
REGULAR BOARD MEETING PACKET



BOARD OF COMMISSIONERS

Board Chair – Tom Herrin, Secretary – Kim Olive,
Commissioner – Craig Coppock, Commissioner – Wes McMahan &
Commissioner-Trish Frady

May 31, 2023 @ 3:30 PM

Conference Room 1 & 2 or Join Zoom Meeting:

<https://myarborhealth.zoom.us/j/82658068157>

Meeting ID: 826 5806 8157

One tap mobile: +12532158782,,82658068157#

Dial: +1 253 215 8782



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Department Spotlight

Board Committee Reports

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Old Business

New Business

Superintendent



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

May 31, 2023 at 3:30 p.m.

Conference Room 1 & 2 or via ZOOM

<https://myarborhealth.zoom.us/j/82658068157>

Meeting ID: 826 5806 8157

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Mission Statement

To foster trust and nurture a healthy community.

Vision Statement

To provide accessible, quality healthcare.

AGENDA	PAGE	TIME
Call to Order Roll Call Excused/Unexcused Absences Reading of the Mission & Vision Statement Approval or Amendment of Agenda Conflicts of Interest		3:30 pm
Comments and Remarks <ul style="list-style-type: none"> Commissioners Audience 		3:35 pm
Executive Session-RCW 70.41.200 <ul style="list-style-type: none"> Medical Privileging-Chief of Staff Dr. Travis Podbilski & Medical Staff Coordinator Janice Cramer 	6	3:40 pm
Guest Speaker(s) <ul style="list-style-type: none"> Kami Matzek, CPA, Dingus, Zarecor and Associates (DZA) <ul style="list-style-type: none"> 2022 Independent Financial & Internal Control Auditor Report Q &A 	8	3:45 pm 4:05 pm
Department Spotlight <ul style="list-style-type: none"> Surgical Services (Surgical Services Manager Kelly Hauser) 	63	4:15 pm
Board Committee Reports <ul style="list-style-type: none"> Hospital Foundation Report-Committee Chair-Secretary Olive 	73	4:25 pm
<ul style="list-style-type: none"> Finance Committee Report- Committee Chair-Commissioner Coppock 	75	4:30 pm
Consent Agenda (Action) <ul style="list-style-type: none"> Approval of Minutes: <ul style="list-style-type: none"> April 21, 2023, Special Board Meeting April 26, 2023, Regular Board Meeting April 28, 2023, Special Board Meeting May 4, 2023, Special Board Meeting May 8, 2023, Special Board Meeting 	79 81 87 89 91	4:35 pm

