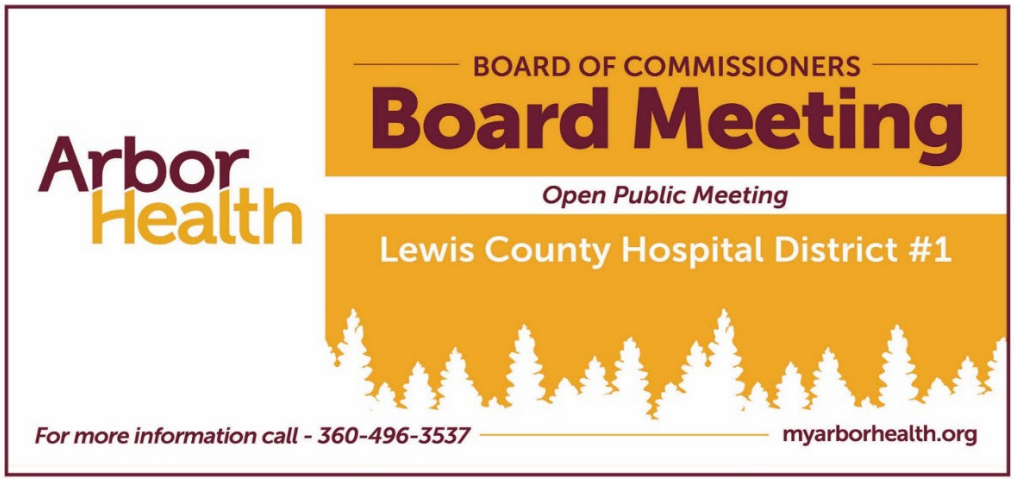
# REGULAR BOARD MEETING PACKET




## BOARD OF COMMISSIONERS

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

August 28, 2024 @ 3:30 PM

Conference Room 1 & 2 or Join Zoom Meeting:

https://myarborhealth.zoom.us/j/88957566693

Meeting ID: 889 5756 6693

One tap mobile:+12532158782,,88957566693#

Dial: +1 253 215 8782

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**LEWIS COUNTY HOSPITAL DISTRICT NO. 1**
**REGULAR BOARD OF COMMISSIONERS' MEETING**
**August 28, 2024 at 3:30 p.m.**
**Conference Room 1 & 2 or via ZOOM**
https://myarborhealth.zoom.us/j/88957566693
Meeting ID: 889 5756 6693
One tap mobile:+12532158782,,88957566693#
Dial: +1 253 215 8782

**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**<br>**Roll Call**<br>**Excused/Unexcused Absences**<br>**Reading of the Mission & Vision Statement**<br>**Approval or Amendment of Agenda**<br>**Conflicts of Interest** | | 3:30 pm |
| **Comments and Remarks**<br>• Commissioners<br>• Audience | | 3:35 pm |
| **Guest Speaker(s)**<br>• David Imus, CPA & Dang Ta, Senior Accountant, Wipfli, LLP<br>o *2023 Independent Auditor Report*<br>o *Q &A* | 6 | 3:45 pm<br>4:15 pm |
| **Executive Session-** *RCW 70.41.200*<br>• Medical Privileging-Chief of Staff Dr. Victoria Acosta & Medical Staff Coordinator Barb Goble | 49 | 4:30 pm |
| **Department Spotlight**<br>• *Emergency Department, Dr. Vincent Ball & Laura Glass* | 51 | 4:35 pm |
| **Board Committee Reports**<br>• Hospital Foundation Report-Committee Chair-Board Chair Herrin/Foundation Manager Jessica Scogin | 75 | 4:45 pm |
| • Compliance Committee Report- Committee Chair-Commissioner McMahan | | 4:50 pm |
| • Finance Committee Report- Committee Chair-Commissioner McMahan | 77 | 4:55 pm |
| **Consent Agenda** *(Action)*<br>• Approval of Minutes:<br>o *July 31, 2024, Regular Board Meeting*<br>o *August 14, 2024, Compliance Committee Meeting*<br>o *August 21, 2024, Finance Committee Meeting* | <br><br>82<br>91<br>95 | 5:05 pm |

| | | |
|---|---|---|
| • Warrants & EFTs in the amount of $4,571,150.08 dated July 2024 | 99 | |
| • Resolution 24-15-Declaring to Surplus or Dispose of Personal Property<br>o *To approve liquidation of items beyond their useful life.* | 102 | |
| • Approve Documents Pending Board Ratification 08.28.24<br>o *To provide board oversight for document management in Lucidoc.* | 104 | |
| **Old Business** | | |
| **New Business**<br>• Board Policy & Procedure Review<br>o Commissioner Compensation for Meetings and Other Services<br>o Distribution of Board and Committee Packets<br>o Hospital Declaration of Personal Property as Surplus<br>o Records Retention | <br><br>107<br>109<br>110<br>111 | 5:10 pm |
| **Superintendent Report**<br>• Board Educational Article | 114<br>115 | 5:15 pm |
| **Meeting Summary & Evaluation** | | 5:25 pm |
| **Next Board Meeting Dates and Times**<br>• Regular Board Meeting-September 25, 2024 @ 3:30 PM (ZOOM & In Person)<br>**Next Committee Meeting Dates and Times**<br>• QIO Committee Meeting-September 11, 2024 @ 12:00 PM (ZOOM)<br>• Finance Committee Meeting-September 18, 2024 @ 12:00 PM (ZOOM) | | |
| **Adjournment** | | 5:30 pm |

# GUEST SPEAKER

WIPFLI

July 16, 2024

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

Dear Commissioners:

We have audited the financial statements of Lewis County Public Hospital District No. 1 dba Arbor Health (the "District") for the year ended December 31, 2023 and have issued our report thereon dated July 16, 2024. Professional standards require that we provide you with the following information related to our audit:

**Our Responsibility Under Auditing Standards Generally Accepted in the United States**

As stated in our engagement letter dated August 17, 2023 our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

**Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope, timing, and with respect to significant risks identified by us, all of which were previously communicated to your representative, Tom Herrin, (Chairman), communicated in our engagement letter dated August 17, 2023.

**Significant Audit Matters**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023.

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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

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

The significant estimates requiring judgment are as follows:

- The adequacy of the allowance for accounts receivable is one of the most subjective estimates affecting the financial statements. The allowance for accounts receivable is maintained at a level which management believes is adequate to provide for possible write-offs. Management periodically evaluates the adequacy of the allowance using the District's past bad debt experience, known and inherent risks in accounts receivable, current economic conditions, and other relevant factors. We evaluated the key factors and assumptions used to develop the allowance for accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

- The estimated final settlements on the Medicare cost reports are based on audits conducted by the fiscal intermediary. Management periodically evaluates the adequacy of the balance using the District's experience, known and inherent risks in the preparation of these cost reports, and risks associated with doing business in the health care industry. We reviewed the estimated settlements recorded for each open year to determine the reasonableness of the estimates based on the results of previous audits by the fiscal intermediary.

- The adequacy of the reserve for self-funded health insurance claims is also subjective. The reserve for health insurance claims is maintained at a level which management believes is adequate to cover claims incurred during the year ended December 31, 2023, but not paid until after December 31, 2023. Management periodically evaluates the reserve using the District's past experience, known claims, and other relevant factors. We evaluated the key factors and assumptions used to develop the reserve for health insurance claims in determining that it is reasonable in relation to the financial statements.

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the District's financial reporting process.

*Disagreements With Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated July 16, 2024, a copy of which accompanies this letter.

*Management Consultations With Other Accountants*

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

*Other Audit Findings or Issues*

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

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

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

Sincerely,

Wipfli LLP

Wipfli, LLP

Enc.

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

We are writing to confirm that Lewis County Public Hospital District No. 1 dba Arbor Health(the "District") had none of the following events occur during the time period starting with our most recent fiscal year-end December 31, 2023 to the date of the letter. There have been no:

1. Subsequent settlements of a contingent liability or litigation at an amount that is different from the amount recorded in the draft year-end financial statements, if applicable.

2. New (previously undisclosed to Wipfli LLP) pending or threatened litigation, claims, or assessments, or unasserted claims or assessments.

3. Substantive consultations with the attorneys, selected for confirmation by you, since the effective date of the respective legal confirmations.

4. Material adverse changes in financial position of the District since year-end.

5. Material changes to any significant estimates in the draft year-end financial statements.

6. Sales of any assets subsequent to year-end at a price significantly less than the carrying value in the draft financial statements.

7. Losses of major customers or significant customer bankruptcy since year-end.

8. Plant shutdowns or strikes, if applicable.

9. Changes to previously disclosed substantial contingent liabilities or commitments that existed at the date of the balance sheet, and no new substantial contingent liabilities or commitments have become known since the balance sheet date.

10. Significant changes in the capital stock, long-term debt, or working capital.

11. Changes in the current status of items in the financial statements being reported on that were accounted for on the basis of tentative, preliminary, or inconclusive data.

12. Unusual adjustments made during the period from the balance sheet date to the date of this inquiry.

13. Significant undisclosed (in the draft year-end financial statements) financial commitments.

14. Commitments or plans for major purchases of capital assets or inventory exist, and consideration was given to possible losses due to price changes.

15. Changes in accounting or financial policies.

16. Events that caused a decline in the value of any assets or that made any significant portion of fixed assets idle or obsolete.

17. Expiration or cancellation of significant insurance coverage.

18. New regulatory requirements or laws that could adversely affect the entity.

19. Liabilities in dispute or being contested.

20. Losses of major suppliers or key executive employees.

21. New, or change to, related-party transactions since year-end.

22. Minutes (or summaries in place of approved minutes) from commissioner meetings have been prepared and not provided to you for the period under audit through the date of this letter.

23. Meetings of commissioners where minutes have not yet been prepared.

Sincerely,

Lewis County Public Hospital District No. 1 dba Arbor Health

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

This representation letter is provided in connection with your audits of the financial statements of Lewis County Public Hospital District No. 1 dba Arbor Health ("Client") , which comprise the statements of net position as of December 31,2023 and 2022 and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (GAAP).

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

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

**Financial Statements**

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 19, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information of the entity and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.

6) Related party relationships and transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.

9) The effects of all known actual or possible litigation, claims, and assessments, including those related to asserted and unasserted malpractice, health insurance, worker's compensation, and any other claims, have been accounted for and disclosed in accordance with U.S. GAAP.

10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

11) There are no instances of noncompliance with laws or regulations with respect to Medicare and Medicaid antifraud and abuse statutes, in any jurisdiction, whose effects we believe should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, other than those disclosed or accrued in the financial statements. This is including, but not limited to, the antikickback statute of the Medicare and Medicaid Patient and Program Protection Act of 1987, limitations on certain physician referrals (the Stark law), and the False Claims Act.

12) Billings to third-party payors comply in all material respects with applicable coding guidelines and laws and regulations, including those dealing with Medicare and Medicaid antifraud and abuse. Such billings include only those charges for goods and services that were medically necessary; properly approved by regulatory bodies, if required; and properly rendered.

13) There have been no investigations, either internal or external, and there are no investigations in progress, relating to compliance with applicable laws and regulations that would have an effect on the amounts reported or disclosed in the financial statements.

14) There have been no oral or written communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, in any jurisdiction, including those related to deficiencies in financial reporting practices; Medicare and Medicaid antifraud and abuse statutes; or other matters that could have a material adverse effect on the financial statements.

15) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the statement of net position date and have been reduced to their estimated net realizable value.

16) We have made an adequate provision for estimated adjustments to revenue resulting from issues such as denied claims, changes to home health resource group, resource utilization group, ambulatory payment classification, and diagnostic-related group (DRG) assignments.

17) The valuation allowances we have recorded are necessary, appropriate, and properly supported.

18) We have made available to you all peer review organization, fiscal intermediary, and third-party payor reports and information.

**Information Provided**

19) We have provided you with:

a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

b) Additional information that you have requested from us for the purpose of the audit.

c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.

d) Minutes of the meetings of the board of commissioners and related committees or summaries of actions of recent meetings for which minutes have not yet been prepared.

20) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

21) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

22) We have no knowledge of any fraud or suspected fraud that affects the District, including financial reporting related to compliance with existing laws and regulations governing reimbursement from third-party payors, and involves:

- Management,
- Employees who have significant roles in internal control, or
- Others where the fraud could have a material effect on the financial statements.

23) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, grantors, regulators, or others.

24) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

25) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

26) We have disclosed to you the names of the District's related parties and all the related party relationships and transactions including any side agreements.

**Government-specific**

27) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, or noncompliance or deficiencies related to existing laws and regulations governing reimbursement from third-party payors.

28) We have taken timely and appropriate steps to remedy identified and suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.

29) We have a process to track the status of audit findings and recommendations.

30) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.

31) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

32) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

33) For cost reports filed with third parties:

- We have properly filed all required Medicare, Medicaid, and similar reports with third parties.
- We are responsible for the accuracy and propriety of all filed cost reports.
- Filed cost reports include costs that are appropriate, allowable under applicable reimbursement rules and regulations, patient-related, and properly allocated to applicable payors.
- The reimbursement methodologies and principles we use are in accordance with applicable rules and regulations.
- We have given adequate consideration to, and made appropriate provision for, audit adjustments by intermediaries, third-party payors, or other regulatory agencies.
- We have made provisions, when material, for estimated retroactive adjustments by third-party payors under reimbursement agreements.
- We have fully disclosed in the cost report all items required to be disclosed, including disputed costs that are claimed to establish a basis for a subsequent appeal.
- We have recorded third-party settlements that include differences between filed (and to-be-filed) cost reports and calculated settlements that we believe are necessary based on historical experience or new or ambiguous regulations that may be subject to differing interpretations. Although we believe the entity is entitled to all amounts claimed on the cost reports, we also believe the differences reflected therein are appropriate.

34) The District has no plans or intentions that may materially affect the carrying value or classification of assets, or net position.

35) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

36) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws and regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.

37) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

38) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.

39) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

40) The District has complied with all aspects of contractual agreements, including existing laws and regulations governing reimbursement from third-party payors, that would have a material effect on the financial statements in the event of noncompliance.

41) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

42) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

43) Provisions for uncollectible receivables have been properly identified and recorded.

44) Expenses have been appropriately classified in the statement of revenues, expenses, and changes in net position, and allocations have been made on a reasonable basis.

45) Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position.

46) Internal and intra-entity activity and balances have been appropriately classified and reported.

47) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
48) Capital assets, including intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

49) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

50) We are following our established accounting policy regarding which resources (that is, restricted or unrestricted) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the net position classifications for financial reporting purposes.

51) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

52) With respect to the management's discussion and analysis (MD&A):

a) We acknowledge our responsibility for preparing and presenting the MD&A in accordance with accounting principles generally accepted in the United States of America, and we believe the MD&A, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the MD&A have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the MD&A is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Sincerely,

Lewis County Public Hospital District No. 1 dba Arbor Health

**Signature:** Cheryl Cornwell
Cheryl Cornwell (Jul 16, 2024 14:17 PDT)

**Email:** ccornwell@myarborhealth.org

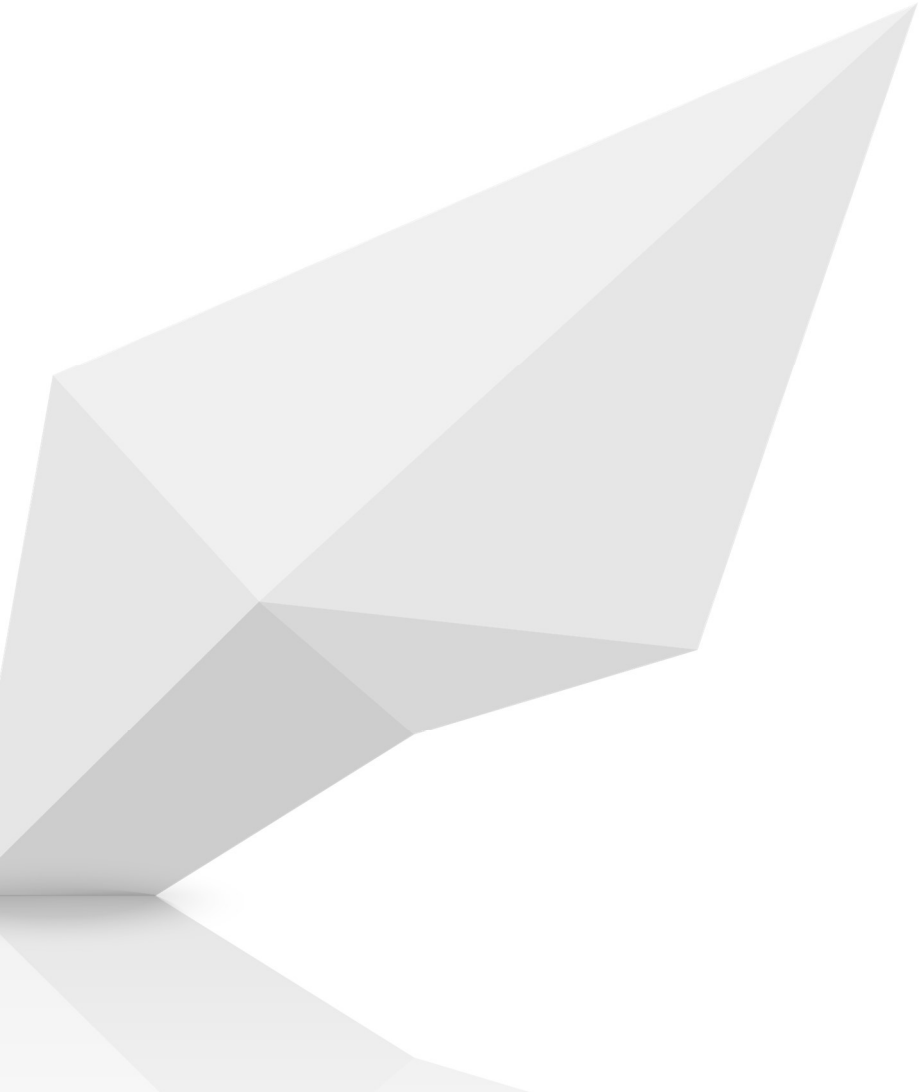
**Signature:** Robert W Mach
Robert W Mach (Jul 16, 2024 14:13 PDT)

**Email:** rmach@myarborhealth.org

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

Financial Statements and Required Supplementary Information

Years Ended December 31, 2023 and 2022



WIPFLI

WIPFLI

# Independent Auditor's Report

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

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

***Opinion***

We have audited the accompanying financial statements of Lewis County Public Hospital District No.1 DBA Arbor Health (the "District"), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's statements of net position, statements of revenues, expenses, and changes in net position, and cash flows for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of December 31, 2023 and 2022, and changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

***Basis for Opinion***

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

***Prior Period Financial Statements***

The financial statements of the District as of and for the year ended December 31, 2022 were audited by other auditors whose report dated May 10, 2023 expressed an unmodified opinion on those financial statements.

