey, representing 96% of licensed beds. 2023 DOH End of Year Reports indicate depreciation, supplies, purchased services and other expenses accounts for 45-46% of total operating expenses.

1: Purchased Services, Leases & Rentals includes: Electricity, fuel, gas, water, disposable service, telephone, purchased medical services contracted for patient care (such as radiology, anesthesia, emergency room, and laboratory), repairs & maintenance, management services, rental & leases, insurance, licenses & taxes, interest.

2: Other Direct Expenses includes: Staff recruitment, training cost, dues & subscriptions, travel, amortization of intangible assets, provision for bad debt, blood supplies, information technology - licensing and maintenance, laundry services, internal laboratory services.

Washington hospitals'/health systems' days cash on hand decreasing₁

For a healthy bond rating, hospitals should have at least 200 days cash on hand



2019
2024

Source: WSHA financial survey, Jan. 1 - Dec. 31, 2019; Jan. 1 - Sept. 30, 2024. Hospital financial information represents 91% percent of total licensed beds.

1: Days cash on hand is important, as it measures a hospital's ability to operate in an emergency or economic downturn. Hospitals, just like individuals, need at least 3-6 months of reserves to help ensure operations continue 24/7/365. Lenders require a minimum number of days cash (typically 60) in debt covenants and may requirement repayment of debt if cash falls below minimums, which can lead to bankruptcy.



Prevent unsustainable and imbalanced PEBB and SEBB contracting cuts to hospitals (HB 1123/SB 5083)

Background

The Public Employee Benefits Program (PEBB) and the School Employee Benefits Program (SEBB) provide active commercial insurance coverage for over 650,000 Washingtonians—about 19% of the commercial population. The Washington State Health Care Authority (HCA) contracts with three insurance carriers to provide health coverage for PEBB/SEBB enrollees.

HB 1123/SB 5083 would require every acute care hospital to contract with any PEBB or SEBB carrier that offers a good faith agreement. The reimbursement rate for hospital services would be the lesser of 1) the current contracted rate; 2) billed charges; or 3) a rate that does not exceed 200% of Medicare—after two years, this reduces to 190%.

The bill has a more significant impact in communities where a high proportion of government employees live, such as the state capital and where public universities and prisons are located.

For critical access hospitals and sole-community hospitals, reimbursement would not be less than 101% of CMS allowable costs. This payment floor, in combination with the requirement to contract, means that 101% of Medicare would become the contracted rate. HB 1123 recently exempted some rural hospitals that are not part of a health system.

Medicare only covers 82% of the cost to provide care in a hospital and its benefits do not mirror those offered in the PEBB/SEBB program, especially maternity and pediatric care.

WSHA Position

WSHA opposes legislation (HB 1123/HB 5083) that caps reimbursement rates and requires hospitals to contract with any PEBB and SEBB carriers that offer good faith agreements.

This would financially harm hospitals and place patient access to care at risk. Hospitals would be forced to either 1) try to shift costs from the PEBB/SEBB losses to other commercial and self-insured health plans; and/or 2) reduce their costs, which means reducing services.

Key Messages

- According to the fiscal note, this amounts to a **\$370 million biennial cut to hospital** reimbursement once fully implemented.
- **Washington hospitals are already financially fragile.** Based on publicly reported data, hospitals have had negative operating margins for each of the last four years, including a negative -1.3% operating margin through the first three quarters of 2024.
- **There is a myth being perpetuated by a national think tank that WA hospital operations are profitable.** The National Academy for State Health Policy (NASHP) hospital pricing tool claims to

use federally required hospital financial reports, but their data is wrong. It manipulates the financial reports.

We can't replicate their data, but it appears this manipulation could exclude things like laundry, cleaning services, billing, patient equipment, nutrition services, security — even equipment to help staff, like beds that make it easier to move patients — from hospital operating expenses. When you include all services critical to hospital operations, then Washington hospitals continue to show negative operating margins.