<ul style="list-style-type: none"> ○ <i>May 15, 2023, Special Board Meeting</i> ○ <i>May 24, 2023, Finance Committee Meeting</i> 	93	
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<ul style="list-style-type: none"> • Warrants & EFTs in the amount of \$3,003,869.93 dated April 2023 	99	
<ul style="list-style-type: none"> • RES-23-12-Approving the Petty Cash Drawers & Custodians of the District <ul style="list-style-type: none"> ○ <i>To approve the District's petty cash drawers, along with the custodians responsible for each of the drawers.</i> 	101	
Old Business <ul style="list-style-type: none"> • 2023 AWPHD & WSHA Rural Hospital Leadership Conference, Chelan, WA <ul style="list-style-type: none"> ○ <i>Registered Board Chair Herrin, Commissioners McMahan & Coppock and Interim Superintendent Lieb.</i> 		4:38 pm
New Business <ul style="list-style-type: none"> • RES-23-10-Adopting the LCHD No. 1's Revised Vision Statement & 2023-2025 Strategic Plan (<i>Action</i>) <ul style="list-style-type: none"> ○ <i>To adopt the 2023-2025 Strategic Plan, Themes, and Goals.</i> 	104	4:40 pm
<ul style="list-style-type: none"> • RES 23-11-Appoint Lewis County Hospital District No. 1's Superintendent (<i>Action</i>) <ul style="list-style-type: none"> ○ <i>To appoint Robert Mach as LCHD No. 1's new Superintendent per RCW 70.44.070 (1).</i> 	113	4:55 pm
<ul style="list-style-type: none"> • June 28, 2023, Regular Board Meeting (<i>Action</i>) <ul style="list-style-type: none"> ○ <i>To discuss keeping, rescheduling, or cancelling this meeting due conference.</i> 		5:00 pm
<ul style="list-style-type: none"> • Productivity & Staffing Services Agreement (<i>Action</i>) <ul style="list-style-type: none"> ○ <i>To discuss the purpose and direction of the new proposed agreement.</i> 	124	5:05 pm
Superintendent Report (<i>Verbal Update-Interim Superintendent Lieb</i>)		5:15 pm
Meeting Summary & Evaluation		5:25 pm
Guest Speaker <ul style="list-style-type: none"> • Kurt O'Brien Consulting <ul style="list-style-type: none"> ○ <i>Developing a High Functioning & Effective Board-2023 Part 1</i> 		5:30 pm
Next Board Meeting Dates and Times <ul style="list-style-type: none"> • Regular Board Meeting- June 28, 2023 @ 3:30 PM (ZOOM & In Person) Next Committee Meeting Dates and Times <ul style="list-style-type: none"> • QIO Committee Meeting-June 14, 2023 @ 7:00 AM (ZOOM) • Finance Committee Meeting-June 21, 2023 @ 1200 PM (ZOOM) 		
Adjournment		6:00 pm

EXECUTIVE SESSION



MEDICAL STAFF PRIVILEGING

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

INITIAL APPOINTMENTS-2

Radia Inc.

- Kyle Bussis, MD (Radiology Consulting Privileges)
- Tariq Alam, MD (Radiology Consulting Privileges)

REAPPOINTMENTS-1

Providence Health & Services Privileging by Proxy

- Nicholas Okon, MD (Consulting Neurology/Telestroke Privileges)

★-notates files with items to note.

GUEST SPEAKER



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

We have audited the financial statements of Lewis County Public Hospital District No. 1 doing business as Arbor Health (the District) for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the *Uniform Guidance*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letters to you dated November 15, 2022 and March 8, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the District changed accounting policies related to accounting for leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, *Leases*, in 2022. 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 most sensitive estimates affecting the District's financial statements were:

- Management's estimate of the allowance for estimated uncollectible accounts and contractual adjustments is based on experience, third-party contractual history, and any unusual circumstances.
- Management's estimate for third-party settlements is based on interim payments, the District's expenses, and patient statistical data.
- Management's estimate of the CARES Act Provider Relief Fund revenue is based on lost revenues and COVID-19 qualifying expenses based on current guidance.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Management has determined that the exclusion of the Arbor Health Foundation from the financial statements is immaterial to the financial statements taken as a whole. The Foundation total assets at December 31, 2022, were approximately \$61,000.

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 auditors' 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 May 10, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' 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 a condition to our retention.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management could override controls.
- The patient accounts receivable allowance for contractual adjustments and doubtful accounts (allowance) contains a risk of improper revenue recognition.
- Estimated third-party payor settlements contain a risk of improper revenue recognition
- The Provider Relief Fund (PRF) revenue could be overstated or understated.
- Implementation of the new lease standard (GASB 87) creates a risk of material misstatement.

Other Matters

We were engaged to report on the schedule of expenditures of federal awards, which accompany the financial statements but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of Board of Commissioners and management of Lewis County Public Hospital District No. 1 doing business as Arbor Health and is not intended to be, and should not be, used by anyone other than these specified parties.

Dingus, Zarecor and Associates PLLC

Spokane Valley, Washington
May 10, 2023

**Lewis County Public Hospital District No. 1
doing business as
Arbor Health**

Basic Financial Statements and
Independent Auditors' Reports

December 31, 2022 and 2021



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Pg 11 Board Packet

Lewis County Public Hospital District No. 1
doing business as Arbor Health
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DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Lewis County Public Hospital District No. 1
doing business as 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 doing business as Arbor Health (the District) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Auditors' 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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, 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 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.