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

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

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

WIPFLI

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

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

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

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

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

***Required Supplementary Information***

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

WIPFLI

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Spokane, Washington
July 16, 2024

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

## Statements of Net Position

| *December 31,* | 2023 | 2022 |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 3,790,601 | $ 5,055,654 |
| Receivables: | | |
| Patient accounts - Net | 5,839,555 | 3,847,526 |
| Estimated third-party payor settlements | 299,817 | 252,311 |
| Taxes | 29,247 | 26,181 |
| Taxes restricted for debt service | 9,562 | 26,426 |
| Other | 190,309 | 478,947 |
| Inventory | 241,343 | 253,658 |
| Prepaid expenses and other | 430,473 | 324,032 |
| Total current assets | 10,830,907 | 10,264,735 |
| Noncurrent assets: | | |
| Cash and cash equivalents - noncurrent reserves | 423,611 | 402,970 |
| Cash and cash equivalents - restricted for debt service | 1,438,654 | 1,308,589 |
| Investments | 2,000 | 167,514 |
| Nondepreciable capital assets | 952,748 | 998,599 |
| Depreciable capital asset - net | 9,735,349 | 10,155,262 |
| Total noncurrent assets | 12,552,362 | 13,032,934 |
| TOTAL ASSETS | $ 23,383,269 | $ 23,297,669 |

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

## Statements of Net Position (Continued)

| *December 31,* | 2023 | 2022 |
|---|---|---|
| Current liabilities: | | |
| Accounts payable | $ 1,472,296 | $ 723,709 |
| Accrued compensation and related liabilities | 2,110,220 | 2,028,286 |
| Electronic health records incentive payback | 194,689 | 194,689 |
| Current maturities of long-term debt | 592,517 | 572,676 |
| Current portion of lease obligations | 309,088 | 268,866 |
| Total current liabilities | 4,678,810 | 3,788,226 |
| Noncurrent liabilities: | | |
| Long-term debt - Less current portion | 5,226,058 | 5,842,723 |
| Lease obligations - Less current portion | 573,605 | 431,433 |
| Total noncurrent liabilities | 5,799,663 | 6,274,156 |
| Total liabilities | 10,478,473 | 10,062,382 |
| Net position: | | |
| Net investment in capital assets | 3,034,081 | 3,039,564 |
| Restricted for debt service | 1,438,654 | 1,308,589 |
| Unrestricted | 8,432,061 | 7,862,109 |
| Total net position | 12,904,796 | 13,235,287 |
| TOTAL LIABILITIES AND NET POSITION | $ 23,383,269 | $ 23,297,669 |

See accompanying notes to the financial statements.

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

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

| *Years Ended December 31,* | 2023 | 2022 |
|---|---|---|
| Operating revenue: | | |
| Net patient service revenue | $ 36,746,672 | $ 33,993,959 |
| Other operating income | 697,932 | 489,117 |
| Total operating revenue | 37,444,604 | 34,483,076 |
| Operating expenses: | | |
| Salaries and wages | 17,225,412 | 16,775,003 |
| Employee benefits | 4,453,791 | 3,914,495 |
| Professional fees and purchased services | 9,534,421 | 9,064,382 |
| Supplies | 3,137,051 | 2,796,004 |
| Utilities | 466,841 | 540,749 |
| Insurance | 370,404 | 308,976 |
| Repairs and maintenance | 567,330 | 587,804 |
| Leases and rentals | 57,211 | 72,324 |
| Other | 1,642,443 | 1,420,956 |
| Depreciation and amortization | 1,529,483 | 1,576,074 |
| Total operating expenses | 38,984,387 | 37,056,767 |
| Loss from operations | (1,539,783) | (2,573,691) |
| Nonoperating revenues (expenses): | | |
| CARES Act Provider Relief Fund | - | 1,252,684 |
| Repayment of grant proceeds | (154,302) | - |
| Grants | 82,660 | 61,347 |
| Taxation for maintenance and operations | 1,044,235 | 997,886 |
| Taxation for bond principal and interest | - | 837,666 |
| Build America bond subsidy | 95,021 | 89,499 |
| Gain on sale of assets | 203,690 | - |
| Interest income | 346,190 | 162,902 |
| Interest expense | (408,202) | (438,016) |
| Total nonoperating revenue - Net | 1,209,292 | 2,963,968 |
| Change in net position | (330,491) | 390,277 |
| Net position - Beginning of year | 13,235,287 | 12,845,010 |
| Net position - End of year | $ 12,904,796 | $ 13,235,287 |

See accompanying notes to the financial statements.

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

## Statements of Cash Flows

| *Years Ended December 31,* | 2023 | 2022 |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash received from patients services and third-party payors | $ 34,707,137 | $ 28,911,947 |
| Cash received from other revenue | 986,570 | 263,606 |
| Cash paid for salaries and benefits | (21,597,269) | (20,689,498) |
| Cash paid for supplies, professional fees, and other operating expenses | (15,121,240) | (14,754,162) |
| Net cash used in operating activities | (1,024,802) | (6,268,107) |
| Cash flows from noncapital financing activities: | | |
| Proceeds from Grants | - | 61,347 |
| Proceeds from COVID-19 grants | - | 252,684 |
| Repayment of Paycheck Protection Program loan | - | (152,685) |
| Repayment of COVID-19 grants | (71,642) | - |
| Cash received from Build America Bonds subsidy | 95,021 | 89,499 |
| Cash received from taxation for maintenance and operations | 1,041,169 | 992,538 |
| Net cash provided by noncapital financing activities | 1,064,548 | 1,243,383 |
| Cash flows from capital and related financing activities: | | |
| Cash received from taxation for bond principal and interest | 16,864 | 834,743 |
| Interest paid on long-term debt obligations | (406,883) | (438,016) |
| Principal payments on long-term debt and lease liabilities | (536,580) | (1,642,914) |
| Payments for purchase of capital assets | (1,044,444) | (276,084) |
| Proceeds from the sale of capital assets | 305,246 | - |
| Net cash used in capital and related financing activities | (1,665,797) | (1,522,271) |
| Net cash provided by investing activities: | | |
| Net cash received (paid) of investments | 165,514 | (167,514) |
| Interest received | 346,190 | 162,902 |
| Net cash provided by (used in) investing activities | 511,704 | (4,612) |
| Change in cash and cash equivalents | (1,114,347) | (6,551,607) |
| Cash and cash equivalents - Beginning of year | 6,767,213 | 13,318,820 |
| Cash and cash equivalents - End of year | $ 5,652,866 | $ 6,767,213 |

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

## Statements of Cash Flows (Continued)

| *Years Ended December 31,* | 2023 | 2022 |
|---|---|---|
| Reconciliation of loss from operations to net cash used in operating activities: | | |
| Loss from operations | $ (1,539,783) | $ (2,573,691 |
| Adjustments to reconcile loss from operations to net cash used in operating activities: | | |
| Depreciation | 1,529,483 | 1,576,074 |
| Provision for bad debt | 860,986 | 486,053 |
| Changes in assets and liabilities: | | |
| Receivables: | | |
| Patient accounts - Net | (2,853,015) | (272,850) |
| Other | 288,638 | (225,511) |
| Inventories | 12,315 | 98,214 |
| Prepaid expenses and other | (106,441) | (24,313) |
| Account payable | 748,587 | (36,868) |
| Accrued liabilities | 81,934 | - |
| Medicare refundable advance | - | (3,343,822) |
| Estimated third-party payor settlements | (47,506) | (1,951,393) |
| Total adjustments | 514,981 | (3,694,416) |
| Net cash provided used in activities | $ (1,024,802) | $ (6,268,107) |
| **Noncash capital, financing activities and investing activities:** | | |
| Capital assets acquired under lease obligations | $ 120,831 | $ 948,502 |

See accompanying notes to the financial statements.

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

## Notes to Financial Statements

### Note 1: Summary of Significant Accounting Policies

#### The Entity

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

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

#### Financial Statement Presentation

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

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

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

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

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

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

#### Cash, Cash Equivalents, and Investments

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

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

#### Inventories

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

#### Noncurrent Cash Reserves

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

#### Bond Discounts

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

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

**Capital Assets**

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

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

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

**Compensated Absences**

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

**Net Position**

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

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

**Patient Accounts Receivables**

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

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

**Patient Service Revenue**

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

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

**Patient Service Revenue** (Continued)

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

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

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

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

**Operating Revenue and Expense**

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

**Restricted Resources**

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

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

**Grants and Contributions**

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

**Change in Accounting Principles**

In July 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible asset representing the lessee's right to use the leased asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District adopted Statement No. 87 during the year ended December 31, 2022.

## Notes to Financial Statements

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

*The Revised Code of Washington*, Chapter 39, authorizes municipal governments to invest their funds in a variety of investments including federal, state, and local government certificates, notes, or bonds; the Washington State Local Government Investment Pool; savings accounts in qualified public depositories; and certain other investments. Amounts invested in the Washington State Local Government Investment Pool at December 31, 2023 and 2022, were approximately $388,000 and $5,885,000, respectively. The Washington State Local Government Investment Pool consists of investments in federal, state, and local government certificates and savings accounts in qualified public depositories.

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

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

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

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

### Note 3: Patient Accounts Receivable

Patient accounts receivable consisted of the following at December 31:

| | 2023 | 2022 |
|---|---|---|
| Patient accounts receivable | $ 8,967,489 | $ 7,210,094 |
| Less: | | |
| Contractual allowance | (2,824,803) | (2,868,492) |
| Allowance for doubtful accounts | (303,131) | (494,076) |
| Patient accounts receivable - Net | $ 5,839,555 | $ 3,847,526 |

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

## Notes to Financial Statements

### Note 4: Net Patient Service Revenue

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

| | 2023 | 2022 |
|---|---|---|
| Gross patient service revenue: | | |
| Medicare | $ 31,353,201 | $ 25,239,489 |
| Medicaid | 11,234,455 | 11,245,866 |
| Commercial and other | 13,689,899 | 13,082,895 |
| Private pay | 1,233,385 | 1,043,190 |
| Total gross patient service revenue | 57,510,940 | 50,611,440 |
| Less: | | |
| Contractual adjustments | 19,903,282 | 16,131,428 |
| Provision for bad debt | 860,986 | 486,053 |
| Total deductions in revenue | 20,764,268 | 16,617,481 |
| Net patient service revenue | $ 36,746,672 | $ 33,993,959 |

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

| | 2023 | 2022 |
|---|---|---|
| Medicare | 55 % | 50 % |
| Medicaid | 19 | 22 |
| Commercial and other | 24 | 26 |
| Private pay | 2 | 2 |
| Total | 100 % | 100 % |

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

## Notes to Financial Statements

### Note 5: Capital Assets

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

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

### Note 5: Capital Assets (Continued)

Capital asset balances and activity were as follows at December 31, 2022:

| | Balance January 1, 2022 | Additions | Retirements | Transfers | Balance December 31, 2022 |
|---|---|---|---|---|---|
| Nondepreciable capital assets: | | | | | |
| Land | $ 998,599 | $ - | $ - | $ - | $ 998,599 |
| Construction in progress | 112,334 | - | - | (112,334) | - |
| Total nondepreciable capital assets | 1,110,933 | - | - | (112,334) | 998,599 |
| Depreciable capital assets: | | | | | |
| Land improvements | 1,426,739 | - | - | - | 1,426,739 |
| Buildings and improvements | 20,685,975 | 69,435 | - | - | 20,755,410 |
| Equipment | 11,464,129 | 206,649 | - | 112,334 | 11,783,112 |
| Total depreciable capital assets | 33,576,843 | 276,084 | - | 112,334 | 33,965,261 |
| Total capital assets | 34,687,776 | 276,084 | - | - | 34,963,860 |
| Accumulated depreciation: | | | | | |
| Capital assets | 23,182,427 | 1,308,637 | - | - | 24,491,064 |
| Right of use assets: | | | | | |
| Equipment | - | 948,502 | - | - | 948,502 |
| Accumulated amortization | - | 267,437 | - | - | 267,437 |
| Capital assets - Net | $ 11,505,349 | $ (351,488) | $ - | $ - | $ 11,153,861 |

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

## Notes to Financial Statements

### Note 6: Long-Term Debt

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

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

Long-term debt and other noncurrent liabilities consisted of the following at December 31, 2022:

| | Balance January 1, 2022 | Additions | Reductions | Balance December 31, 2022 | Amounts due Within One Year |
|---|---|---|---|---|---|
| Bonds payable: | | | | | |
| 2005 LTGO bonds | $ 840,000 | $ - | $ (195,000) | $ 645,000 | $ 205,000 |
| 2010 LTGO A bonds | 340,000 | - | (85,000) | 255,000 | 90,000 |
| 2010 LTGO B bonds | 4,130,000 | - | - | 4,130,000 | - |
| 2012 UTGO bonds | 815,000 | - | (815,000) | - | - |
| Discount on bonds | (382) | - | (2,920) | (3,302) | - |
| Total bonds payable | 6,124,618 | - | (1,097,920) | 5,026,698 | 295,000 |
| Direct borrowing: | | | | | |
| GE Government Finance, Inc note payable | 1,685,492 | - | (296,791) | 1,388,701 | 277,676 |
| Total bonds payable and direct borrowing | $ 7,810,110 | $ - | $ (1,394,711) | $ 6,415,399 | $ 572,676 |

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

The terms of the District's long-term debt at December 31, 2023 and 2022, were as follows:

Bonds payable

- Limited tax general obligation (LTGO) bonds dated February 18, 2005, in the original amount of $3,000,000; payable annually on December 1, with variable principal payments ranging from $205,000 to $225,000. Interest of 4.69 percent is payable semiannually through December 2025.

- LTGO series A bonds, dated October 28, 2010, in the original amount of $1,090,000, payable annually on December 1, with variable principal payments ranging from $70,000 to $95,000. Interest of 4 percent is payable semiannually through December 2025. The District issued the bonds for an addition and remodel to the hospital.

- LTGO series B bonds (federally taxable Build America Bonds), dated October 28, 2010, in the original amount of $4,130,000, payable annually on December 1, with variable principal payments starting in 2025, ranging from $25,000 to $495,000. Variable rate interest of 6.675 percent to 6.875 percent is payable semiannually through December 2035. The District issued the bonds for an addition and remodel to the hospital.

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

The UTGO bond is a direct and general obligation and is secured by an irrevocable pledge of the District that it will have sufficient funds available to pay the bond principal and interest due by levying each year a tax upon the taxable property within the District. Tax receipts limited for bond redemption and interest are used to pay the principal and interest each year. During the year ending December 31, 2022, the District fully paid off the Unlimited tax general obligation (UTGO) bond in the original amount of $7,265,000.

Direct borrowing

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

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

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

| | 2005 LTGO bonds | | | 2010 LTGO bonds | | |
|---|---|---|---|---|---|---|
| *Bonds payable* | Principal | Interest | Total | Principal | Interest | Total |
| 2024 | $ 213,906 | $ 20,535 | $ 234,441 | $ 95,000 | $ 287,034 | $ 382,034 |
| 2025 | 226,094 | 10,503 | 236,597 | 95,000 | 283,116 | 378,116 |
| 2026 | - | - | - | 335,000 | 278,559 | 613,559 |
| 2027 | - | - | - | 350,000 | 256,198 | 606,198 |
| 2028 | - | - | - | 365,000 | 232,835 | 597,835 |
| 2029 - 2033 | - | - | - | 2,085,000 | 773,827 | 2,858,827 |
| 2034 - 2035 | - | - | - | 970,000 | 100,719 | 1,070,719 |
| Total | $ 440,000 | $ 31,038 | $ 471,038 | $ 4,295,000 | $ 2,212,288 | $ 6,507,288 |

| *Direct borrowing* | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 283,611 | $ 20,528 | $ 304,139 |
| 2025 | 315,729 | 13,921 | 329,650 |
| 2026 | 322,478 | 7,172 | 329,650 |
| 2027 | 163,740 | 1,010 | 164,750 |
| Total | $ 1,085,558 | $ 42,631 | $ 1,128,189 |

### Note 7: Leases

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

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

### Note 7: Leases (Continued)

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

| | Balance January 1, 2022 | Additions | Reductions | Balance December 31, 2022 | Amounts due Within One Year |
|---|---|---|---|---|---|
| Equipment leases payable | $ - | $ 948,502 | $ (248,203) | $ 700,299 | $ 268,866 |

*District as Lessee*
The terms and expiration dates of the District's leases payable at December 31, 2023, follow:

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

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

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

| | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 309,088 | $ 48,426 | $ 357,514 |
| 2025 | 208,394 | 30,604 | 238,998 |
| 2026 | 114,636 | 21,528 | 136,164 |
| 2027 | 86,935 | 14,520 | 101,455 |
| 2028 | 77,513 | 8,775 | 86,288 |
| 2029 - 2030 | 86,127 | 4,462 | 90,589 |
| Total | $ 882,693 | $ 128,315 | $ 1,011,008 |

## Note 8: Defined Contribution Retirement Plan

The District has a tax-sheltered annuity (TSA) plan that is available to substantially all employees. The plan has been established by the District under Section 403(b) of the Internal Revenue Code and is administered by Nationwide. The name of the plan is Lewis County Hospital District No. 1 doing business as Morton General Hospital 403(b) Plan (the Plan). The Plan is a defined contribution plan funded from both employee and employer contributions that are deposited in employee-controlled accounts. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the District. Employees may contribute to the TSA immediately upon employment. After employees have completed 12 months of service (1,000 hours in the preceding 12-month period), have attained age 18, and are in the eligible class, the District will make contributions to the employee's account. The District's contribution is on a matching basis at a rate to be determined annually by the District, and the District maintains sole discretion of how much, if any, it will make as an employer contribution. Employee and employer contributions are 100 percent vested at the time they are paid. Pension expenses for the years ended December 31, 2023 and 2022, were approximately $593,000 and $566,000, respectively. Employee contributions to the Plan for the years ended December 31, 2023 and 2022, were approximately $880,000 and $1,023,000, respectively.

The District owed approximately $57,000 and $107,000 to the Plan at December 31, 2023 and 2022, respectively.

## Note 9: Charity Care

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended December 31, 2023 and 2022, were approximately $726,000 and $719,000, respectively. The District did not receive any gifts or grants to subsidize charity services during 2023 and 2022.

## Note 10: Property Taxes

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

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

### Note 10: Property Taxes (Continued)

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

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

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

| | 2023 | | | |
|---|---|---|---|---|
| | | Assessed Value | | |
| | Levy Rate | Real and Personal | Timber | Total Levy Amount |
| Maintenance and operation | 0.2917 | $2,409,576,522 | $1,170,248,641 | $1,044,235 |

| | 2022 | | | |
|---|---|---|---|---|
| | | Assessed Value | | |
| | Levy Rate | Real and Personal | Timber | Total Levy Amount |
| Bond | 0.3594 | $1,803,577,464 | $972,955,647 | $997,886 |
| Maintenance and operation | 0.3725 | $2,248,767,785 | $ - | $837,666 |

As stated in note 6, during 2023 the District paid off the Unlimited tax general obligation (UTGO) bond. As a result, the District will no longer be receiving tax levies for bond repayment.