- When there is no margin, there is nothing to absorb a cut. You're simply cutting deeper. This means **hospitals will either (1) try to increase prices for Washingtonians with private employer sponsored health insurance or (2) cut services for everyone**. Hospitals that serve high numbers of PEBB/SEBB patients will be the most vulnerable.
- Oregon is the only state with a law like this. Oregon's law is different, Oregon's health care market is different, and Oregon's hospitals' financial situation was different when this law was implemented and studied.
 - **Oregon's law does not include a mandate to contract.** The mandate to contract does not just impact rates; it also prevents hospitals from negotiating other parts of contracts like prior authorization and timely payment processes.
 - Two of the three state employee health plan carriers in Oregon — Providence and Kaiser Permanente — also own hospitals. Price caps are easier to navigate when you are both the payer and the provider.
 - **In 2019, when Oregon's law was implemented, Oregon hospitals had a positive 5.3% operating margin. As of Q3 2024, Washington hospitals had a negative -1.3% operating margin.**
- **Leverage will shift to insurance carriers.** As written, this legislation could prevent hospitals from receiving increases just to keep up with inflation. The contracting mandate doesn't only impact rates. It also makes it so hospitals can't negotiate around things like timely payments or prior authorization processes.

Contact Information

Ashlen Strong
Vice President, Government Affairs
Ashlen Strong | 206.216.2550

Lisa Thatcher
WSHA Lobbyist
Lisathatcher51@gmail.com | 253.686.8746



Improving transparency and accountability of the prior authorization process

Background

Hospitals, providers, and patients have experienced significant increases in the numbers of prior authorization requests denied by health insurance carriers, resulting in delays and denials of care. There is also a lack of transparency about who is making care determinations and to what extent artificial intelligence (AI) tools are being used within the process. House Bill 1357 passed during the 2023 session, will ultimately speed up the prior authorization process and provide efficiencies, but more is needed to ensure that a carrier's medical necessity decisions are properly made and by qualified clinicians.

WSHA Position

WSHA, WSMA, and Proliance support legislation which requires greater transparency and accountability of insurance carriers' prior authorization review processes.

The legislation:

- Requires that the clinician who made the care determination in the notification of approval/denial and be identifiable through a unique national provider identifier number
- Specifies that a "peer" in the peer-to-peer process needs to have experience practicing in a similar specialty type
- Establishes a once-a-year timeline for carriers to communicate changes to how medical necessity criteria is applied to authorization requests or new requirements
- Establishes that a qualified human must make care determination decisions and establishes standards for how AI tools can be used in the process
- Requires reporting for overall number of authorization requests and denials to be included in current carrier reporting and establishing this same reporting for the Medicaid program
- Asks for the Health Care Authority to work on a list of treatments and pharmaceuticals that do not require prior authorization for Medicaid fee-for-service and managed care
- Clarifies that prior authorized services cannot be retroactively denied and are not considered adverse benefit determinations requiring appeal
- Maintains the Jan 1, 2026 implementation of the application programming interface (API) requirements from House Bill 1357.

Key Messages

- **Despite recent efforts to reform the prior authorization process, there is still a need for more standards and transparency, especially as technology changes and is utilized as a part of the process.**

- It should be transparent who is making the prior authorization decisions and when an appeal is necessary, the provider appealing should be able to work with a provider with the same specialty focus.
- Artificial intelligence tools should not be the primary decision-maker in care determinations and there should be standards around what kind of data is input to the tools so that they can be effective for individual patients.
- Notification to providers of new requirements or changes to carrier medical necessity requirements should be streamlined and uniform, to allow providers to better assess and implement the changes.