Auditors' 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 auditors' report that includes our opinion. 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 auditing standards generally accepted in the United States of America 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 the 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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, required by Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2023, 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 for the year ended December 31, 2022. We issued a similar report for the year ended December 31, 2021, dated May 4, 2022, which has not been included with the 2022 financial compliance report. The purpose of those reports 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 the District's internal control over financial reporting or on compliance. Those reports are 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.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
May 10, 2023

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Statements of Net Position
December 31, 2022 and 2021

ASSETS	2022	2021
<i>Current assets</i>		
Cash and cash equivalents	\$ 5,055,654	\$ 11,725,281
Receivables:		
Patient accounts	3,847,526	4,060,729
Estimated third-party payor settlements	263,916	17,977
Taxes	26,181	20,833
Taxes restricted for debt service	26,426	23,503
Other	478,947	253,436
Inventories	253,658	351,872
Prepaid expenses and other	324,032	299,719
Total current assets	10,276,340	16,753,350
<i>Noncurrent assets</i>		
Cash and cash equivalents, limited as to use for capital acquisitions	402,970	396,319
Cash and cash equivalents, restricted for debt service	1,308,589	1,197,220
Investments	167,514	-
Capital assets, net	11,153,861	11,505,349
Total noncurrent assets	13,032,934	13,098,888
Total assets	\$ 23,309,274	\$ 29,852,238

See accompanying notes to basic financial statements.

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Statements of Net Position (Continued)
December 31, 2022 and 2021

LIABILITIES AND NET POSITION	2022	2021
<i>Current liabilities</i>		
Accounts payable	\$ 723,709	\$ 760,577
Estimated third-party payor settlements	11,605	1,717,059
Accrued compensation and related liabilities	2,028,286	2,028,286
Electronic health records incentive payback	194,689	194,689
Current maturities of long-term debt	841,542	1,366,865
Paycheck Protection Program loan	-	152,685
Unearned CARES Act Provider Relief Fund	-	1,000,000
Medicare accelerated payments	-	3,343,822
Total current liabilities	3,799,831	10,563,983
<i>Noncurrent liabilities</i>		
Long-term debt and lease liabilities, net current maturities	6,274,156	6,443,245
Total liabilities	10,073,987	17,007,228
<i>Net position</i>		
Net investment in capital assets	4,038,163	3,695,239
Restricted for debt service	1,335,015	1,220,723
Unrestricted	7,862,109	7,929,048
Total net position	13,235,287	12,845,010
Total liabilities and net position	\$ 23,309,274	\$ 29,852,238

See accompanying notes to basic financial statements.

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2022 and 2021

	2022	2021
<i>Operating revenues</i>		
Net patient revenue	\$ 33,993,944	\$ 29,943,640
Grants	61,386	367,783
Other	489,094	424,294
Total operating revenues	34,544,424	30,735,717
<i>Operating expenses</i>		
Salaries and wages	16,775,003	16,467,514
Employee benefits	3,914,495	4,143,761
Professional fees and purchased services	9,064,382	6,437,682
Supplies	2,796,004	2,386,071
Utilities	540,749	457,657
Leases and rentals	72,324	253,015
Repairs and maintenance	587,804	498,354
Depreciation and Amortization	1,576,074	1,271,919
Insurance	308,976	246,945
Other	1,420,956	1,240,479
Total operating expenses	37,056,767	33,403,397
<i>Operating loss</i>	(2,512,343)	(2,667,680)
<i>Nonoperating revenues (expenses)</i>		
CARES Act Provider Relief Fund	1,000,000	780,106
COVID-19 grants	252,684	7,311
Taxation for maintenance and operations	997,886	1,028,508
Taxation for bond principal and interest	837,666	1,133,723
Build America Bond subsidy	89,499	91,000
Gain on sale of assets	-	3,500
Interest income	162,902	26,097
Interest expense	(438,017)	(411,099)
Total nonoperating revenues, net	2,902,620	2,659,146
Change in net position before gain on forgiveness of Paycheck Protection Program loan	390,277	(8,534)
<i>Gain on forgiveness of Paycheck Protection Program loan</i>	-	2,697,915
Change in net position	390,277	2,689,381
Net position, beginning of year	12,845,010	10,155,629
Net position, end of year	\$ 13,235,287	\$ 12,845,010

See accompanying notes to basic financial statements.