### Note 11: Risk Management

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

## Note 11: Risk Management (Continued)

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

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

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

*Self-insurance risk pools* - The District has a self-insured unemployment plan for its employees. The District participates in the Public Hospital District Unemployment Trust, which is a risk transfer pool administered by the Washington State Hospital Association. The District recognized a $0 dividend from the Public Hospital District Unemployment Compensation Trust in 2023 and 2022, which was offset against unemployment expense. Payments by the District charged to unemployment expense prior to the dividend were approximately $33,000 and $35,000 in 2023 and 2022, respectively.

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

## Note 12: Medical Self-Funded Health Plan

In February 2018, the District began partially self-insuring the cost of employee healthcare benefits. The District self-insures the first $80,000 in claims per eligible participant. The District also purchases annual stop-loss insurance coverage for all claims in excess of $80,000 per participant. Accrued compensation and related liabilities on the statements of net position include an accrual for claims that have been incurred but not reported. Claim liabilities are re-evaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors.

### Note 12: Medical Self-Funded Health Plan (Continued)

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

| *December 31,* | 2023 | 2022 |
|---|---|---|
| Claim liability, beginning of year | $ 150,186 | $ 151,723 |
| Current year claims and changes in estimates | 2,445,132 | 1,803,683 |
| Claims payments | (2,395,658) | (1,805,220) |
| Total | $ 199,660 | $ 150,186 |

### Note 13: Concentration of Credit Risk

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

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

| | 2023 | 2022 |
|---|---|---|
| Medicare | 48 % | 48 % |
| Medicaid | 15 | 14 |
| Commercial and others | 33 | 31 |
| Private pay | 4 | 7 |
| Total | 100 % | 100 % |

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

*Collective bargaining units* - Effective July 1, 2021, the District renewed its contract with Carpenters' Industrial Council Local Union No. 2767. Approximately 43 percent of the District's employees are represented by the labor union under this collective bargaining agreement. The contract is effective through June 30, 2024.

Effective July 8, 2022, the District renewed its contracts with Washington State Nurses Association for registered nurses and licensed practical nurses. Approximately 11 percent of the District's employees are represented by the labor union under these collective bargaining agreements. The contracts are effective through March 31, 2025. Negotiations remain ongoing.

### Note 14: COVID-19 Relief Funds and Grant Revenue

Since the start of the program the District received $5,491,422 of funding from the CARES Act Provider Relief Fund, respectively. These funds are required to be used to reimburse the District for healthcare-related expenses or lost revenues that are attributable to coronavirus. The District has recorded these funds as unearned revenue until eligible expenses or lost revenues are recognized. During the years ended December 31, 2023 and 2022, the District recognized $0 and $1,000,000 of grant revenue from these funds, respectively. The District had no remaining funds as of December 31, 2023.

WIPFLI

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Lewis County Public Hospital District No.1 DBA Arbor Health (the "District"), which comprise the statement of net position as of December 31, 2023, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated July 16, 2024.

### Report on Internal Control Over Financial Reporting

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

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

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

WIPFLI

## Report on Compliance and Other Matters

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

## Purpose of This Report

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

Wipfli LLP

Wipfli LLP

Spokane, Washington
July 16, 2024

# 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-0

**Radiology Consulting Privileges**

- Zachary Ashwell, MD

**Telestroke/Neurology Consulting Privileges**

- Binod Wagle, MD

## REAPPOINTMENTS-0

**Arbor Health**

- Mark Hansen, MD

**Radiology Consulting Privileges**

- Timothy Jan, DO
- Michael Peters, MD
- Daniel Susanto, MD
- Milton Van Hise, MD

**Telestroke/Neurology Consulting Privileges**

- Michael Chen, MD
- Lilith Judd, MD
- Soo Young Kwon, MD

✪-notates files with items to note.

# DEPARTMENT SPOTLIGHT

# Arbor Health Emergency Department

Vincent Ball, MD
Laura Glass

# Agenda

- Facts about the ER
  - Scope
  - Capabilities
  - Limitations/Constraints
- Metrics
  - Volumes
  - Quality
  - Transfer
  - Trauma/Strokes
- The Future
  - Issues

# Our Scope

- The Emergency Department (ED) provides a medical screening exam on everyone. Required by law
- Triage →5 Beds, 2 Hallway Beds
- Care for all ages
- The ED is staffed 24/7/365 by a physician, 1-2 RNs, and an ED Tech.
- 1) Admit to floor or surgery, 2) Discharge, 3) Transfer
  - Inpatient capability: Non-ICU
  - Surgery M-Thursday daytime. No weekend or call capabilities
- Agreements with Telestroke, Providence St Peter's for Stroke/MI
- Averaging about 15 patient per day with increasing volumes
- Prehospital EMS is by primarily BLS volunteer ambulance crews
- 1 ALS crew for sicker transfers
- 2 Air Ambulance Services, weather dependent, landing at airfield

**Arbor Health Morton Hospital is an active participant in the state Trauma Registry and Emergency Cardiac & Stroke System. We are currently designated as**

- Trauma Level V
- Emergency Cardiac Level II
- Emergency Stroke Level III

# Emergency Medical Treatment & Labor Act

# Affectionately known as EMTALA

- EMTALA is a federal law enacted over 30 years ago with the simple concept to:  AKA Anti-Dumping
  - evaluate and stabilize all patients suffering a medical emergency who come to a hospital's emergency department regardless of their ability to pay.
- Under EMTALA, Arbor Health is required to provide a medical screening examination (MSE) to any individual who comes to the emergency department to identify an emergency medical condition (EMC)
- Only the ED physician can conduct the medical screening exam
- Must stabilize to hospital's capability
- Must have accepting physician before transferring a patient
- No OB capability, ultrasound only during daytime, no surgical subspecialists at Arbor Health

# Washington State Trauma System

Trauma center levels across the United States are identified into 5 different levels. The different levels (ie. Level I, II, III, IV or V) refer to the kinds of resources available in a trauma center and the number of patients admitted yearly.

Participation in the Trauma System verifies the presence of the resources for one's trauma level and includes a commitment, readiness, resources, policies, patient care, and performance improvement.

# Washington State Trauma System Levels

- Level I Trauma Center is a comprehensive regional resource that is a tertiary care facility central to the trauma system. A Level I Trauma Center is capable of providing total care for every aspect of injury – from prevention through rehabilitation. (Harborview)
- Level II Trauma Center is able to initiate definitive care for all injured patients. (Tacoma)
- Level III Trauma Center has demonstrated an ability to provide prompt assessment, resuscitation, surgery, intensive care and stabilization of injured patients and emergency operations. (Olympia & Puyallup)
- Level IV Trauma Center has demonstrated an ability to provide advanced trauma life support (ATLS) prior to transfer of patients to a higher level trauma center. It provides evaluation, stabilization, and diagnostic capabilities for injured patients. (Centralia, Tacoma, Elma)
- Level V Trauma Center provides initial evaluation, stabilization and diagnostic capabilities and prepares patients for transfer to higher levels of care. (Arbor Health)

# Arbor Health Level V Trauma

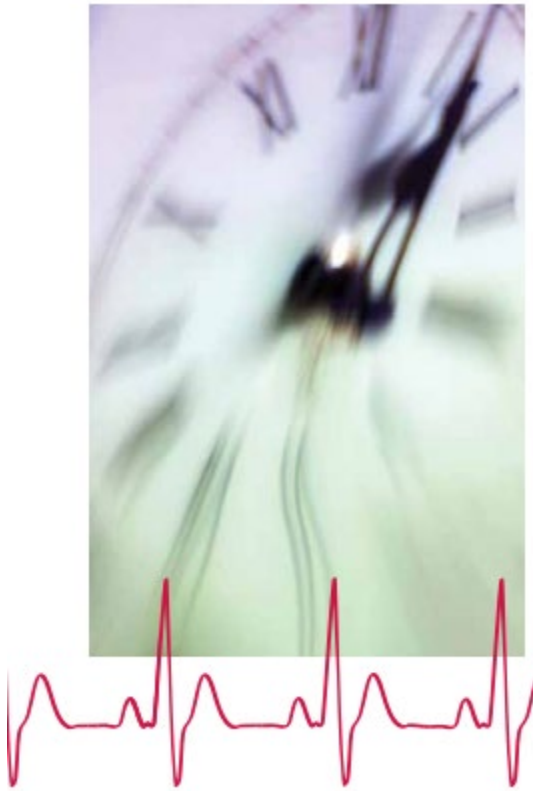
Level V Trauma Center provides initial evaluation, stabilization and diagnostic capabilities and prepares patients for transfer to higher levels of care.

- Basic emergency department facilities to implement ATLS protocols.
- Available trauma nurse(s) and physicians available upon patient arrival.
- After-hours activation protocols if facility is not open 24-hours a day.
- May provide surgery and critical-care services **IF** available.
- Has developed transfer agreements for patients requiring more comprehensive care at a Level I through III Trauma Centers.

# Saving TIME Saves LIVES

## THE PROBLEM: Too many people become disabled or die because they don't get treatment in time

- Most strokes (80 percent) are caused by clots. In 2008, only 4 percent of this type of stroke were given the best treatment – the clot-busting drug tPA.
- Primary percutaneous coronary intervention (PCI) is the most effective treatment for heart attack. PCI includes angioplasty (balloon) and stenting. Less than half of all people who have a heart attack get PCI.
- Access to resources for diagnosing and treating heart attacks and strokes varies, especially in rural areas.
- Often people having a heart attack or stroke are transported to the nearest hospital, only to be transferred to another hospital for treatment.

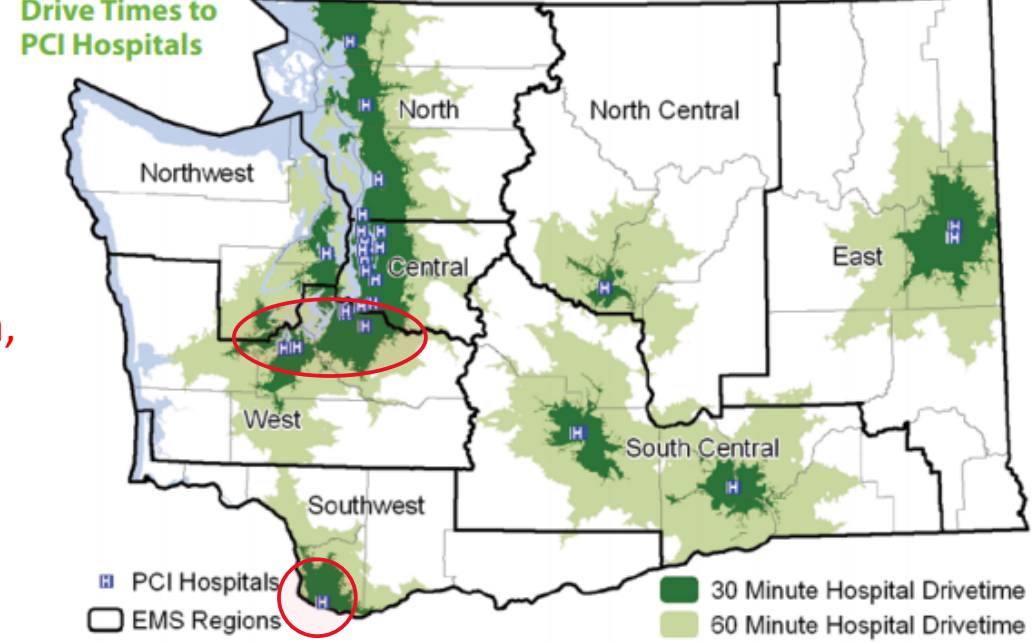


# A Matter of Time. . .

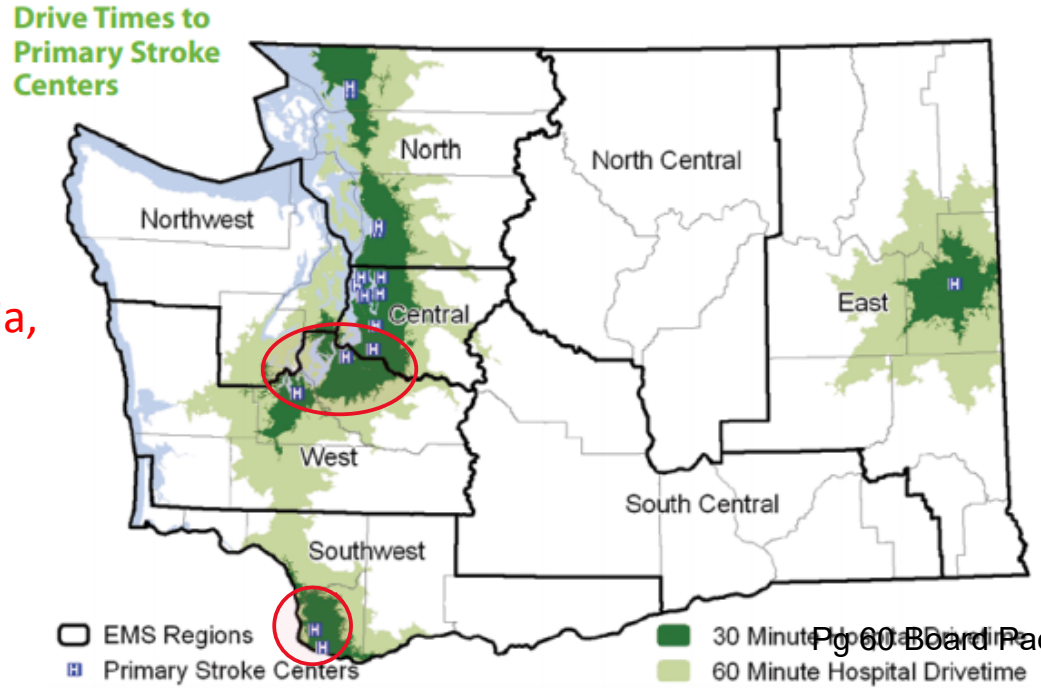
These maps tell part of the story – there are vast areas of the state where the treatments with the best outcomes are not available within an hour's drive, especially for stroke. We need to fill in these gaps, and we need to get patients directly to hospitals that can treat them.

**The new system will identify hospitals able to treat, and will put prehospital procedures in place to get patients to those hospitals. This will significantly reduce time to treatment and improve outcomes, meaning fewer deaths and less disability.**

Closest PCI: Olympia, Tacoma, Puyallup, or Vancouver




Closest Primary Stroke Center: Tacoma, Olympia, or Vancouver



# A Matter of Time. . .

These maps tell part of the story – there are vast areas of the state where the treatments with the best outcomes are not available within an hour's drive, especially for stroke. We need to fill in these gaps, and we need to get patients directly to hospitals that can treat them.

Closest Trauma :
Level 1: Seattle
Level 2: Tacoma

| 2024 Designated Trauma Centers | Acute Care | Pediatric |
|---|---|---|
| Level I | 1 | 1 |
| Level II | 6 | 2 |
| Level III | 23 | 6 |
| Level IV | 36 | |
| Level V | 13 | |

Figure 1 Number of Trauma Centers, Statewide, 2024

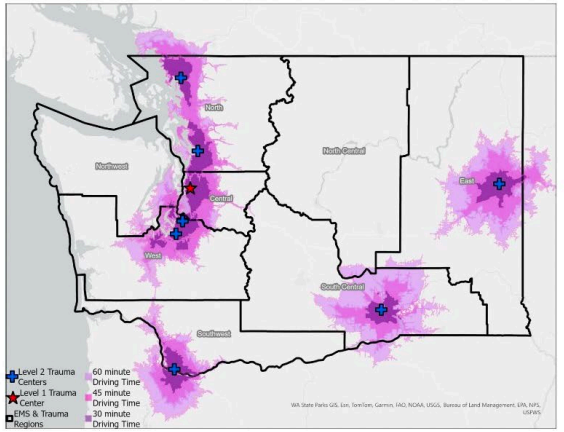



Figure 21 30/45/60 min drive time to Level I or II Trauma Center[2,3]

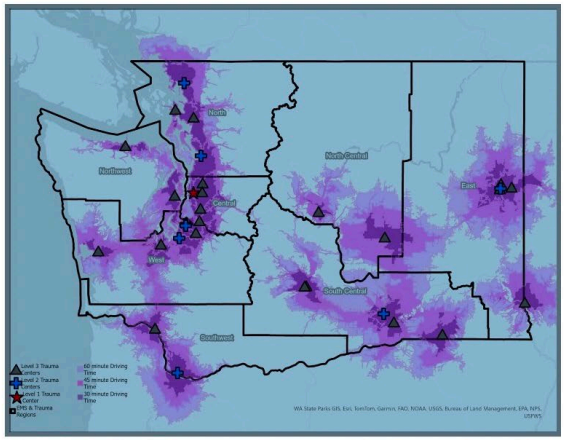



Figure 20 30/45/60 min drive time to Level I-III Trauma Center[2,3]