Contact Information

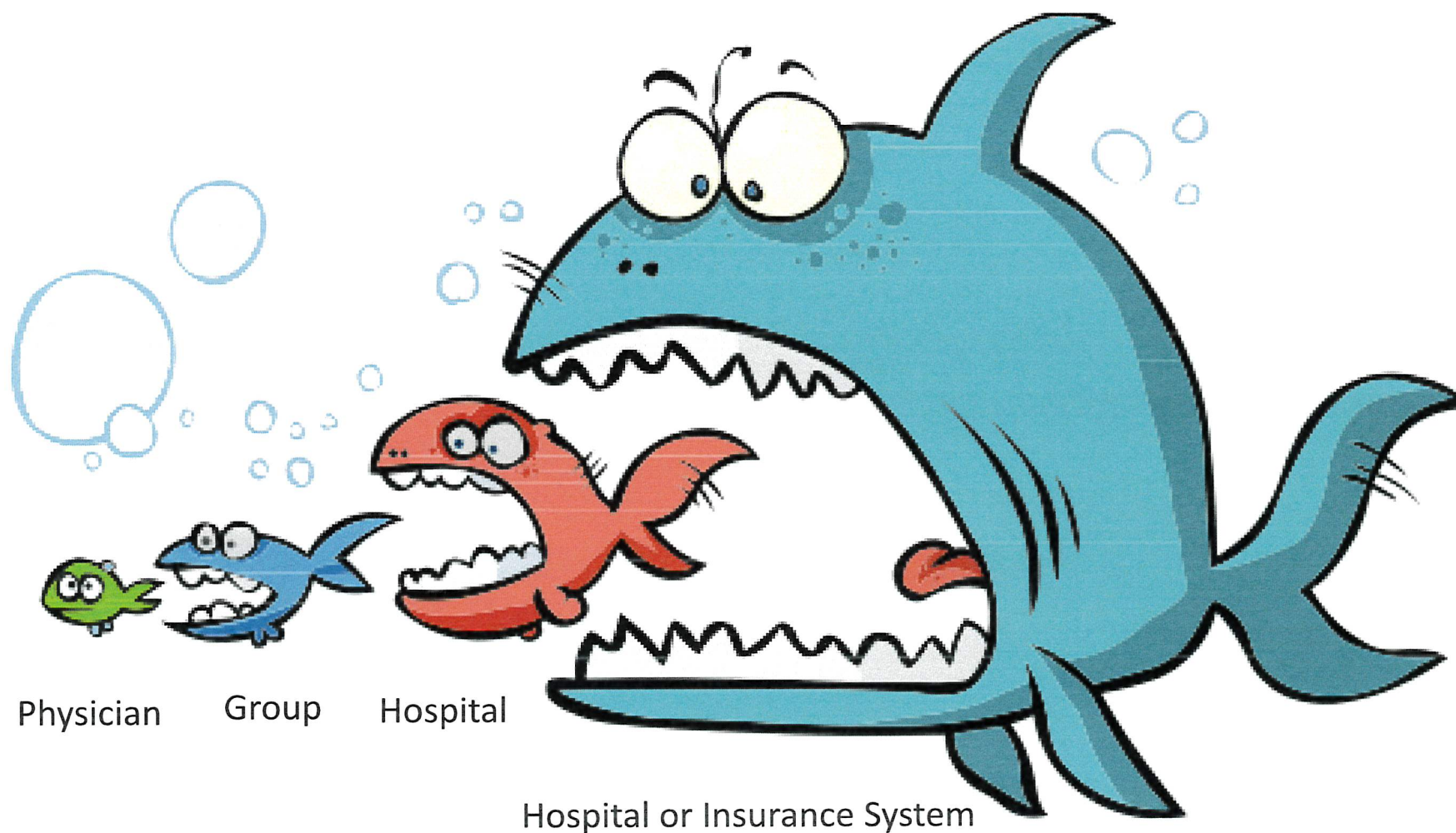
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WSHA Lobbyist
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Healthcare Finance

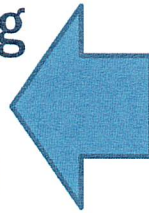
Healthcare Consolidation



Healthcare Consolidation

Trends:

- Hospitals purchasing physician practices and employing physicians (“physician integration”)
- Larger hospitals acquiring smaller hospitals.
- Hospitals merging to join larger system.
- Hospitals and physician practices forming joint ventures.
- Physicians forming networks.



Why?