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
<i>Change in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Cash received from patient services	\$ 32,255,754	\$ 31,321,562
Cash received from grants	61,386	367,783
Cash received from other revenue	489,094	424,294
Cash paid to and on behalf of employees	(20,868,572)	(20,381,275)
Cash paid to suppliers and contractors	(14,770,713)	(11,177,117)
Net cash from operating activities	(2,833,051)	555,247
<i>Cash flows from noncapital financing activities</i>		
Proceeds from CARES Act Provider Relief Fund	-	1,006,159
Proceeds from COVID-19 grants	252,684	7,311
Payment on Medicare accelerated payments	(3,343,822)	(1,978,011)
Cash received from taxation for maintenance and operations	992,538	1,032,852
Repayment of Paycheck Protection Program loan	(152,685)	-
Net cash from noncapital financing activities	(2,251,285)	68,311
<i>Cash flows from capital and related financing activities</i>		
Cash received from taxation for bond principal and interest	834,743	1,135,665
Interest paid	(440,937)	(426,764)
Principal payments on long-term debt and lease liabilities	(1,639,994)	(1,340,570)
Payments for purchase of capital assets	(276,084)	(3,860,970)
Proceeds from the sale of capital assets	-	3,500
Cash received from Build America Bonds subsidy	59,613	44,930
Net cash from capital and related financing activities	(1,462,659)	(4,444,209)
<i>Cash flows from investing activities</i>		
Purchase of investments	(167,514)	-
Interest received	162,902	26,097
Net cash from investing activities	(4,612)	26,097
Net change in cash and cash equivalents	(6,551,607)	(3,794,554)
Cash and cash equivalents, beginning of year	13,318,820	17,113,374
Cash and cash equivalents, end of year	\$ 6,767,213	\$ 13,318,820

See accompanying notes to basic financial statements.

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Statements of Cash Flows (Continued)
Years Ended December 31, 2022 and 2021

	2022	2021
<i>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</i>		
Cash and cash equivalents	\$ 5,055,654	\$ 11,725,281
Cash and cash equivalents, limited as to use for capital acquisitions	402,970	396,319
Cash and cash equivalents, restricted for debt service	1,308,589	1,197,220
Total cash and cash equivalents	\$ 6,767,213	\$ 13,318,820
<i>Reconciliation of Operating Loss to Net Cash from Operating Activities</i>		
Operating loss	\$ (2,512,343)	\$ (2,667,680)
<i>Adjustments to reconcile operating loss to net cash provided from operating activities</i>		
Depreciation and amortization	1,576,074	1,271,919
Provision for bad debts	490,237	653,074
(Increase) decrease in current assets:		
Receivables:		
Patient accounts, net	(277,034)	(1,428,902)
Estimated third-party payor settlements	(245,939)	436,691
Other	(16,551)	242,948
Inventories	98,214	(39,122)
Prepaid expenses and other	(24,313)	(37,701)
Increase (decrease) in current liabilities:		
Accounts payable	(36,868)	176,961
Accrued compensation and related liabilities	(179,074)	230,000
Estimated third-party payor settlements	(1,705,454)	1,717,059
Net cash from operating activities	\$ (2,833,051)	\$ 555,247

Noncash Capital Financing Activities

During the year ended December 31, 2022, the District implemented Governmental Accounting Standards Board Statement No. 87, *Leases*, which resulted in recognizing eight new right-of-use lease assets totaling \$948,502.

See accompanying notes to basic financial statements.