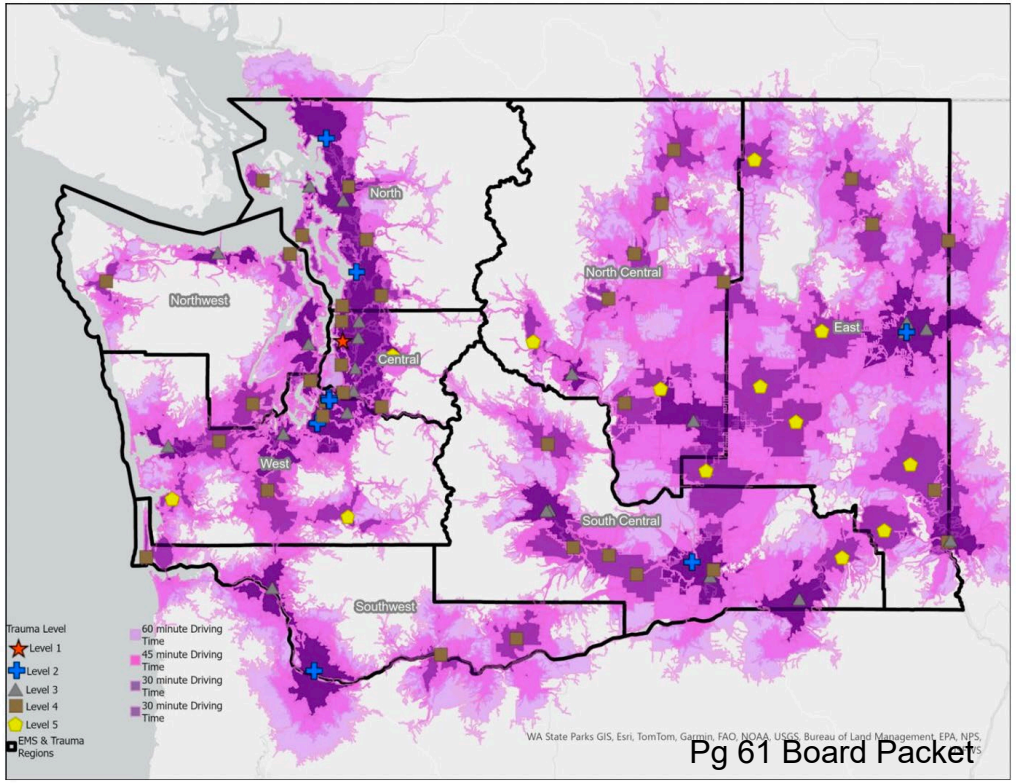
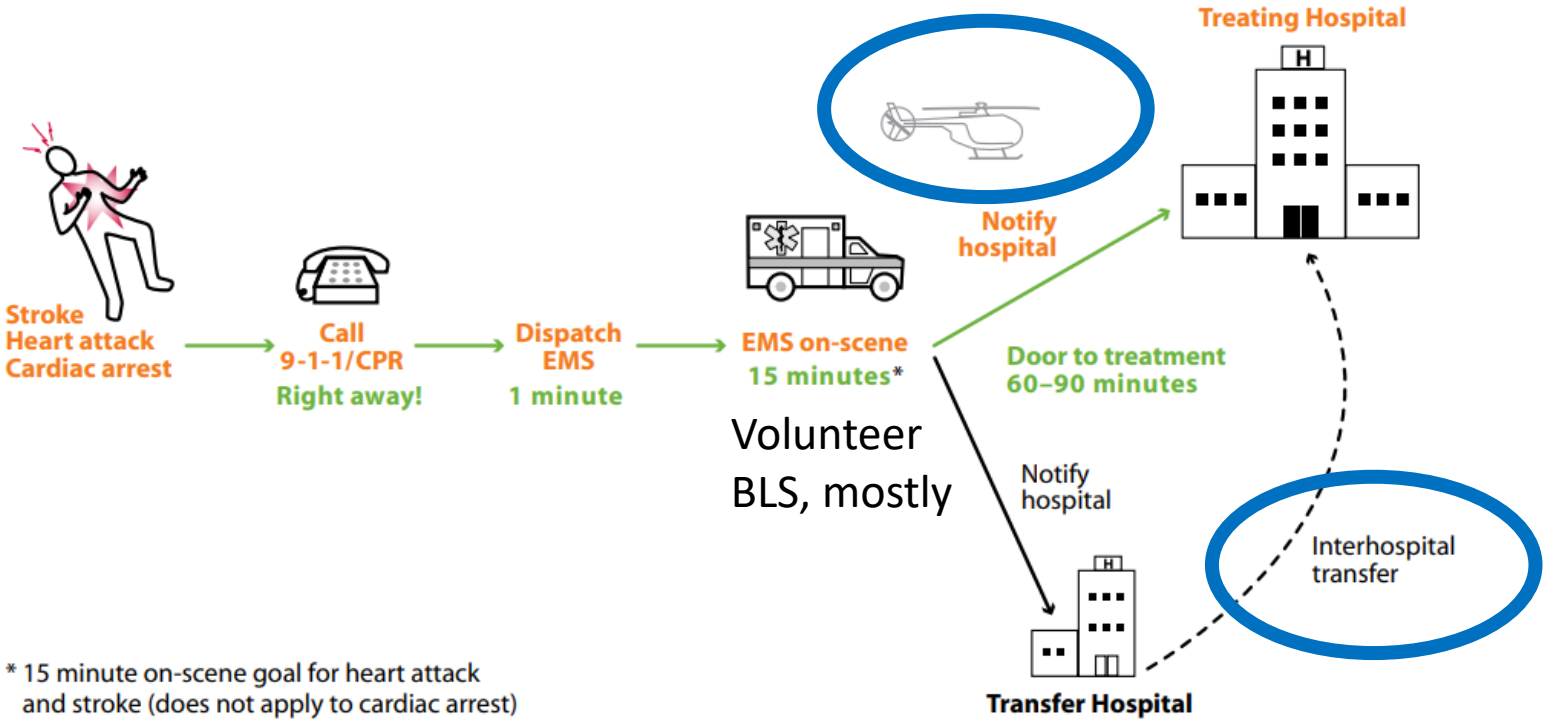



Figure 22 30/45/60 min drive time to any trauma center[2,3]

# Washington State Emergency Cardiac & Stroke System

**GOAL:**
**Symptom onset to treatment = less than 120 minutes**




Arbor Health

# Washington State Emergency Cardiac & Stroke System

**Created in 2010 to save lives and reduce disability for heart attack, cardiac arrest, and stroke patients.**

## System goals

The new system will help prevent deaths, disability, and nursing home placements due to heart attack, stroke, and cardiac arrest.

- 120 minutes symptom onset to treatment
  - 15 minutes EMS on-scene – heart attack and stroke
  - 30 minutes door-to-needle – heart attack
  - 60-90 minutes door-to-balloon – heart attack
  - 60 minutes door-to-tPA – stroke
  - 90 minutes first medical contact to treatment
- Set cardiac arrest goals
- Participating hospital one hour from every citizen
- Increase percentage of cardiac/stroke patients who arrive by EMS
- Increase percentage of patients EMS notified hospital pre-arrival

# 2021-2024 Accomplishments

- Renewed Trauma Level V designation
- Renewed Cardiac Level II certification
- Renewed Stroke Level III certification
- Had a clean DOH survey
- Fully staffed Emergency Department physicians
- Consistently high patient satisfaction scores
- Adventure Medics Ambulance Services (Onalaska)

# Patient Volumes/Dispositions: 01 Jan -17 August 2023/2024

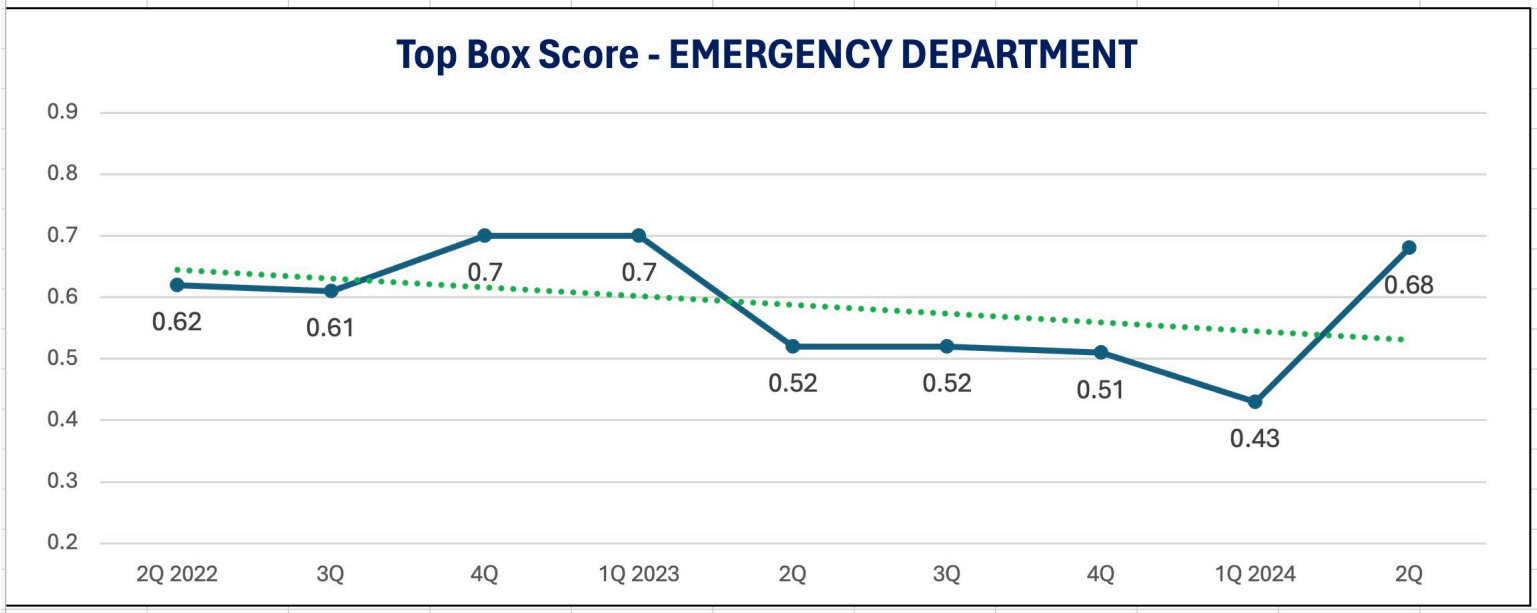
| Total Pt Encounters | Admits | Transfers | Discharged | EMS Arrivals | Avg ED LOS | LWOT/ LWBS | Law Enf | Expired |
|---|---|---|---|---|---|---|---|---|
| 3778 **2024** | 198 (5.2%) | 203 (5.4%) | 3218 (85%) | 486 (12.9%) | 1.9 hr | 113 | 11 | 12 |
| 3691 **2023** | 229 (6.2%) | 206 (5.6%) | 3068 (83%) | 540 (14.6% | 3.0 hr | 174 | 7 | 5 |

Emergency Department

# Quality and Patient Safety Metrics

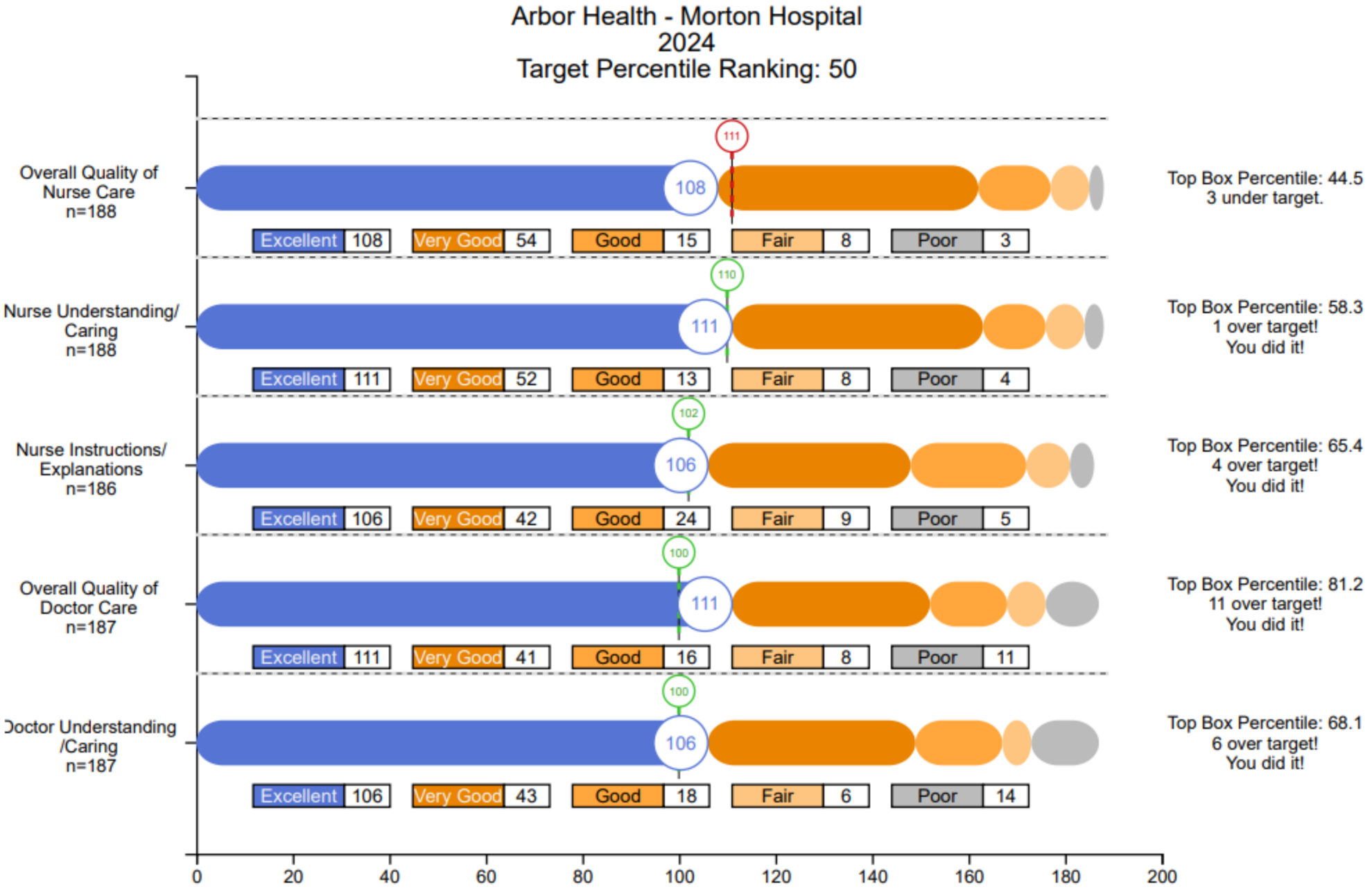
## 2023/4 Metrics

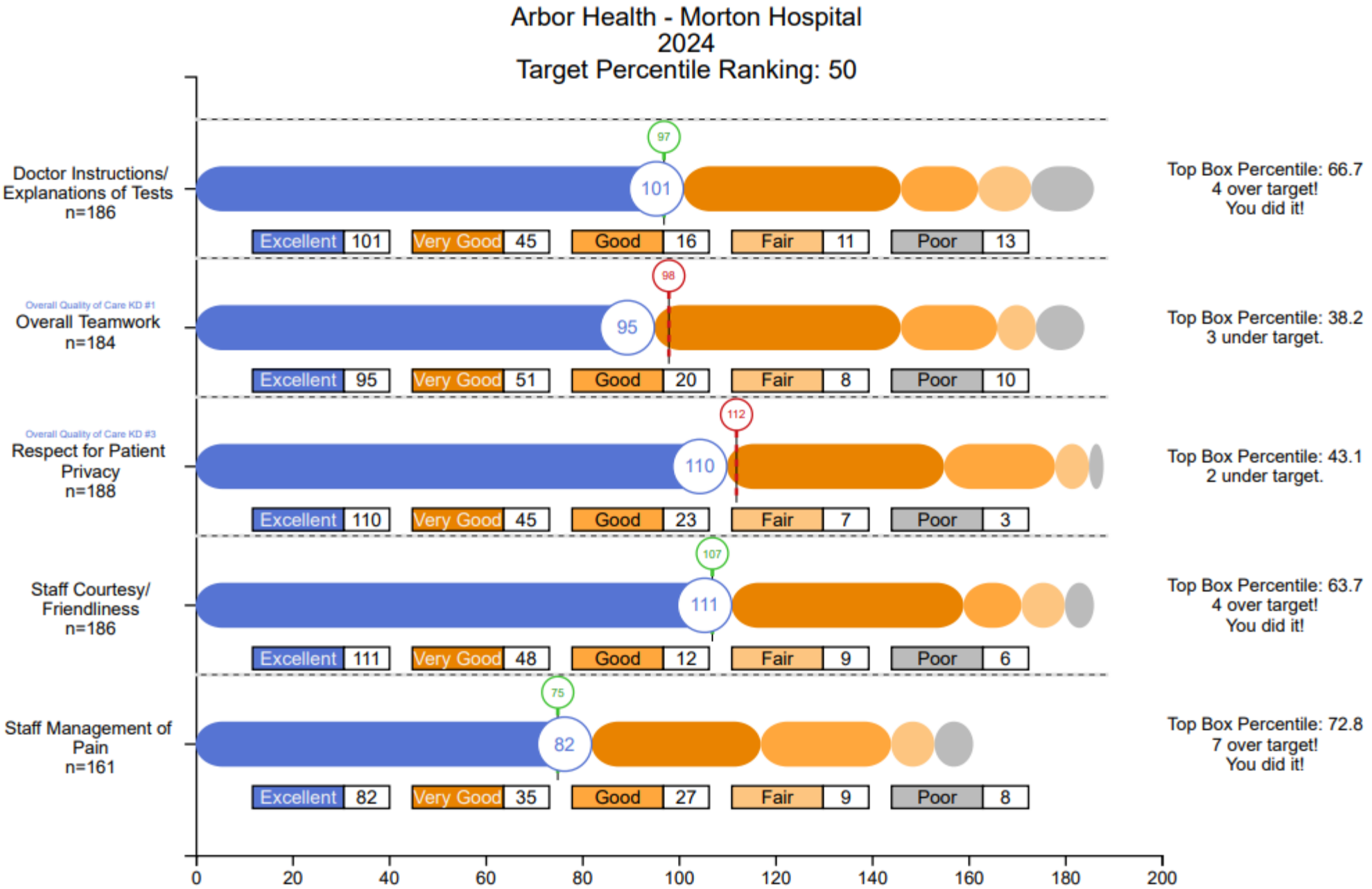
| METRIC | MEASUREMENT | TARGET | 2023 | 2024 YTD | 1QTR24 | n | 2QTR24 | n | 3QTR24 | n | 4QTR24 | n |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **ARBOR HEALTH - EMERGENCY DEPARTMENT** | | | | | | | | | | | | |
| **ED Overall** | *Percent Excellent* | **≥60%** | 55% | 55% | 43% | 29 | 68% | 77 | | | | |
| **ED Nursing** | *Percent Excellent* | | 60% | 44% | 44% | 197 | 91% | 234 | | | | |
| **ED Doctors** | *Percent Excellent* | | 56% | 56% | 43% | 198 | 68% | 231 | | | | |
| **Likelihood of** | *Percent Yes* | | 53% | 54% | 40% | 67 | 67% | 78 | | | | |