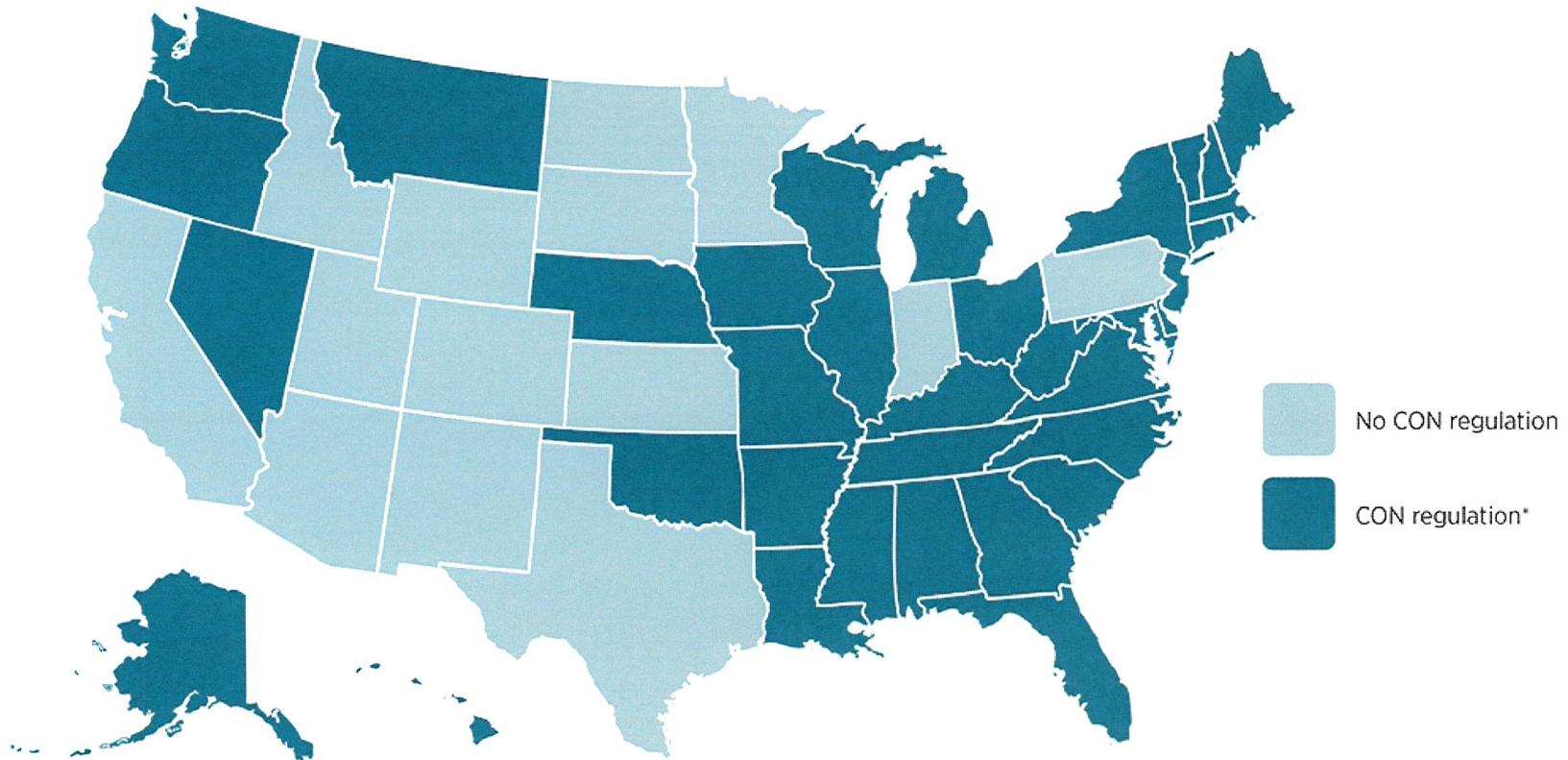
- Provide coordinated care across spectrum.
- Capture referral sources.
- Increase bargaining power with payers.
- Participate in new payment models, e.g., ACOs, MSSP, etc.
- Leverage increasing costs of providing care, e.g., technology, compliance, etc.

Certificate of Need

- Some states require proposed operator to obtain regulatory approval (“certificate of need”) to build or operate certain types of healthcare facilities.
- Purpose
 - Ensure existing providers maintain sufficient volume to maintain proficiency.
 - Ensure availability of cost-effective necessary services.
 - For existing providers, avoid competition.
- *Check your state law.*

Certificate of Need

CERTIFICATE-OF-NEED (CON) REGULATION IN THE UNITED STATES



MERCATUS CENTER
George Mason University

* As of 2011, after the period covered in this study, Wisconsin has repealed its CON regulations.

Source: American Health Planning Association. National Directory: State Certificate of Need Programs, Health Planning Agencies. Annual volumes, 1994–2012. Falls Church, Virginia: American Health Planning Association, 2012.

HOLLAND & HART

Corporate Practice of Medicine

- Some states prohibit hospitals from directly employing physicians.
- Purpose
 - Medical practices act do not allow corporations to practice medicine.
 - Concern that corporations may interfere with physicians' independent medical judgment.
- *Check your state law.*