**Lewis County Public Hospital District No. 1
doing business as Arbor Health
Notes to Basic Financial Statements
Years Ended December 31, 2022 and 2021**

1. Reporting Entity and Summary of Significant Accounting Policies:

a. Reporting Entity

Lewis County Public Hospital District No. 1 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.

Arbor Health Foundation (the Foundation) is a separate entity and was organized to assist the District in raising donated funds. The resources and operations were determined not to be significant to the District and, therefore, the Foundation is not reported as a component unit of the District in the accompanying financial statements.

b. Summary of Significant Accounting Policies

Use of estimates – 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.

Enterprise fund accounting – The District's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to proprietary funds of governments. The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

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, 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.

Inventories – Inventories are stated at cost on the first-in, first-out method. Inventories consist of pharmaceutical, medical-surgical, and other supplies used in the District's operation.

Assets restricted or limited as to use – 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.

**Lewis County Public Hospital District No. 1
doing business as Arbor Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021**

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

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

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

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. In 2020, the District began providing paid sick leave, in accordance with Washington State law, to all nonbenefited employees.

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*.

Operating revenues and expenses – 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.

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. 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.

Subsequent events – Subsequent events have been reviewed through May 10, 2023, the date on which the financial statements were available to be issued.

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. See Notes 4 and 6 for additional information on the leases and related right-to-use assets recorded by the District.

When the District adopted GASB No. 87, *Leases*, the District elected the transition option to apply the new guidance as of that effective date without adjusting comparative periods presented. Adoption of the standard required the District to recognize lease liabilities and right-of-use assets of \$948,502 as of December 31, 2022. The adoption had no material impact on the statement of revenues, expenses, and changes in net position.

The District did not restate the financial statements for the year ended December 31, 2021, for GASB No. 87 due to insufficient resources available to do so and due to management’s determination that the restatement would not provide significant benefit to the financial statement users.

Upcoming accounting standard pronouncements – In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objectives of this statement are to (1) define a subscription-based information technology arrangement (SBITA); (2) establish that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) require note disclosures regarding a SBITA. The new guidance is effective for the District’s year ending December 31, 2023. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

2. Bank Deposits 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, 2022 and 2021, were approximately \$5,885,000 and \$12,858,000, 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.

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

3. Patient Accounts Receivable:

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. The District does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

Patient accounts receivable reported as current assets by the District consisted of the following amounts:

	2022	2021
Receivables from patients and their insurance carriers	\$ 1,416,985	\$ 1,765,335
Receivables from Medicare	2,544,867	2,331,435
Receivables from Medicaid	379,750	325,248
Receivables from 340B contract pharmacy	-	15,189
Total patient accounts receivable	4,341,602	4,437,207
Less allowance for uncollectible accounts	494,076	376,478
Patient accounts receivable, net	\$ 3,847,526	\$ 4,060,729

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

4. Capital Assets and Right-of-use Assets:

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

Capital asset additions, retirements, transfers, and balances were as follows:

	Balance December 31, 2021	Additions	Retirements	Transfers	Balance December 31, 2022
<i>Capital assets not being depreciated or amortized</i>					
Land	\$ 998,599	\$ -	\$ -	\$ -	\$ 998,599
Construction in progress	112,334	-	-	(112,334)	-
Total capital assets not being depreciated or amortized	1,110,933	-	-	(112,334)	998,599
<i>Capital assets being depreciated or amortized</i>					
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
Lease right-of-use assets - equipment	-	948,502	-	-	948,502
Total capital assets being depreciated or amortized	33,576,843	1,224,586	-	112,334	34,913,763
<i>Less accumulated depreciation and amortization for</i>					
Land improvements	(1,159,395)	(43,977)	-	-	(1,203,372)
Buildings and improvements	(13,048,210)	(611,511)	-	-	(13,659,721)
Equipment	(8,974,822)	(653,149)	-	-	(9,627,971)
Lease right-of-use assets - equipment	-	(267,437)	-	-	(267,437)
Total accumulated depreciation and amortization	(23,182,427)	(1,576,074)	-	-	(24,758,501)
Total capital assets being depreciated or amortized, net	10,394,416	(351,488)	-	-	10,155,262
Capital and lease right-of-use assets, net	\$ 11,505,349	\$ (351,488)	\$ -	\$ -	\$ 11,153,861