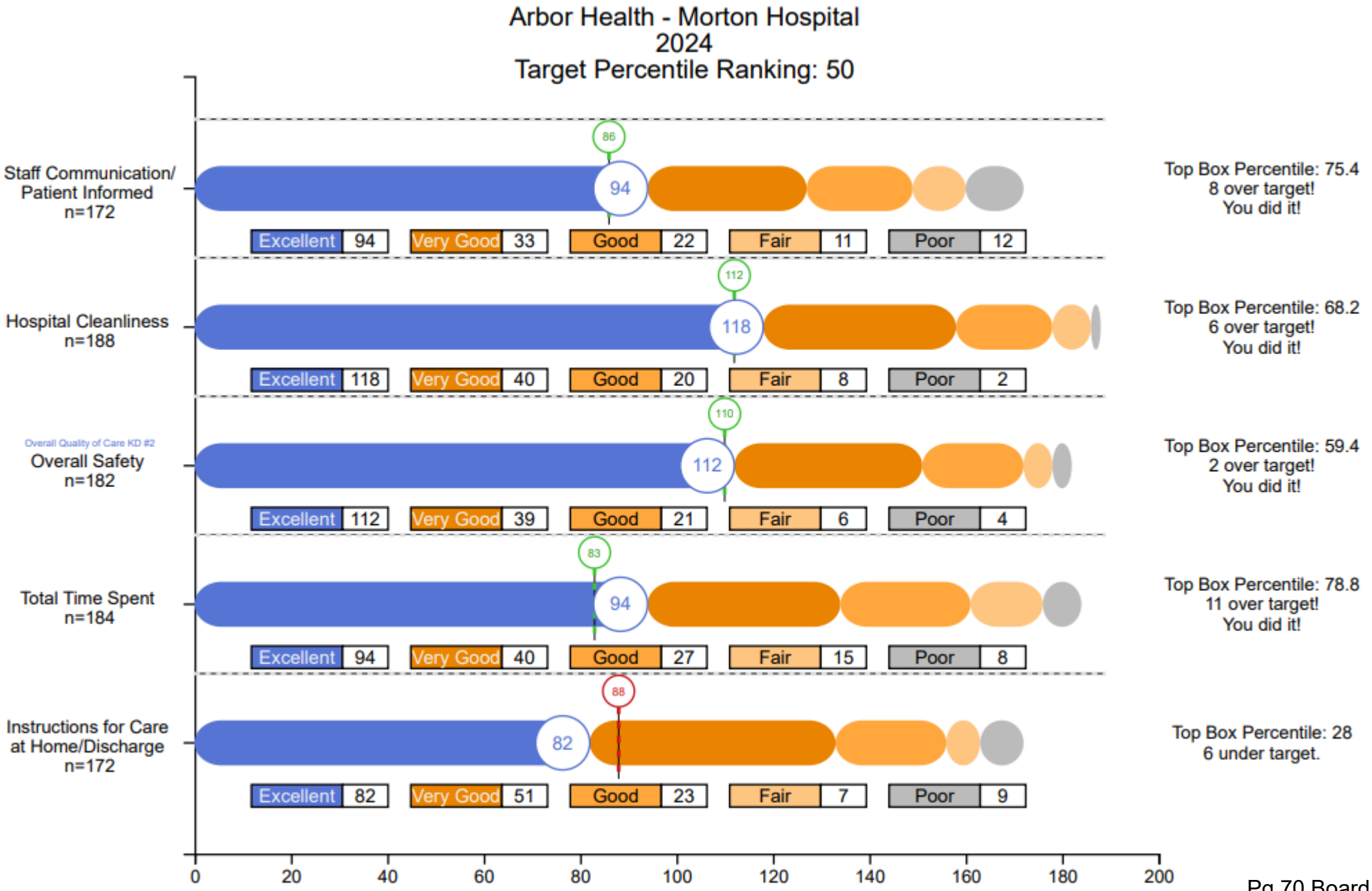


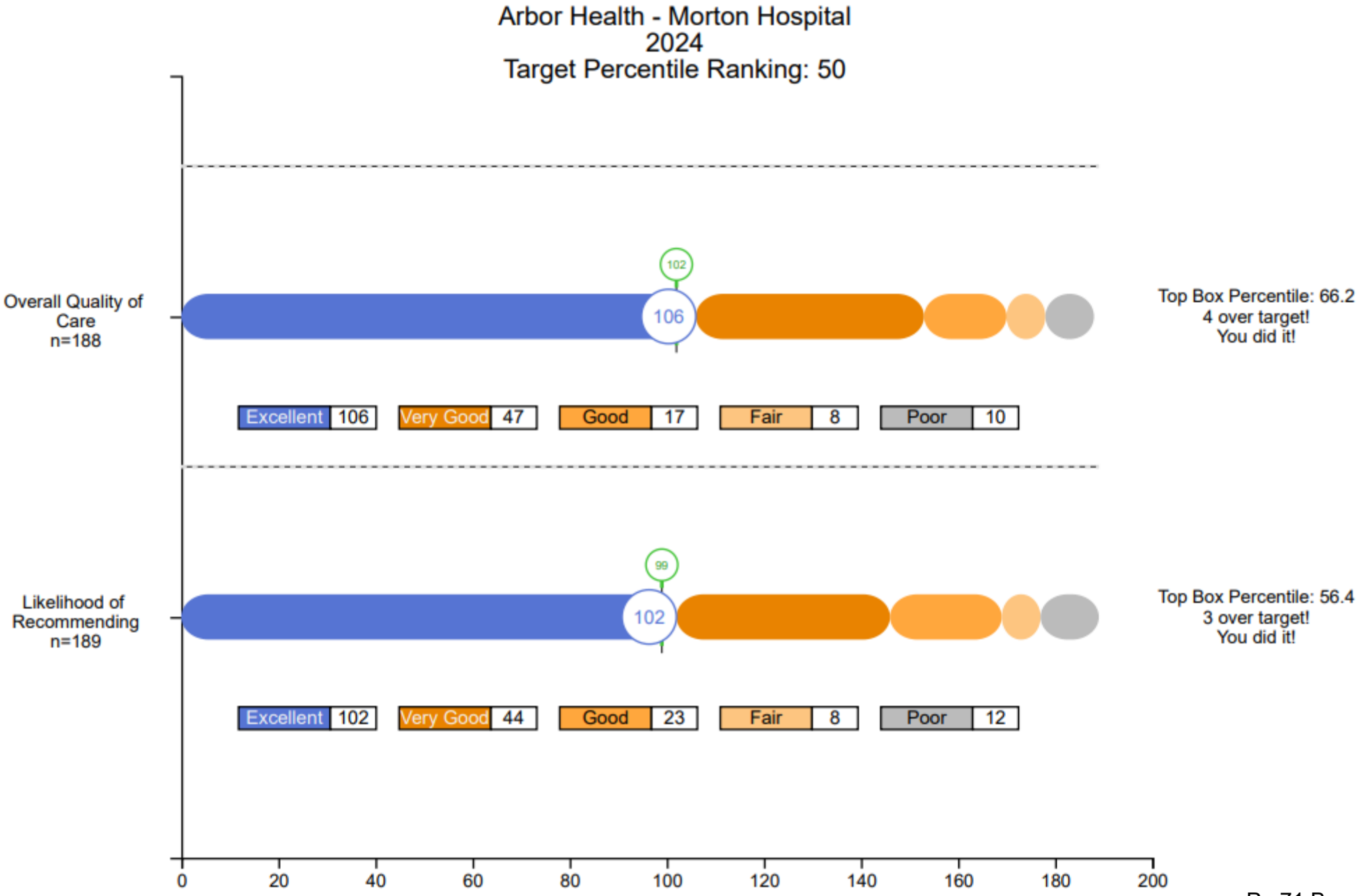
# PRC Voices Report- ER

- Excellent all around. Couldn't have expected anything better
- **The Doctors and nurses are always so kind. If your honest they don't judge you or make you feel bad about yourself.** I appreciate everything they did for me. They are very fast in getting you in and out.
- I wouldn't change a things in there. I don't know about the other doctors but that one I went to in the emergency ward. Thank you.
- Everyone we encounter was **kind, caring, and helpful**. We are lucky there were no other patients, but I'd like to think the experience would be the same if there had been
- The overall care and service was excellent
- The **new provider Karen was amazing and very caring**. I would 100% recommend her for care. She knew I was in pain and took no time getting me back and talking to
- Absolutely the BEST ER I've been too. The **rooms were sparkling clean**, and the staff was amazing. Friendly and kelp my friend in the loop
- Staff were friendly and informative
- The care of Dr and staff were great and understanding of my accident.
- Totally Great care
- The entire event was professional and assuring. First Class.
- Super friendly staff. **All seemed to work in harmony**.


Arbor Health - Morton Hospital
2024
Target Percentile Ranking: 50
Overall Quality of Nurse Care n=188
111
108
Excellent 108
Very Good 54
Good 15
Fair 8
Poor 3
Top Box Percentile: 44.5
3 under target.
Nurse Understanding/ Caring n=188
110
111
Excellent 111
Very Good 52
Good 13
Fair 8
Poor 4
Top Box Percentile: 58.3
1 over target!
You did it!
Nurse Instructions/ Explanations n=186
102
106
Excellent 106
Very Good 42
Good 24
Fair 9
Poor 5
Top Box Percentile: 65.4
4 over target!
You did it!
Overall Quality of Doctor Care n=187
100
111
Excellent 111
Very Good 41
Good 16
Fair 8
Poor 11
Top Box Percentile: 81.2
11 over target!
You did it!
Doctor Understanding /Caring n=187
100
106
Excellent 106
Very Good 43
Good 18
Fair 6
Poor 14
Top Box Percentile: 68.1
6 over target!
You did it!
0
20
40
60
80
100
120
140
160
180
200


Arbor Health - Morton Hospital
2024
Target Percentile Ranking: 50
Doctor Instructions/ Explanations of Tests n=186
97
101
Excellent 101
Very Good 45
Good 16
Fair 11
Poor 13
Top Box Percentile: 66.7
4 over target!
You did it!
Overall Quality of Care KD #1
Overall Teamwork n=184
98
95
Excellent 95
Very Good 51
Good 20
Fair 8
Poor 10
Top Box Percentile: 38.2
3 under target.
Overall Quality of Care KD #3
Respect for Patient Privacy n=188
112
110
Excellent 110
Very Good 45
Good 23
Fair 7
Poor 3
Top Box Percentile: 43.1
2 under target.
Staff Courtesy/ Friendliness n=186
107
111
Excellent 111
Very Good 48
Good 12
Fair 9
Poor 6
Top Box Percentile: 63.7
4 over target!
You did it!
Staff Management of Pain n=161
75
82
Excellent 82
Very Good 35
Good 27
Fair 9
Poor 8
Top Box Percentile: 72.8
7 over target!
You did it!
0
20
40
60
80
100
120
140
160
180
200


Arbor Health - Morton Hospital
2024
Target Percentile Ranking: 50
Staff Communication/ Patient Informed n=172
86
94
Excellent 94
Very Good 33
Good 22
Fair 11
Poor 12
Top Box Percentile: 75.4
8 over target!
You did it!
Hospital Cleanliness n=188
112
118
Excellent 118
Very Good 40
Good 20
Fair 8
Poor 2
Top Box Percentile: 68.2
6 over target!
You did it!
Overall Quality of Care KD #2
Overall Safety n=182
110
112
Excellent 112
Very Good 39
Good 21
Fair 6
Poor 4
Top Box Percentile: 59.4
2 over target!
You did it!
Total Time Spent n=184
83
94
Excellent 94
Very Good 40
Good 27
Fair 15
Poor 8
Top Box Percentile: 78.8
11 over target!
You did it!
Instructions for Care at Home/Discharge n=172
88
82
Excellent 82
Very Good 51
Good 23
Fair 7
Poor 9
Top Box Percentile: 28
6 under target.
0
20
40
60
80
100
120
140
160
180
200


Arbor Health - Morton Hospital
2024
Target Percentile Ranking: 50
Overall Quality of Care
n=188
102
106
Top Box Percentile: 66.2
4 over target!
You did it!
Excellent 106
Very Good 47
Good 17
Fair 8
Poor 10
Likelihood of Recommending
n=189
99
102
Top Box Percentile: 56.4
3 over target!
You did it!
Excellent 102
Very Good 44
Good 23
Fair 8
Poor 12
0
20
40
60
80
100
120
140
160
180
200

# The Future

*Issues/Opportunities:*

- Hospital Nurse staffing
  - National shortage
  - Find good people….Keep good people
- Physician Staffing
  - At some point may need to transition to 12 hr shifts
  - Searching for 1 additional full-timer now
- Performance/Process Improvement:
  - Stroke, STEMI, Sepsis…Continue to maintain/improve
  - EMS: Communication, pre-hospital protocols
- Patient satisfaction
  - Maintain/Improve
  - Success directly correlates with throughput in the ER (low wait times) and how you treat, communicate with, and make people feel as patients

# Thank you Very Much!

# Questions?

# COMMITTEE REPORTS

Arbor Health | FOUNDATION
521 Adams Avenue, Morton, WA 98356 | 360-496-3749
**Mailing Address:** P.O. Box 1132, Morton, WA 98356

**Arbor Health Foundation meeting**
**08/13/2024**

1. **Call to order** by Marc Fisher at 12:04 pm (late due to technical issues)

   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 connections and confidence in all aspects of the hospital's health care system.

   - **ATTENDANCE:** Katelin Forrest, Marc Fischer, Tom Herrin, Rob Mack, Jessica Scogin, Gwen Turner, Shannon Kelly, Jeanine Walker, Lynn Bishop, Christine Brower, Ann Marie Forsman
   - **EXCUSED ABSENCES:** Bonnie Justice, Kip Henderson

2. **Approval of Treasurer's Report and November Minutes**

Motion to approve Minutes and Treasurers report Tom moved to approve both, Katelin second. Motion carries. Katelin requested earmarked funds be itemized on future Treasurer's reports.

3. **Administrators Report-** There was a very good month in July even though the patient census was down, outpatients carried the month. The Blueberry Festival and Jubilee were good for the hospital. Approved two new patient lifts for in rooms. PT Massage Therapist is doing very well, looking for an additional, there is an offer pending. Replacing one washer and one dryer. New PA starts tomorrow in Randle. Looking to purchase a piece software that will allow the CT to also do bone density scans, to allow patients to have that done here vs. Providence in Centralia. ARNP, Sarah Perlman, accepted an offer for a position in Mossyrock.

4. **Executive Directors Report:**
   - 50/50 raffle. Sold out in 35 minutes. There is a limit. Wondering if we can double it. Wanting to be sure we aren't overwhelming the financial people onsite by selling 4,000 tickets instead of 2,000 tickets.
   - Auction (October 12)
   - Auction items (by October 2) – foundation members normally donate a prize
   - Color Run (September 14) – helpers needed, you get a t-shirt.
   - Mamos and Mocktails – October 26
   - Two scholarships awarded, certified orthopedic and a coding class.
   - The winner of the 50/50 raffle donated his half to the scholarship fund (over $1500)
   - Wellness committee – asked for 3 photography judges to help with photo Friday. Tom, Marc, and Lynn volunteered.

**5. Old Business:** Auction Fund a need presentation by CNO Barbara Van Duren - Comfort Furniture, Sleeper Chairs are $2308.74 (hoping for 8), and a couch for $3916.44. Total with tax, shipping. is $20,220.96. Gwen moved to fund the auction fund a need now and Tom Herrin crackalin seconded it. Carries.

**6. New Business:** Employee grant: need for blood pressure cuffs. The cost is $34.99, asking for 34 for a total $1090. Katelin motion we grant the employee grant, Tom second. Motion carries.

**7. Next Meeting:** September 10, 6pm Potluck (hosted by Commissioner Herrin) evening meeting Jubilee Park. (Commissioner is doing hamburgers/hot dogs/buns). Bring a +1. Need RSVP by Friday before so Tom can have numbers by Saturday.

Adjoured at 12:47

**Good of the order please share.**

Mossyrock Clinic
745 WILLIAMS STREET
360-983-8990

Randle Clinic
108 KINDLE ROAD
360-497-3333

Morton Hospital
521 ADAMS AVENUE
360-496-5112

Morton Clinic
531 ADAMS AVENUE
360-496-5145

To: Finance Committee
From: Finance Department
Date: August 10, 2024
Subject: July Financial Statement Review

Volumes

The district's volume highlights show higher than expected results in Physician clinic visits, ED, and Outpatient visits.

- ED volumes were ahead of budget by 141 visits or 30%.
- Physician Clinic volumes were favorable to budget by 496 visits or 23%.
- Outpatient visits were ahead of budget by 203 visits or 17%.

Income Statement

Results from Operations show net income of $277,380. Operating Revenues were ahead of budget by $525,166. Operating revenues being higher than expected was primarily due to increased volumes in the Emergency department.

Revenue highlights

- Emergency department revenues were favorable to budget by $623,741.
- Outpatient revenues were favorable to budget by $272,987.

Expense highlights

- Salaries and Benefits expense were less than budget by $105,209 or 4%.
- Benefits expense was under budget by $87,647.
- Purchased Services expenses were over budget by $64,369.
    - This is primarily due to higher-than-expected IT software expenses.

Mossyrock Clinic
745 WILLIAMS STREET
360-983-8990

Randle Clinic
108 KINDLE ROAD
360-497-3333

Morton Hospital
521 ADAMS AVENUE
360-496-5112

Morton Clinic
531 ADAMS AVENUE
360-496-5145

Balance Sheet

Highlights in the Balance sheet show cash decreasing $285,910 and Accounts Receivable increasing $542,222.

- Cash accounts decreased $285,910 to $4,870,113.
    - Days in cash decreased from 47 to 46 days.
- Accounts receivable increased $542,222.
    - AR days increased from 51 to 54 days.

Lewis County Public Hospital District No. 1
Balance Sheet
July, 2024

| | Current Month | Prior-Month | Prior-Year end | Incr/(Decr) From PrYr |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current Assets:** | | | | |
| Cash | $ 4,870,113 | 5,156,023 | 3,790,598 | 1,079,515 |
| Total Accounts Receivable | 10,386,345 | 9,844,123 | 9,103,176 | 1,283,170 |
| Reserve Allowances | (4,111,455) | (3,625,745) | (3,127,930) | (983,525) |
| Net Patient Accounts Receivable | 6,274,890 | 6,218,378 | 5,975,246 | 299,644 |
| Taxes Receivable | (40,081) | (100,935) | 38,809 | (78,890) |
| Estimated 3rd Party Settlements | 0 | 0 | 263,159 | (263,159) |
| Prepaid Expenses | 477,299 | 486,956 | 430,473 | 46,827 |
| Inventory | 247,638 | 251,751 | 241,343 | 6,296 |
| Funds in Trust | 1,819,271 | 1,907,537 | 1,862,265 | (42,993) |
| Other Current Assets | 17,677 | 17,677 | 54,623 | (36,947) |
| **Total Current Assets** | 13,666,807 | 13,937,387 | 12,656,515 | 1,010,292 |
| Property, Buildings and Equipment | 35,487,863 | 35,469,155 | 35,226,814 | 261,048 |
| Accumulated Depreciation | (26,074,146) | (25,973,608) | (25,383,328) | (690,818) |
| Net Property, Plant, & Equipment | 9,413,716 | 9,495,547 | 9,843,486 | (429,770) |
| Right-of-use assets | 1,210,960 | 1,247,823 | 844,612 | 366,348 |
| Other Assets | 3,211 | 3,321 | 3,982 | (770) |
| **Total Assets** | $ 24,294,695 | 24,684,078 | 23,348,595 | 946,100 |
| **Liabilities** | | | | |
| **Current Liabilities:** | | | | |
| Accounts Payable | 696,944 | 1,233,676 | 1,030,746 | (333,802) |
| Accrued Payroll and Related Liabilities | 1,336,466 | 1,205,366 | 1,206,309 | 130,157 |
| Accrued Vacation | 980,630 | 972,798 | 900,057 | 80,573 |
| Third Party Cost Settlement | 308,488 | 365,985 | 158,031 | 150,457 |
| Interest Payable | 25,581 | 153,785 | 0 | 25,580 |
| Current Maturities - Debt | 885,881 | 885,881 | 885,881 | 0 |
| Other Payables | 9,654 | 9,744 | 445,406 | (435,752) |
| Current Liabilities | 4,243,643 | 4,827,235 | 4,626,430 | (382,787) |
| Total Notes Payable | 596,613 | 622,438 | 776,435 | (179,822) |
| Lease Liability | 967,373 | 1,024,720 | 614,839 | 352,534 |
| Net Bond Payable | 4,426,094 | 4,426,094 | 4,426,094 | 0 |
| Total Long Term Liabilities | 5,990,081 | 6,073,252 | 5,817,369 | 172,712 |
| **Total Liabilities** | 10,233,724 | 10,900,487 | 10,443,799 | (210,075) |
| General Fund Balance | 12,904,796 | 12,904,796 | 12,904,796 | 0 |
| Net Gain (Loss) | 1,156,175 | 878,795 | 0 | 1,156,175 |
| **Fund Balance** | 14,060,971 | 13,783,591 | 12,904,796 | 1,156,175 |
| **Total Liabilities And Fund Balance** | $ 24,294,695 | 24,684,078 | 23,348,595 | 946,100 |

Lewis County Hospital District No. 1
Income Statement
July, 2024

| CURRENT MONTH | | | | | | YEAR TO DATE | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Pr Yr Month | % Var | $ Var | Budget | Actual | | Actual | Budget | $ Var | % Var | Actual |
| 440,452 | -19% | (142,356) | 739,163 | 596,807 | Inpatient Revenue | 6,471,023 | 5,173,422 | 1,297,600 | 25% | 4,838,741 |
| 3,803,358 | 23% | 892,691 | 3,846,114 | 4,738,805 | Outpatient Revenue | 28,035,090 | 26,884,073 | 1,151,017 | 4% | 25,064,179 |
| 417,555 | 4% | 25,908 | 586,665 | 612,573 | Clinic Revenue | 4,196,431 | 4,106,657 | 89,774 | 2% | 3,531,158 |
| 4,661,364 | 15% | 776,243 | 5,171,942 | 5,948,185 | **Gross Patient Revenues** | **38,702,543** | 36,164,152 | 2,538,391 | 7% | 33,434,079 |
| 1,833,993 | -14% | (283,098) | 2,062,768 | 2,345,866 | Contractual Allowances | 15,152,412 | 13,367,389 | (1,785,023) | -13% | 12,164,006 |
| 37,274 | 76% | 47,268 | 62,042 | 14,774 | Charity Care | 444,390 | 388,372 | (56,018) | -14% | 343,778 |
| 51,580 | 42% | 30,122 | 72,113 | 41,992 | Bad Debt | 364,602 | 450,475 | 85,872 | 19% | 532,652 |
| 1,922,846 | -9% | (205,709) | 2,196,923 | 2,402,632 | **Deductions from Revenue** | **15,961,404** | 14,206,236 | (1,755,168) | -12% | 13,040,435 |
| **2,738,518** | **19%** | **570,534** | **2,975,019** | **3,545,553** | **Net Patient Service Rev** | **22,741,139** | **21,957,917** | **783,222** | **4%** | **20,393,643** |
| 58.7% | -3.6% | -2.1% | 57.5% | 59.6% | **NPSR %** | 58.8% | 60.7% | 2.0% | 3.2% | 61.0% |
| (97,354) | -60% | (45,368) | 75,178 | 29,811 | Other Operating Revenue | 1,254,687 | 526,249 | 728,439 | 138% | 449,482 |
| **2,641,164** | **17%** | **525,166** | **3,050,197** | **3,575,364** | **Net Operating Revenue** | **23,995,827** | **22,484,165** | **1,511,661** | **7%** | **20,843,125** |
| | | | | | **Operating Expenses** | | | | | |
| 1,823,165 | 1% | 17,562 | 2,065,215 | 2,047,652 | Salaries & Wages | 13,909,384 | 14,473,873 | 564,489 | 4% | 12,857,498 |
| 245,115 | 22% | 87,647 | 392,365 | 304,718 | Benefits | 2,658,228 | 2,731,651 | 73,424 | 3% | 2,432,956 |
| 122,765 | 83% | 39,828 | 48,272 | 8,444 | Professional Fees | 260,374 | 401,216 | 140,842 | 35% | 898,423 |
| 238,237 | -8% | (17,880) | 233,844 | 251,725 | Supplies | 1,785,548 | 1,704,047 | (81,501) | -5% | 1,608,451 |
| 297,010 | -19% | (64,369) | 341,970 | 406,338 | Purchase Services | 2,731,172 | 2,481,493 | (249,679) | -10% | 2,340,870 |
| 25,963 | 1% | 309 | 38,476 | 38,166 | Utilities | 284,801 | 280,425 | (4,377) | -2% | 287,479 |
| 28,706 | -6% | (1,809) | 32,769 | 34,578 | Insurance | 231,675 | 229,382 | (2,293) | -1% | 200,161 |
| 66,455 | -113% | (62,566) | 55,601 | 118,167 | Other Expenses | 426,014 | 370,332 | (55,682) | -15% | 343,084 |
| 2,847,416 | 0% | (1,278) | 3,208,511 | 3,209,789 | EBDITA Expenses | 22,287,196 | 22,672,419 | 385,223 | 2% | 20,968,923 |
| (206,252) | -331% | 523,889 | (158,314) | 365,575 | **EBDITA** | 1,708,631 | (188,253) | 1,896,884 | -1008% | (125,798) |
| -7.8% | 297.0% | -15.4% | -5.2% | 10.2% | EBDITA % | 7.1% | -0.8% | -8.0% | 950.4% | -0.6% |
| | | | | | **Capital Cost** | | | | | |
| 127,941 | -4% | (5,720) | 131,791 | 137,511 | Depreciation | 901,488 | 922,539 | 21,051 | 2% | 906,086 |
| 28,926 | -72% | (19,702) | 27,342 | 47,043 | Interest Cost | 232,820 | 191,392 | (41,428) | -22% | 203,414 |
| 3,004,283 | -1% | (26,699) | 3,367,644 | 3,394,344 | Operating Expenses | 23,421,504 | 23,786,350 | 364,846 | 2% | 22,078,422 |
| (363,118) | -157% | 498,467 | (317,447) | 181,020 | **Operating Income / (Loss)** | 574,323 | (1,302,185) | 1,876,507 | -144% | (1,235,297) |
| -13.7% | | | -10.4% | 5.1% | Operating Margin % | 2.4% | -5.8% | | | -5.9% |
| 0 | 0% | 0 | 0 | 0 | **Mcare/Mcaid Pr Yr** | (3,822) | 0 | 3,822 | 0% | 33,392 |
| | | | | | **Non Operating Activity** | | | | | |
| 117,253 | 12% | 10,330 | 89,195 | 99,525 | Non-Op Revenue | 616,649 | 624,365 | (7,716) | -1% | 927,750 |
| 5,927 | 26% | 1,085 | 4,250 | 3,165 | Non-Op Expenses | 30,975 | 29,753 | (1,222) | -4% | 34,211 |
| 111,327 | 13% | 11,415 | 84,945 | 96,360 | Net Non Operating Activity | 585,674 | 594,612 | (8,938) | -2% | 893,540 |
| (251,792) | -219% | 509,882 | (232,502) | 277,380 | **Net Income / (Loss)** | 1,156,175 | (707,572) | 1,863,747 | -263% | (308,366) |
| -9.5% | | | -7.6% | 7.8% | Net Income Margin % | 4.8% | -3.1% | | | -1.5% |

# CONSENT AGENDA

**LEWIS COUNTY HOSPITAL DISTRICT NO. 1**
**REGULAR BOARD OF COMMISSIONERS' MEETING**
**July 31, 2024, at 3:30 p.m.**
**Conference Room 1 & 2 and via ZOOM**
https://myarborhealth.zoom.us/j/88957566693
Meeting ID: 889 5756 6693
One tap mobile: +12532158782, 88957566693#
Dial: +1 253 215 8782

**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**<br>**Roll Call**<br>**Unexcused/Excused Absences**<br>**Reading the Mission & Vision Statements** | Board Chair Herrin called the meeting to order at 3:30 p.m.<br><br>**Commissioners present:**<br>☒ Tom Herrin, Board Chair<br>☒ Craig Coppock, Secretary<br>☒ Wes McMahan<br>☒ Van Anderson<br>☐ Chris Schumaker<br><br>**Others present:**<br>☒ Robert Mach, Superintendent<br>☒ Shana Garcia, Executive Assistant<br>☒ Barbara Van Duren, CNO/CQO<br>☐ Cheryl Cornwell, CFO<br>☐ Shannon Kelly, CHRO<br>☐ Julie Taylor, Ancillary Services Director<br>☐ Dr. Kevin McCurry, CMO<br>☐ Matthew Lindstrom, CFMO<br>☒ Spencer Hargett, Compliance Officer<br>☒ Barb Goble, Medical Staff Coordinator<br>☒ Dr. Victoria Acosta, Chief of Staff | Excused Absences: Commissioner Schumaker (Work Commitment) | | |

| AGENDA | DISCUSSION | ACTION | OWNER | DUE DATE |
|---|---|---|---|---|
| | ☒ Clint Scogin, Controller<br>☐ Jessica Scogin, Foundation Manager<br>☒ Diane Markham, Marketing & Communications Manager<br>☒ Jim Frey, IT Director<br>☒ Julie Johnson, QMRC Manager<br>☒ Buddy Rose, The Journal<br>☒ Laura Glass, Interim Acute Care & ED Manager<br>☒ Robert Houser, Imaging Manager<br><br>Board Chair Herrin noted the chat function has been disabled and the meeting will not be recorded. | | | |
| **Approval or Amendment of Agenda** | Superintendent Mach requested to remove the Guest Speaker report, as well as to add Resolution 24-14-Approving the Capital Purchase of the Kitchen Hood Replacement to New Business. | Secretary Coppock made a motion to approve the amended agenda. Commissioner Anderson seconded, and the motion passed unanimously. | | |
| **Conflicts of Interest** | Board Chair Herrin asked the attendees to state any conflicts of interest with today's amended agenda. | None noted. | | |
| **Comments and Remarks** | Commissioners: Commissioner McMahan noted attending a 50th Class Reunion and shared about Arbor Health's hospital, clinics, dedicated staff, a proactive board and a very bright future ahead.<br><br>Audience: None. | | | |
| **Executive Session**<br>• RCW 70.41.200 | Board Chair Herrin announced going into executive session at 3:35 p.m. for 10 minutes to discuss RCW 70.41.200-Medical Privileging. Board Chair Herrin extended Executive Session by 5 minutes. The Board returned to open session at 3:50 p.m. Board Chair Herrin noted no decisions were made in Executive Session.<br><br>Initial Appointments: | | | |

| AGENDA | DISCUSSION | ACTION | OWNER | DUE DATE |
|---|---|---|---|---|
| | Arbor Health<br>1. Emily Johnston, MD (Emergency Medicine)<br>2. Owen McGrane, MD (Emergency Medicine)<br>3. Karen McGrane, MD (Emergency Medicine)<br>4. John Hines, DO (Family Medicine)<br>Radiology Consulting Privileges<br>1. Brendan Harrison, MD<br>2. Brian C. Tryon, MD<br>Telestroke/Neurology Consulting Privileges<br>1. Meghan Romba, MD<br>2. Lien Nyugen, DO<br>Reappointments:<br>Arbor Health<br>1. Anthony Fritz, MD (Internal Medicine)<br>2. Don Allison, MD (Family Medicine)<br>3. Stanford Tran, MD (Emergency Medicine)<br>Radiology Consulting Privileges (Radia Inc.)<br>1. Mark Winkler, MD<br>2. Andrew Taylor, MD<br>3. David Gorrell, MD<br>4. Patrick Hurley, MD<br>5. Jonathan Lee, MD<br>Telestroke/Neurology Consulting Privileges<br>1. Michael Marvi, MD | Commissioner Anderson made a motion to approve the Medical Privileging as presented with adding John Hines, DO and Secretary Coppock seconded. The motion passed unanimously. | | |

| AGENDA | DISCUSSION | ACTION | OWNER | DUE DATE |
|---|---|---|---|---|
| | 2. Robert Lada, MD<br>3. Kishan Patel, MD<br>4. Lindsey Frischmann, DO<br>5. Tarvinder Singh, MD<br>6. Kinjal Desai, MD<br>7. Kyle Ogami, MD<br>Cardiology Consulting Privileges<br>1. Hartaj Girn, MD | | | |
| Department Spotlight | Board Chair Herrin noted the department spotlight is deferred to August. | | | |
| **Board Committee Reports**<br>• Hospital Foundation Report | Board Chair Herrin highlighted the following:<br>1. The AH Foundation is putting a float in the Jubilee parade and selling 50/50 raffle tickets, volunteers needed.<br>2. The Independence Day Run had over 250 participants, a great event.<br>3. The AH Foundation Auction is scheduled for October 12th and accepting for donations. This year's Fund-A-Need is comfort furniture for the family of patients. | | | |
| • Plant Planning Committee | Commissioner McMahan highlighted the following:<br>1. PKA Architects presented a Master Facility Plan with potential ideas. Planning for PKA to be a guest speaker at an upcoming board meeting.<br>2. Property improvement updates year to date. | | | |
| • Finance Committee Report | Commissioner McMahan highlighted the financial summary making note May and June were both strong months. With both volumes and revenue up, naturally expenses follow given the supply needs. All relevant to demand. A positive net income YTD at | | | |

| AGENDA | DISCUSSION | ACTION | OWNER | DUE DATE |
|---|---|---|---|---|
| | $878,840 moving the district over a million ahead of budget. | | | |
| **Consent Agenda** | Board Chair Herrin announced the consent agenda items for consideration of approval:<br>1. Approval of Minutes<br>a. May 29, 2024, Regular Board Meeting<br>b. June 5, 2024, Plant Planning Committee Meeting<br>c. June 12, 2024, QIO Committee Meeting<br>d. June 19, 2024, Finance Committee Meeting<br>e. July 10, 2024, Special Board Meeting<br>f. July 24, 2024, Finance Committee Meeting<br>2. Warrants & EFTs in the amount of $3,455,839.41 dated May 2024<br>3. Warrants & EFTs in the amount of $4,368,313.25 dated June 2024<br>4. Resolution 24-12-Declaring to Surplus or Dispose of Personal Property | Secretary Coppock made a motion to approve the Consent Agenda and Commissioner Anderson seconded. The motion passed unanimously.<br><br>Minutes and Warrants will be sent for electronic signatures. | Executive Assistant Garcia | 08.02.24 |
| **Old Business**<br>• Board Education-Cybersecurity Training w/KnowBe4 | Board Chair Herrin proposed the Board participate in Cybersecurity Training. The Board supported moving forward with KnowBe4 Training or something similar given the low cost per person, well worth it. | Assign cybersecurity training in fourth quarter. | Superintendent Mach & IT Director Frey | Prior to 12.18.24 |
| • Community Engagement Discussion | Board Chair Herrin recommended following up on the community discussions that the Board planned with the Kurt O'Brien training. Board Chair Herrin proposed creating a plan on where the Board wants to go from here for the rest of 2024. Superintendent Mach shared a calendar of this month's events | Create monthly calendar of district events and a script to stay on a similar path. | Superintendent Mach | Prior to 08.13.24 Fire District Meeting w/Commissioner Anderson |

| AGENDA | DISCUSSION | ACTION | OWNER | DUE DATE |
|---|---|---|---|---|
| | that were available online in the District. Superintendent Mach will plan to email monthly and please share if there are more to be included for opportunities to join into community district events. The board remains focused on finding out what the community want from the hospital and how can we improve the experience. Board Chair Herrin proposed picking one event per commissioner in the last five months of the year. The Board will be there to listen, keep it simple and invite Superintendent Mach for Q & A. In the meantime, Superintendent Mach will create a script in preparation to keep all board members on a similar path. | | | |
| **New Business**<br>• Resolution 24-13- Approving the Capital Purchase of Physical Servers, Operating Systems, Storage Array & Networking Equipment | IT Director Frey presented Resolution 24-13 noting the current IT equipment is aged and needs to be replaced. The new equipment will be serviceable, a more stable platform, an expansion of resources, higher performance, more memory/storage and accommodate growth of the District. IT Director Frey confirm this was included in the 5-Year Capital Plan. | Commissioner Anderson made a motion to approve Resolution 24-13 and Secretary Coppock seconded. The motion passed unanimously.<br><br>Resolution will be sent for electronic signatures. | Executive Assistant Garcia | 08.02.24 |
| • Resolution 24-14- Approving the Capital Purchase of the Kitchen Hood Replacement | Superintendent Mach Rob presented Resolution 24-14 noting the hospital received an NC1 finding when DNV was onsite. This was a known issue that the fire suppression system in the kitchen hood is no longer UL compliant and needs to be replaced. | Secretary Coppock made a motion to approve Resolution 24-14 and Commissioner McMahan seconded. The motion passed unanimously.<br><br>Resolution will be sent for electronic signatures. | Executive Assistant Garcia | 08.02.24 |

| AGENDA | DISCUSSION | ACTION | OWNER | DUE DATE |
|---|---|---|---|---|
| • 2024 WSHA & AWPHD Rural Hospital Leadership Conference | The presented highlights of the conference which included insight on similar financial issues, ways to monitor risk, engaging the community and integrating quality of care. Superintendent Mach was thankful that the conference was geared towards boards too this year. The Board appreciated EA Garcia for the lodging right there at the resort where the conference was located and hope to stay there again next year. | | | |
| • Board Policy & Procedure Review | Board Chair Herrin presented the following policies/procedures for review and/or revision:<br><br>1. Annual Adoption of the Compliance Plan-Marked as Reviewed.<br>2. Annual Adoption of the Quality Program Plan-Marked as Reviewed.<br>3. Quality Improvement Oversight Information-Marked as Reviewed. | Secretary Coppock made a motion to approve P & P's and Commissioner McMahan seconded. The motion passed unanimously.<br><br>Marked three documents as Reviewed in Lucidoc | Executive Assistant Garcia | 08.02.24 |
| **Superintendent Report** | Superintendent Mach highlighted the memo in the packet and added the following updates:<br>1. Our thoughts and prayers to a dear coworker in dietary this week. Vi will be missed by all.<br>2. Several clinical travelers in queue.<br>3. Recruiting another massage therapist.<br>4. Another successful 5K in Mossyrock.<br>5. Ordered a new washer in dryer, both in the capital budget and staff are excited.<br>6. PKA will present the master facility plan in September now.<br>7. Inpatient numbers are already lower in July.<br>8. Wipfli will present the 2023 Financial Audit in August now. | | | |

| AGENDA | DISCUSSION | ACTION | OWNER | DUE DATE |
|---|---|---|---|---|
| | 9. Included dashboards comparing Arbor Health to other WA hospitals. | | | |
| **Executive Session-** *RCW 42.30.110 (g)* To discuss the performance of a public employee. | Board Chair Herrin announced going into executive session at 4:56 p.m. for 30 minutes to discuss RCW 42.30.110(g)-To discuss the performance of a public employee. At 5:26 p.m. Board Chair Herrin extended Executive Session by 10 minutes. The Board returned to open session at 5:36 p.m. Board Chair Herrin noted no decisions were made in Executive Session. | Commissioner Anderson made a motion to approve the Superintendent's new annual compensation in line with the documents and data provided by compensation consultant and Secretary Coppock seconded. The motion passed unanimously.<br><br>Commissioner Anderson made a motion to approve the 2024 & 2025 Superintendent's goals as presented by Superintendent Mach and Commissioner McMahan seconded. The motion passed unanimously.<br><br>File documents with HR. | Board Chair Herrin | 08.02.24 |
| **Meeting Summary & Evaluation** | Commissioner Anderson noted the Board went over time limits on the agenda. Secretary Coppock noted the hospital is tracking. Board Chair Herrin commended the work being done given the report updates in today's meeting. Secretary Coppock requested to move Compliance Committee from August 7th to the 14th to avoid Jubilee week festivities. The Board agreed to the calendar change. | Move the calendar invite for Compliance Committee from August 7th to August 14th. | Executive Assistant Garcia | 08.02.24 |
| **Adjournment** | | Secretary Coppock moved, and Commissioner Anderson seconded to adjourn the | | |

| AGENDA | DISCUSSION | ACTION | OWNER | DUE DATE |
|---|---|---|---|---|
| | | meeting at 5:45 p.m. The motion passed unanimously. | | |