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

4. Capital Assets and Right-of-use Assets (continued):

	Balance December 31, 2020	Additions	Retirements	Transfers	Balance December 31, 2021
<i>Capital assets not being depreciated</i>					
Land	\$ 998,599	\$ -	\$ -	\$ -	\$ 998,599
Construction in progress	492,571	178,177	-	(558,414)	112,334
Total capital assets not being depreciated	1,491,170	178,177	-	(558,414)	1,110,933
<i>Capital assets being depreciated</i>					
Land improvements	1,426,739	-	-	-	1,426,739
Buildings and improvements	17,436,121	2,945,943	-	303,911	20,685,975
Equipment	10,867,744	736,850	(394,968)	254,503	11,464,129
Total capital assets being depreciated	29,730,604	3,682,793	(394,968)	558,414	33,576,843
<i>Less accumulated depreciation for</i>					
Land improvements	(1,111,492)	(47,903)	-	-	(1,159,395)
Buildings and improvements	(12,459,419)	(588,791)	-	-	(13,048,210)
Equipment	(8,734,565)	(635,225)	394,968	-	(8,974,822)
Total accumulated depreciation	(22,305,476)	(1,271,919)	394,968	-	(23,182,427)
<i>Total capital assets being depreciated, net</i>	7,425,128	2,410,874	-	558,414	10,394,416
Capital assets, net	\$ 8,916,298	\$ 2,589,051	\$ -	\$ -	\$ 11,505,349

5. 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, 2022 and 2021, were approximately \$566,000 and \$571,000, respectively. Employee contributions to the Plan for the years ended December 31, 2022 and 2021, were approximately \$1,023,000 and \$945,000, respectively.

The District owed approximately \$107,000 and \$121,000 to the Plan at December 31, 2022 and 2021, respectively.

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

6. Long-term Debt:

A schedule of changes in the District's long-term debt follows:

	Balance December 31, 2021			Additions	Reductions	Balance December 31, 2022		Amounts Due Within One Year		
<i>Long-term debt</i>										
GE Government Finance, Inc note payable	\$	1,685,492	\$	-	\$	(296,791)	\$	1,388,701	\$	277,676
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)		-		-
Bond premiums and discounts		(382)		-		(2,920)		(3,302)		-
Lease Liabilities		-		948,502		(248,203)		700,299		268,866
Total long-term debt	\$	7,810,110	\$	948,502	\$	(1,642,914)	\$	7,115,698	\$	841,542

	Balance December 31, 2020			Additions	Reductions	Balance December 31, 2021		Amounts Due Within One Year		
<i>Long-term debt</i>										
GE Government Finance, Inc note payable	\$	1,976,062	\$	-	\$	(290,570)	\$	1,685,492	\$	271,865
2005 LTGO bonds		1,025,000		-		(185,000)		840,000		195,000
2010 LTGO A bonds		425,000		-		(85,000)		340,000		85,000
2010 LTGO B bonds		4,130,000		-		-		4,130,000		-
2012 UTGO bonds		1,595,000		-		(780,000)		815,000		815,000
Bond premiums and discounts		15,283		-		(15,665)		(382)		-
Total long-term debt and capital lease obligations										
	\$	9,166,345	\$	-	\$	(1,356,235)	\$	7,810,110	\$	1,366,865

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

6. Long-term Debt (continued):

Long-term debt – The terms and due dates of the District’s long-term debt are as follows:

- 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.
- 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.
- The District recognized lease liability in the amount of \$948,502 with the implementation of GASB No. 87, noted in Note 1. Lease liability is comprised of equipment assets that have interest rates and payment amounts that are varied. Lease liabilities are due in monthly installments including principal and interest at varying amounts from \$200 to \$13,000, including interest at 6 percent through February 2027.