Respectfully submitted,

Craig Coppock, Secretary Date

**LEWIS COUNTY HOSPITAL DISTRICT NO. 1**
**Compliance Committee Meeting**
**August 14, 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<br>Roll Call<br>Unexcused/Excused Absences<br>Reading the Mission & Vision Statements | Secretary Coppock called the meeting to order via Zoom at 12:00 p.m.<br><br>Commissioner(s) Present in Person or via Zoom:<br>☒ Craig Coppock, Secretary<br>☒ Chris Schumaker, Commissioner<br><br>Committee Member(s) Present in Person or via Zoom:<br>☒ Robert Mach, Superintendent/CEO<br>☒ Shana Garcia, Executive Assistant<br>☒ Spencer Hargett, Compliance Officer<br>☐ Cheryl Cornwell, CFO<br>☐ Shannon Kelly, CHRO<br>☒ Barbara Van Duren, CNO/CQO<br>☒ Julie Johnson, Quality Management, Risk & Regulatory Compliance Mgr.<br>☒ Matthew Lindstrom, Facilities Director<br>☒ Jim Frey, IT Director<br>☒ Julie Taylor, Ancillary Services Director<br>☒ Jessica Neidert, Business Office Manager | Excused-Cheryl Cornwell (PTO) & Shannon Kelly (Meeting Conflict)<br><br>Unexcused-None. | | |

| AGENDA | DISCUSSION | ACTION | OWNER | DUE DATE |
|---|---|---|---|---|
| | ☒ Janice Cramer, Patient Access Manager | | | |
| Approval or Amendment of Agenda | No amendments noted. | Commissioner Schumaker made a motion to approve the agenda and Ancillary Services Director Taylor seconded. The motion passed unanimously. | | |
| Conflicts of Interest | Commissioner Schumaker asked the Committee to state any conflicts of interest with today's agenda. | None noted. | | |
| Committee Reports<br>• Compliance Operational Workgroup Recap | Compliance Officer Hargett highlighted the workgroup minutes and the areas of focus which included the recent EMTALA investigations that were resolved and closed with DOH. There are ongoing efforts being made with staff to remain compliant. | | | |
| Consent Agenda | Commissioner Schumaker announced the following in consent agenda up for approval:<br>1. Review of Compliance Minutes –May 1, 2024<br>2. Review of Compliance Operational Workgroup Minutes –June 12, 2024<br>3. Regulatory Audits Dashboard<br>4. Annual Action Schedule | Commissioner Schumaker made a motion to approve the consent agenda. IT Director Frey seconded. Motion passed unanimously. | | |
| Old Business<br>• RA#2-Contract Evaluations | Executive Assistant Garcia shared growth with both focuses for contract evaluations; Tier 1 & 2-highest risk to the District and Contracts with no evaluation completed to date. The fact is the denominator continues to change with new agreements to the District; however, the good news is the latest requirements are consistently applied. | | | |

| AGENDA | DISCUSSION | ACTION | OWNER | DUE DATE |
|---|---|---|---|---|
| • RA#3-E3 SRA Findings/ID & Access Management | IT Director Frey shared continued progress and/or mitigation efforts on the recent Security Risk Assessment. Tentatively scheduled tabletop exercises. The goal is to accomplish before October 2025. There are areas of concern specifically related to topics like access management. While a much-needed effort, creating a role based/web access map with people who wear many hats will be challenging. Another area is cyber-attacks, so phishing campaigns are scheduled and happening to educate staff to stop and think before opening. | | | |
| • RA#4-Privacy Event Trends | Compliance Officer Hargett shared that several training efforts have been made addressing privacy to staff. | | | |
| • Compliance Program Update | Compliance Officer Hargett highlighted the following:<br>1. EMTALA Investigation is officially closed with no fines with DOH.<br>2. Reviewed HIPAA events, with clarification that AI voice recognition software is for medical information and in the demo phase. Received a policy template from Mason Health.<br>3. Provided PRA update, as well as made updates to the website to help guide the public to medical record requests given often the records are medically driven versus public related.<br>4. ADT Notifications statistics shared and need to update the policy and procedure, follow up needed.<br>5. DOH Required Policies includes the Nurse Staffing Plan which has been provided, but on hold given all the law changes. Need | Verify if the ADT P & P has been updated to reflect process.<br><br>Add asterisk behind Nurse Staffing. | Informatics Manager Potts & Patient Access Manager Cramer | Prior to the next Compliance Meeting 11.06.24 for all action items in the Compliance Program Update. |

| AGENDA | DISCUSSION | ACTION | OWNER | DUE DATE |
|---|---|---|---|---|
| | to add an asterisk with this notation.<br>6. Records program was reviewed and need to update the Board policy.<br>7. BAA Audit is trending positively.<br>8. Items to DOH by end of April have been completed but still need to verify if Yearend Financial Report has been submitted.<br>9. Q2 Compliance Workplan has an estimated completion of 62%. | Edit Records Program Policy.<br><br>Submit yearend financials to DOH. | Compliance Officer Hargett & Board of Commissioners<br><br>CFO Cornwell | |
| • New/Updated Laws Dashboard | Compliance Officer Hargett shared updates on laws that impact the District and their current status. A couple to note is WSHA has filed a lawsuit on the L & I Administrative Policy Meal and Rest Break Protections for certain Healthcare Workers, registered with MRSC for the Small Works Roster and need to ensure the website is update and the Hospital Staffing Committee Charter was approved committee and need to ensure it was submitted to DOH. | Verify the website has been updated with small works info.<br><br>Verify the Hospital Staffing Committee Charter was submitted to DOH. | CFMO Lindstrom<br><br>CHRO Kelly | Completed ASAP, both were due on 07.01.24 |
| Meeting Summary & Evaluation | Compliance Officer Hargett provided a summary report.<br><br>Commissioner Schumaker noted a great meeting where we communicated well, concise information. Secretary Coppock noted a great meeting too with tons of information to digest. | | | |
| Adjournment | Secretary Coppock adjourned the meeting at 12:58 p.m. | | | |

**LEWIS COUNTY HOSPITAL DISTRICT NO. 1**
**Finance Committee Meeting**
**August 21, 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<br>Reading the Mission & Vision Statements<br>Roll Call<br>Excused/ Unexcused Absences | Commissioner McMahan called the meeting to order via Zoom at 12:00 p.m.<br><br>Commissioner(s) Present in Person or via Zoom:<br>☒ Wes McMahan, Commissioner<br>☒ Van Anderson, Commissioner<br><br>Committee Member(s) Present in Person or via Zoom:<br>☒ Shana Garcia, Executive Assistant<br>☒ Cheryl Cornwell, CFO<br>☒ Robert Mach, Superintendent<br>☒ Marc Fisher, Community Member<br>☐ Clint Scogin, Controller<br>☒ Barbara Van Duren, CNO/CQO<br>☒ Julie Taylor, Ancillary Services Director | Excused: Clint Scogin (PTO)<br><br>Unexcused: None | | |
| Approval or Amendment of Agenda | | CFO Cornwell made a motion to approve the agenda and Commissioner Anderson 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. | | |

| AGENDA | DISCUSSION | ACTION | OWNER | DUE DATE |
|---|---|---|---|---|
| Consent Agenda | Commissioner McMahan announced the following in consent agenda up for approval:<br>1. Review of Finance Minutes –July 24, 2024<br>2. Board Oversight Activities<br>Commissioner Anderson noted additional alcoholic beverages not reimbursed for on the receipt for WSHA & AWPHD Conference Dinner. Superintendent Mach's check needed to be $48 versus $32. | Collect the balance of $16.00 for alcoholic beverages.<br><br>Commissioner Anderson made a motion to approve the consent agenda with amended reimbursement and CFO Cornwell seconded. The motion passed unanimously. | Superintendent Mach | Prior to 09.18.24 Finance Committee Meeting |
| Old Business<br>• CFO Financial Review | CFO Cornwell shared insight on the financial overview sharing July was a slower month and the revenue pickups were in the ED, Physician Clinics and Outpatient Services. Wages are well within budget and benefits YTD are tracking. Operating Income is outstanding and ahead of budget. YTD Net Income is positive driven by volumes, management on the clinical side of the house and charge capture by revenue cycle. Cash decreased by one day and AR increased by three days. This is a result of back up happening in coding which is why this process has been outsourced as we rehire for those who retired and moved away this summer.<br><br>Commissioner Anderson inquired on the FTE Turnover Rate and while CFO Cornwell did not have details on the increase confirmed HR closely reviews.<br><br>Commissioner Anderson inquired about the variance in all the clinics. CFO Cornwell confirmed the aggregate clinic services group numbers are correct; however, the clinics have shared services, management, staff and supplies making cost accounting difficult.<br><br>Also, noted training and education expense line is below budget and | Prepare statement explaining AH Foundation funding for | CFO Cornwell & Controller Scogin | 09.18.24 Finance Committee Meeting |

| AGENDA | DISCUSSION | ACTION | OWNER | DUE DATE |
|---|---|---|---|---|
| | wondering if the District is investing in their employees. CFO Cornwell noted employees may not be utilizing the funds given the COVID mindset, but also there are now virtual options to participate which is potentially cheaper and highly utilized. Marc Fisher noted the AH Foundation significantly invests in AH employees, so funds are being allotted there too. | training, education and scholarships to AH employees. | | |
| New Business<br>• 2024 Self Insured Health Insurance Overview | CFO Cornwell noted the District continues to track within budget with some excess as the year plays out. There are big claims on the books but the plan is working well. | | | |
| • AH Retirement Fund Update | CFO Cornwell shared the 340B retirement plan is competitively performing well. | | | |
| • Capital Review<br>• Wall Patient Lifts | Superintendent Mach shared this capital request came from the Safe Patient Handling Committee. This committee is focused on keeping employees safe while completing their jobs. This lift is like the CT lift the only difference is they will anchor to the wall versus the ceiling. The recommendation is to purchase two for two patient rooms. Not only will this assist in saving employees backs but improve the patient experience of ease of moving patients. There are no installation costs. This is a great investment and always a possibility to get more.<br><br>The wall patient lifts were within Superintendent Mach's spending authority but want to keep the Finance Committee informed of the investments we are putting back into the District. | | | |
| • Surplus or Dispose of Personal Property | CFO Cornwell presented the list of assets for surplus.<br><br>The Finance Committee supports the resolution and will recommend | The Finance Committee supported requesting the Board's approval of a resolution of the | Executive Assistant Garcia | 08.28.24 Regular Board Meeting |

| AGENDA | DISCUSSION | ACTION | OWNER | DUE DATE |
|---|---|---|---|---|
| | approval at the Board level in Consent Agenda. | Surplus at the Regular Board Meeting. | | |
| Meeting Summary & Evaluation | CFO Cornwell provided a summary report.<br><br>Commissioner McMahan thanked Commissioner Anderson for asking good questions again this meeting.<br><br>Commissioner Anderson thanked CFO Cornwell for a comprehensive packet and noting the important items to be watching. | | | |
| Adjournment | Commissioner McMahan adjourned the meeting at 12:48 pm. | | | |

WARRANT & EFT LISTING NO. 2024-07

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

$4,571,150.08 this 28th day

of August 2024

Board Chair, Tom Herrin

Commissioner, Wes McMahan

Secretary, Craig Coppock

Commissioner, Van Anderson

Commissioner, Chris Schumaker

SEE WARRANT & EFT REGISTER in the amount of $4,571,150.08 dated July 1, 2024 – July 31, 2024.

# Jul-24
# ARBOR HEALTH WARRANT REGISTER

*Routine A/P Runs*

| Warrant No | Date | Amount | Description |
|---|---|---|---|
| 134683 - 134703 | 1-Jul-2024 | 424,026.37 | CHECK RUN |
| 134747 - 134770 | 3-Jul-2024 | 103,062.08 | CHECK RUN |
| 134771 - 134792 | 5-Jul-2024 | 257,130.45 | CHECK RUN |
| 134793 - 134857 | 12-Jul-2024 | 221,570.02 | CHECK RUN |
| 134858 - 134882 | 15-Jul-2024 | 890,481.33 | CHECK RUN |
| 134883 - 134912 | 19-Jul-2024 | 193,488.27 | CHECK RUN |
| 134913 - 134966 | 19-Jul-2024 | 208,597.41 | CHECK RUN |
| 134967 - 134996 | 22-Jul-2024 | 193,228.19 | CHECK RUN |
| 134997 - 134999 | 1-Jul-2024 | 48,485.17 | CHECK RUN |
| 135000 | 26-Jun-2024 | 20,253.28 | CHECK RUN |
| 135001 | 2-Jul-2024 | 52.10 | CHECK RUN |
| 135002 - 135003 | 15-Jul-2024 | 10,072.92 | CHECK RUN |
| 135004 | 1-Jul-2024 | 27,470.86 | CHECK RUN |
| 135005 | 22-Jul-2024 | 500.00 | CHECK RUN |
| 135006 | 2-Jul-2024 | 1,617.06 | CHECK RUN |
| 135007 | 9-Jul-2024 | 308.66 | CHECK RUN |
| 135008 | 12-Jul-2024 | 4,379.50 | CHECK RUN |
| 135009 | 16-Jul-2024 | 157.92 | CHECK RUN |
| 135010 | 17-Jul-2024 | 3,706.31 | CHECK RUN |
| 135011 - 135012 | 23-Jul-2024 | 569.99 | CHECK RUN |
| 135013 - 135040 | 26-Jul-2024 | 4,587.36 | CHECK RUN |
| 135041 - 135054 | 29-Jul-2024 | 1,244,831.46 | CHECK RUN |
| 135055 - 135102 | 26-Jul-2024 | 199,564.56 | CHECK RUN |
| 135103 | 1-Jul-2024 | 29,039.74 | CHECK RUN |
| 135104 | 26-Jul-2024 | 19,189.01 | CHECK RUN |
| 135105 | 29-Jul-2024 | 19,707.29 | CHECK RUN |
| 135129 - 135131 | 30-Jul-2024 | 55,808.43 | CHECK RUN |
| *Total - Check Runs* | | $ 4,181,885.74 | |

*Error Corrections - in Check Register - Voids*

| Warrant No. | Date Voide | Amount | Description |
|---|---|---|---|
| 134883 -134912 | 19-Jul-24 | $ 193,488.27 | ACH / CHECK RUN VOIDED WRONG DATE |

| | | | | |
|---|---|---|---|---|
| 134605 | 26-Jul-24 | $ | 8.57 | VOIDED CHECK |
| 135025 | 26-Jul-24 | $ | 45.00 | VOIDED CHECK |
| *Total - Voided Checks* | | $ | 193,541.84 | |

| Eft | Date | Amount | Description |
|---|---|---|---|
| 1229 | 5-Jul-24 | 194,131.41 | IRS |
| 4824 | 2-Jul-24 | 1,513.17 | BBP |
| 4825 | 9-Jul-2024 | 762.09 | BBP |
| 4826 | 12-Jul-2024 | 148.83 | BBP |
| 4827 | 16-Jul-2024 | 594.04 | BBP |
| 1230 | 19-Jul-2024 | 190,924.23 | IRS |
| 4828 | 23-Jul-2024 | 883.30 | BBP |
| 4829 | 30-Jul-2024 | 307.27 | BBP |
| *TOTAL EFTS AT SECURITY STATE BANK* | | $ 389,264.34 | |

| | |
|---|---|
| *TOTAL CHECKS, EFT'S, &TRANSFERS* | $4,571,150.08 |

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

RESOLUTION DECLARING TO
SURPLUS OR DISPOSE OF PERSONAL
PROPERTY RESOLUTION NO. 24-15

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 28th day of August 2024, the following commissioners being present and voting in favor of this resolution.

_____
Tom Herrin, Board Chair

_____
Wes McMahan, Commissioner

_____
Van Anderson, Commissioner

_____
Craig Coppock, Secretary

_____
Chris Schumaker, Commissioner

Mossyrock Clinic
745 WILLIAMS STREET
360-983-8990

Randle Clinic
108 KINDLE ROAD
360-497-3333

Packwood Clinic
13051 US HWY 12
360-496-3777

Morton Hospital
521 ADAMS AVENUE
360-496-5112

Morton Clinic
531 ADAMS AVENUE
360-496-5145

To: Finance Committee & Board
From: Tina Clevenger, Materials Management Supervisor
Date: August 21, 2024
Subject: Surplus or Dispose of Personal Property

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Surplus or Dispose of Personal Property (RCW 43.19.1919)

EXHIBIT A

| DATE | DESCRIPTION | DEPARTMENT | PROPERTY # | DISPOSITION | REASON |
|---|---|---|---|---|---|
| 08/2024 | MAX VENTURI VENT | RT | 7191 | DISPOSAL | BROKEN |
| 08/2024 | LTV 1000 | RT | - | DISPOSAL | BROKEN |
| 08/2024 | ACCUTOR PLUS | ACUTE | 6863 | DISPOSAL | BROKEN |
| 08/2024 | SHOWER CHAIR | ACUTE | 5751 | NO LONGER USEFUL | SURPLUS |
| 08/2024 | TV | ACUTE | 5515 | DISPOSAL | BROKEN |
| 08/2024 | ARM BIKE | RT | 7169 | NO LONGER USEFUL | SURPLUS |
| 08/2024 | STOVE | HOUSE | 5442 | NO LONGER USEFUL | SURPLUS |
| 08/2024 | REFRIDGE | HOUSE | 6619 | NO LONGER USEFUL | SURPLUS |
| 08/2024 | WASHER | HOUSE | 5907 | NO LONGER USEFUL | SURPLUS |
| 08/2024 | DRYER | HOUSE | 5906 | NO LONGER USEFUL | SURPLUS |

| Documents Awaiting Board Ratification 08.28.24 | | |
|---|---|---|
| | **LCHD No. 1's Policies, Procedures & Plans:** | **Departments:** |
| **1** | Medical Staff Rules & Regulations | Medical Staff |
| **2** | Nurse Staffing Plan & Matrix | DOH Policies & Procedures |

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

# NEW BUSINESS

| | |
|---|---|
| **DocID:** | 15827 |
| **Revision:** | 3 |
| **Status:** | Official |
| **Department:** | Governing Body |
| **Manual(s):** | |

# Policy : Commissioner Compensation for Meetings and Other Services

## Policy:

The Board created a policy for Commissioner Compensation for meetings and other services.

## Purpose:

The purpose is to provide understanding in the compensation for Commissioners services rendered to the District.

## Procedure:

A Lewis County Hospital District No. 1 Commissioner will be compensated, under RCW.70.44.050, for the following meetings and services:

1. Each commissioner shall document their time with a (1) in the time and attendance system for each day or portion of a day spent in attendance doing official district business.
2. All regular, special and adhoc meetings of the Board.
3. All committee meetings of committees set forth in the Hospital District By-laws.
4. All administration meetings requiring commissioner participation, ie. audits, consultants.
5. Educational meetings in person or virtual will be paid and one travel stipend day per conference. Education will be approved by the Board Chair.
6. A meeting per month either in person or remotely to set either Special or Regular board meeting agenda(s) with Superintendent and/or Executive Assistant.
7. A maximum of two meetings per month either in person or remotely between the Board Chair and the Superintendent to conduct hospital business.
8. Any day of service to the District not included in this policy may be compensated with approval of the Board.

**Document Owner:** Herrin, Tom
**Collaborators:**
**Approvals**
- **Committees:**
- **Signers:**

| | |
|---|---|
| **Original Effective Date:** | 06/13/2012 |
| **Revision Date:** | [06/13/2012 Rev. 0], [06/26/2018 Rev. 1], [12/17/2021 Rev. 2], [11/08/2023 Rev. 3] |
| **Review Date:** | [11/08/2013 Rev. 0], [12/23/2014 Rev. 0], [07/24/2015 Rev. 0], [08/02/2016 Rev. 0], [08/24/2017 Rev. 0], [07/21/2020 Rev. 1], [10/21/2022 Rev. 2] |

**Attachments:**
(REFERENCED BY THIS DOCUMENT)

**Other Documents:**
(WHICH REFERENCE THIS DOCUMENT)

| | |
|---|---|
| **DocID:** | 8610-108 |
| **Revision:** | 2 |
| **Status:** | Official |
| **Department:** | Governing Body |
| **Manual(s):** | |

# Policy : Distribution of Board and Committee Packets

## Policy:

It is the policy of Lewis County Hospital District No. 1 that regular board meeting agendas and packets shall be distributed electronically five days before the scheduled board meeting. Board committee meeting agendas and packets shall be distributed electronically five days before the scheduled committee meeting. Printed copies will be available upon request.

| | |
|---|---|
| **Document Owner:** | Herrin, Tom |
| **Collaborators:** | |
| **Approvals** | |
| **- Committees:** | ( 07/22/2015 ) Board of Commissioners, ( 09/27/2017 ) Board of Commissioners, ( 12/19/2018 ) Board of Commissioners, ( 08/26/2020 ) Board of Commissioners, ( 09/29/2021 ) Board of Commissioners, |
| **- Signers:** | |
| **Original Effective Date:** | 05/15/2008 |
| **Revision Date:** | [05/15/2008 Rev. 0], [08/12/2014 Rev. 1], [09/08/2014 Rev. 2] |
| **Review Date:** | [05/29/2009 Rev. 0], [04/06/2010 Rev. 0], [04/11/2011 Rev. 0], [11/08/2013 Rev. 0], [07/20/2015 Rev. 2], [08/02/2016 Rev. 2], [08/24/2017 Rev. 2], [10/18/2018 Rev. 2], [08/04/2020 Rev. 2], [09/17/2021 Rev. 2], [10/21/2022 Rev. 2], [11/01/2022 Rev. 2], [10/13/2023 Rev. 2] |
| **Attachments:** (REFERENCED BY THIS DOCUMENT) | |
| **Other Documents:** (WHICH REFERENCE THIS DOCUMENT) | |

| | |
|---|---|
| **DocID:** | 8610-106 |
| **Revision:** | 4 |
| **Status:** | Official |
| **Department:** | Governing Body |
| **Manual(s):** | |

# Policy : Hospital Declaration Of Personal Property As Surplus

## Policy:

It is the policy of Lewis County Hospital District No. 1 that in accordance with RCW 70.44.320, the Board of Commissioners will declare by resolution personal property of the District that no longer has a hospital-district use as Surplus Personal Property.

The Board of Commissioners of any public hospital district may sell or otherwise dispose of surplus personal property of the District which the Board has determined by resolution is no longer required for public hospital district purposes.

| | |
|---|---|
| **Document Owner:** | Herrin, Tom |
| **Collaborators:** | |
| **Approvals** | |
| **- Committees:** | ( 07/22/2015 ) Board of Commissioners, ( 09/27/2017 ) Board of Commissioners, ( 12/19/2018 ) Board of Commissioners, ( 08/26/2020 ) Board of Commissioners, ( 09/29/2021 ) Board of Commissioners, |
| **- Signers:** | |
| **Original Effective Date:** | 08/01/2006 |
| **Revision Date:** | [08/01/2006 Rev. 1], [03/09/2007 Rev. 0], [04/18/2013 Rev. 2], [11/08/2013 Rev. 3], [12/11/2014 Rev. 4] |
| **Review Date:** | [07/09/2008 Rev. 1], [05/29/2009 Rev. 1], [04/07/2010 Rev. 1], [04/11/2011 Rev. 1], [07/20/2015 Rev. 4], [08/24/2017 Rev. 4], [10/18/2018 Rev. 4], [08/04/2020 Rev. 4], [09/17/2021 Rev. 4], [11/01/2022 Rev. 4], [10/13/2023 Rev. 4], [08/20/2024 Rev. 4] |
| **Attachments:** (REFERENCED BY THIS DOCUMENT) | |
| **Other Documents:** (WHICH REFERENCE THIS DOCUMENT) | |

| | |
|---|---|
| **DocID:** | 8610-107 |
| **Revision:** | 2 |
| **Status:** | Official |
| **Department:** | Governing Body |
| **Manual(s):** | |

# Policy : Records Retention

## Policy:

It is the policy of Lewis County Hospital District No. 1 that in accordance with RCW 40.14 and as hereafter amended, the Board of Commissioners of Lewis County Hospital District No.1 commissions the protection of public records, documents and publications.

There shall be a designated records officer to supervise the District's records program.
The Records Officer shall:

1. Coordinate and maintain all aspects of the records management program as that program is approved by the Board of Commissioners.
2. Manage the inventory in accordance with procedures prescribed by the "Public Hospital Districts General Records Retention Schedule". The Districts records program will meet the Washington State Local Records Committee recommendations and the Board of Commissioners' policy.
3. Consult with any other personnel responsible for the maintenance of specific records within this organization regarding records retention and transfer recommendations and requirements.
4. Analyze records inventory data, examine and compare internal department inventories for duplication of records and recommend to the Superintendent maximum retentions for all copies commensurate with legal, financial and administrative needs.
5. Review the District's records program at least annually to insure that they are complete and current.

The Superintendent shall give an annual District Record Management report to the Board of Commissioners.

| | |
|---|---|
| **Document Owner:** | Herrin, Tom |
| **Collaborators:** | |
| **Approvals** | |
| **- Committees:** | ( 12/19/2018 ) Board of Commissioners, ( 09/30/2020 ) Board of Commissioners, |
| **- Signers:** | |
| **Original Effective Date:** | 01/01/2007 |
| **Revision Date:** | [01/01/2007 Rev. 1], [03/09/2007 Rev. 0], [11/07/2013 Rev. 2] |
| **Review Date:** | [05/29/2009 Rev. 1], [04/06/2010 Rev. 1], [04/11/2011 Rev. 1], [01/17/2013 Rev. 1], [11/21/2017 Rev. 2], [10/18/2018 Rev. 2], [09/21/2020 Rev. 2], [11/01/2022 Rev. 2], [01/19/2024 Rev. 2] |

**Attachments:**
(REFERENCED BY THIS DOCUMENT)

**Other Documents:** Non-Archival Record Retention Form
(WHICH REFERENCE THIS DOCUMENT)

# SUPERINTENDENT REPORT

Arbor Health

Mossyrock Clinic
745 WILLIAMS STREET
360-983-8990

Randle Clinic
108 KINDLE ROAD
360-497-3333

Packwood Clinic
13051 US HWY 12
360-496-3777

Morton Hospital
521 ADAMS AVENUE
360-496-5112

Morton Clinic
531 ADAMS AVENUE
360-496-5145

To: Board of Commissioner

From: Superintendent Mach

Date: 08.28.24

Re: July Superintendent Report

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***(Employee Kudos)***

*"I have never worked for a company that cares so much about their employees and makes work fun, I am so blessed to be a part of this team!"*

- Very good financial month of July from outpatient services
- CEO attended the Blueberry festival, loggers Jubilee and Morton FD meeting
- Emma Dames has started
- New quality management software is being installed
- Working on purchasing bone density software for CT scanner, resulting in patients staying local who need this test.
- 2 new patient lifts ordered.
- Comfort chairs and couch are ordered.
- Staffing has been tight as several travelers cancelled last minute on us.
- Will resume work on Red house for Finance after discussions with attorney.
- Signed Cardiologist contract, start date TBD.
- Expansion of wound care services slated for September.
- Expansion of medical massage services slated for September.
- We have started our "Get with the Guidelines" stroke work.

***New physicians and Advanced practitioners so far this year***

- Dr. Hines – Morton
- Dr. Emily Johnston – ED
- Dr. Rachel Montes – ED
- Dr. Owen McGrane – ED
- Dr. Karen McGrane – ED
- Emma Dames PAC – Randle/Rapid Care
- Cora Krause PAC – Rapid Care
- Sarah Perlman FNP - Mossyrock

# Hospital margins' 'new normal'

Hospitals' latest financial results point to the beginning of a slow and sustained recovery, Fitch Ratings said in an Aug. 12 report shared with *Becker's*.

Liquidity has held steady for the sector since Fitch's last update and leverage has improved substantially, according to the report. However, year-over-year improvement still begins and ends with acute labor challenges.

"The labor picture has been on an upward trajectory for the last year with less usage of external contract labor, lower pricing per hour compared to calendar 2022 and a higher number of new hires over 'leavers,'" Kevin Holloran, senior director and sector head at Fitch, said. "Some of the labor improvements can be tied to near universal higher levels per capita of salary, wage and benefits, changes healthcare leadership has been very happy to make."

Despite the steady improvement in financial trends, certain industry challenges remain, including elevated labor costs and the fundamental disconnect between revenue generation and expense requirements that may be here for the long term.

Fitch said it remains unclear whether nonprofit hospitals are now in a "new normal" of long-term lower than historical operating margins, or if 2024 will see a bigger step forward to something more akin to long-term performance.

Operating margins are still far below the pre-pandemic "magic number" of 3% and the jury is still out on a permanent reset in the 1%-2% range.

"We are still another year away from some level of more predictive 'normalcy' in the sector, though 2025 medians will show continued operational improvement, with liquidity and leverage largely unchanged," Mr. Holloran said.



https://www.beckershospitalreview.com/finance/hospital-margins-new-normal.html

# 10 best, worst states for retirement in 2024

The Southeast is home to three of the five best states to retire, according to Bankrate's annual rankings.

States were ranked by the personal finance website based on affordability (40%), overall well-being (25%), cost and quality of healthcare (20%), weather (10%) and crime (5%).

Key takeaways from the list, published July 22, are:

- Delaware took first place overall, moving up from second in 2023. It is a "tax-friendly state for retirees," ranks well in diversity and has a temperate climate, according to Bankrate.
- Iowa dropped to ninth place from first place, mainly because of its affordability decreasing.
- The West is home to the three of the bottom five states, mostly because of the cost of living.
- Alaska was last place for the second year in a row because of affordability, healthcare and weather.

Here are the 10 best and 15 worst states, as ranked by Bankrate.

**The best**

1. Delaware
2. West Virginia
3. Georgia
4. South Carolina
5. Missouri
6. Mississippi
7. Pennsylvania
8. Florida
9. Iowa
10. Wyoming

**The worst**

1. Alaska
2. New York
3. Washington
4. California
5. North Dakota
6. Massachusetts

7. Colorado

8. Maryland

9. Texas

10. Minnesota

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10 most, least innovative states
10 best college towns for retirement, per US News

https://www.beckershospitalreview.com/rankings-and-ratings/the-10-best-worst-states-for-retirement-in-2024.html

Trustee Insights

BOARD RESPONSIBILITIES

# Participation is Not Optional

A board that engages 100% of its membership results in effective governance

BY KIMBERLY A. RUSSEL

Are there members of your board who never speak during board meetings? If the answer is yes, a clear governance improvement opportunity exists for the full board. Governance of today's hospitals and health systems has never been more complex, with difficult decisions crowding many board agendas. Health care organizations — and their CEOs — rightfully expect fiduciary boards to operate at maximum effectiveness. To successfully navigate hospitals and health systems toward an uncertain future, the intellectual contributions — including the full voice — of each board member are needed.

Over the years, many boards have accepted as a cultural norm that some trustees attend meetings without contributing to the board's discussions. It is beyond time for boards to correct this aspect of boardroom culture. When a board engages 100% of its membership in dialogue and decision making, the board takes full advantage of its assets – with effective governance as the result. Proactive board leadership, in conjunction with the CEO, can tackle this change in boardroom dynamics.

## First Step: The Diagnosis

The board chair and CEO should first seek to understand why a board member is not an active discussant. For example, silence may have been unintentionally created by certain board structural and/or cultural issues. Alternatively, the lack of participation may be an individual trustee performance problem. Board leadership will need to examine all elements underlying trustee reticence before charting a corrective pathway. Common causes of nonparticipation among board members include:

1. **Board size.** With a large board, there may not be enough 'runway time' in a routine board meeting for full participation by all members.
2. **Advance preparation.** Trustees need sufficient time to review and absorb board packet information prior to a board meeting. This is the key reason for the recommended practice of agenda and packet distribution at least seven days in advance of a board meeting.
3. **Role misunderstanding.** Trustees may not understand that participation in board discussions is a primary requirement of the board



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member's role. This element of the trustee job description should be emphasized during the recruitment and orientation phase.

4. **Perception.** The notion that differing or opposing points of view are not welcome. This is a particularly dangerous cause of selective silence in the boardroom. Newer board members often have a different frame of reference and offer a fresh angle to boardroom discussions. As boards seek to diversify their composition, it is essential that the internal board culture fully welcomes and invites a free range of opinions.

5. **Short tenure.** It is not unusual for newer trustees to hold back on participation as the orientation and onboarding process proceeds. Ramp-up time may differ depending upon each trustee's familiarity with the health care field, along with past professional and governance experiences.

6. **Education.** Clear and concise educational and background materials are foundational for participation in board room strategic discussion. Board members may also need a special tutorial on particularly complex subject matter.

## Next Steps

Board leadership, perhaps in conjunction with the Executive Committee or Governance Committee, should undertake a thoughtful analysis of current board structure and culture to answer this question: "Are our board processes, governance structure and board room culture positioned to promote full participation by all trustees?" Undertaking a board self-assessment, another governance recommended practice, can provide helpful information and may indicate opportunities for improvement. Key questions to consider:

- Is our board too large to include everyone in board discussions?
- Does the board recruitment process include a clear description of trustee role expectations, including active participation?

### TRUSTEE TAKEAWAYS

- Active participation in board room discussion is an essential aspect of the trustee role.
- As board room diversity increases, boards can take proactive steps to ensure that all voices are both welcome and heard.
- Standard board practices and governance structure can positively (or negatively) impact trustee engagement.
- The board chair is central to eliciting full engagement around the board table.

- Does the board orientation process reinforce the importance of active participation by all trustees?
- Do trustees have sufficient educational resources?
- Is the board packet always available at least seven days in advance?
- Does the board chair demonstrate effective meeting facilitation skills?
- Does the board exhibit an open and welcoming culture?
- How does the board react to different opinions?

Simultaneously, board leadership should seek individual feedback from the nonparticipating trustee(s). At this early stage, this is not a corrective action conversation. Instead, the idea is to better understand the trustee's reluctance to participate in board dialogue. Ideally, either the board chair or vice chair should initiate this discussion, such as "let's meet for coffee as I'd like to hear your thoughts on your board experience." This private conversation is also an opportunity to expressly state to the trustee, "Your thoughts, opinions and past experiences are vital to our board's discussions and decision-making. We welcome your voice in the board room." In some cases, a dose of encouragement will open the door to fuller engagement.

## Tips from Board Chairs

Experienced board chairs offer these additional suggestions to promote dialogue in the board room:

- Inviting a comment, "Mary, you have significant experience in this area, what is your opinion on this matter?"
- Contacting the board member in advance, "Jim, you may have noted on the agenda for next week's board meeting that we will be discussing a potential new partnership. Can you be prepared to provide a few comments on your perspective?"
- Building a relationship with each board member outside of the board room so that the chair has a good understanding of each trustee's professional background and areas of strength.
- Reminding the full board about the benefit of new and diverse

viewpoints in the boardroom. For example, providing key comments as new trustees join the board, "We welcome these board members with their diverse experiences and backgrounds. This board will be open to the perspectives and ideas that new trustees bring to the table."

- Facilitating board meetings so that dialogue is not dominated by just a few members. Some chairs ask all board members to speak on an agenda item before calling on a trustee for a second comment.

## Individual Trustee Performance Assessments

The American Hospital Association's 2022 National Health Care Governance Survey Report explores trends surrounding board and trustee performance assessment. The report notes that 34% of boards conduct individual trustee performance assessments. Seventy-six percent of all boards conducting individual assessments include "actively engages in board discussion" as one component of the evaluation. Clearly, full participation is a significant aspect of a trustee's contributions to the board. Participation should be considered when a trustee is being evaluated for term renewal.

## Final Thoughts

Today's health care challenges require the complete engagement of the full board. For hospitals and health systems to succeed in serving their communities and meeting their missions, the active participation of every trustee is essential.

**Kimberly A. Russel**
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*Please note that the views of authors do not always reflect the views of the AHA.*