The District’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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 LTGO 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 (LTGO) bond in the original amount of \$7,265,000.

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

6. Long-term Debt (continued):

Years Ending December 31,	LTGO Bonds			Lease Liabilities		
	Principal	Interest	Totals	Principal	Interest	Totals
2023	295,000	320,998	615,998	268,866	34,711	303,577
2024	310,000	307,670	617,670	245,950	18,901	264,851
2025	320,000	293,669	613,669	138,663	5,822	144,485
2026	335,000	280,228	615,228	39,929	1,723	41,652
2027	350,000	278,559	628,559	6,891	52	6,943
2028 - 2032	1,995,000	908,694	2,903,694	-	-	-
2033 - 2035	1,425,000	198,688	1,623,688	-	-	-
	\$ 5,030,000	\$ 2,588,506	\$ 7,618,506	\$ 700,299	\$ 61,209	\$ 761,508

Years Ending December 31,	Other			Total Long-term Debt		
	Principal	Interest	Totals	Principal	Interest	Totals
2023	\$ 277,676	\$ 24,504	\$ 302,180	\$ 841,542	\$ 380,213	\$ 1,221,755
2024	309,122	20,528	329,650	865,072	347,099	1,212,171
2025	315,729	13,921	329,650	774,392	313,412	1,087,804
2026	322,478	7,172	329,650	697,407	289,123	986,530
2027	163,696	1,010	164,706	520,587	279,621	800,208
2028 - 2032	-	-	-	1,995,000	908,694	2,903,694
2033 - 2035	-	-	-	1,425,000	198,688	1,623,688
	\$ 1,388,701	\$ 67,135	\$ 1,455,836	\$ 7,119,000	\$ 2,716,850	\$ 9,835,850

7. Paycheck Protection Program Note Payable:

In April 2020, the District was granted a loan from the Small Business Administration in the aggregate amount of \$2,850,600, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The District applied for PPP loan forgiveness in November 2021 and was granted forgiveness in the amount of \$2,697,915. The remaining balance was paid back in March 2022.

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

8. Net Patient Service Revenue:

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the District's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the District records a significant provision for bad debts related to uninsured patients in the period the services are provided. The District's provisions for bad debts and writeoffs did not change significantly from the prior year. The District has not changed its charity care or uninsured discount policies during fiscal years 2022 or 2021. Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	2022	2021
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	\$ 20,419,377	\$ 19,697,126
Medicaid	7,565,975	4,131,783
Other third-party payors	5,424,794	5,351,630
Patients	1,617,603	1,491,610
340B contract pharmacy	175,015	342,332
	35,202,764	31,014,481
Less:		
Charity care	718,583	417,767
Provision for bad debts	490,237	653,074
Net patient service revenue	\$ 33,993,944	\$ 29,943,640

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.

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

8. Net Patient Service Revenue (continued):

- *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.

Laws and regulations governing Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue increased by approximately \$159,000 and \$17,000 in 2022 and 2021, respectively, due to differences between original estimates and final settlements or revised estimates.

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, 2022 and 2021, were approximately \$525,000 and \$301,000, respectively. The District did not receive any gifts or grants to subsidize charity services during 2022 and 2021.

9. CARES Act Provider Relief Fund:

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 grant revenue until eligible expenses or lost revenues are recognized. During the years ended December 31, 2022 and 2021, the District recognized \$1,000,000 and \$780,106 of grant revenue from these funds, respectively. The District had no remaining funds as of December 31, 2022.

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

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.

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:

2022				
	Levy Rate	Assessed Value		Total Levy Amount
		Real and Personal	Timber	
Bond	0.3594	\$ 1,803,577,464	\$ 523,933,295	\$ 836,417
Maintenance and operation	0.3725	\$ 1,825,804,569	\$ -	\$ 680,029
2021				
	Levy Rate	Assessed Value		Total Levy Amount
		Real and Personal	Timber	
Bond	0.5455	\$ 1,425,141,747	\$ 77,660,181	\$ 819,757
Maintenance and operation	0.4368	\$ 1,444,874,066	\$ -	\$ 631,157

As stated in note 6, during 2022 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.

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

11. Risk Management and Contingencies:

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

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

The District also has excess professional liability insurance with Physicians Insurance on a “claims-made” basis. The excess malpractice insurance provides \$4,000,000 per claim of primary coverage with an aggregate limit of \$4,000,000. 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- and \$136,623 dividend from the Public Hospital District Unemployment Compensation Trust in 2022 and 2021, respectively, which was offset against unemployment expense. Payments by the District charged to unemployment expense prior to the dividend were approximately \$35,000 and \$34,000 in 2022 and 2021, respectively.

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

Lewis County Public Hospital District No. 1
doing business as Arbor Health
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

12. Medical Self-insurance 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.

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

	2022	2021
Claim liability, beginning of year	\$ 151,723	\$ 167,854
Current year claims and changes in estimates	1,803,683	1,804,562
Claims payments	(1,805,220)	(1,820,693)
Claim liability, end of year	\$ 150,186	\$ 151,723

13. Concentration of Risks:

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 was as follows:

	2022	2021
Medicare	48 %	40 %
Medicaid	14	13
Other third-party payors	31	41
Patients	7	6
	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.

SINGLE AUDIT

AUDITORS' SECTION



INDEPENDENT AUDITORS' 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
doing business as Arbor Health
Morton, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial 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 doing business as Arbor Health (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated May 10, 2023.

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 the 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 the 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 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and 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 the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
May 10, 2023



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for the District's Major Federal Program

Opinion on The District's Major Federal Program

We have audited Lewis County Public Hospital District No. 1 doing business as Arbor Health's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal program for the year ended December 31, 2022. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of audit findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on The Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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 auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington

May 10, 2023

**Lewis County Public Hospital District No. 1
doing business as Arbor Health
Schedule of Audit Findings and Questioned Costs
Year Ended December 31, 2022**

Section I – Summary of Auditors’ Results

Financial Statements:

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ yes X no
___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Awards:

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ yes X no
___ yes X none reported

Type of auditors’ report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)?

___ yes X no

Identification of major federal program:

Federal Assistance Listing Number

Name of Federal Program or Cluster

93.498

Provider Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?

___ yes X no

Section II – Financial Statement Findings

No matters were reported for 2022.

Section III – Federal Award Findings and Questioned Costs

No matters were reported for 2022.

AUDITEE'S SECTION

**Lewis County Public Hospital District No. 1
doing business as Arbor Health
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Additional Award Identification	Federal Expenditures
U.S. Department of Health and Human Services Direct Programs:				
Provider Relief Fund and American Rescue Plan Rural Distribution	93.498		COVID-19	\$ 706,159
U.S. Department of Health and Human Services Pass-through Programs From:				
Washington State Department of Health				
Rural Health Research Centers	93.155	HS26394	COVID-19	252,684
Small Rural Hospital Improvement Grant Program	93.301	HSP25495-0		12,377
Total U.S. Department of Health and Human Services Pass-through Programs				265,061
Total U.S. Department of Health and Human Services				971,220
Total expenditures of federal awards			\$	971,220

See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.

Notes to the Schedule of Expenditures of Federal Awards:

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Lewis County Public Hospital District No. 1 doing business as Arbor Health (the District) under programs of the federal government for the year ended December 31, 2022. Amounts reported on the Schedule for Federal Assistance Listing Number 93.498 - Provider Relief Fund and American Rescue Plan Rural Distribution are based upon the December 31, 2022, Provider Relief Fund report. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

2. Summary of Significant Accounting Policies:

Expenditures reported on this Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Lewis County Public Hospital District No. 1
doing business as Arbor Health
Summary Schedule of Prior Year Audit Findings
Years Ended December 31, 2021 and 2022**

2021-001	Inconsistency in Lost Revenue Methodology	Corrected
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**Lewis County Public Hospital District No. 1
doing business as
Arbor Health**

Financial Indicators

December 31, 2022

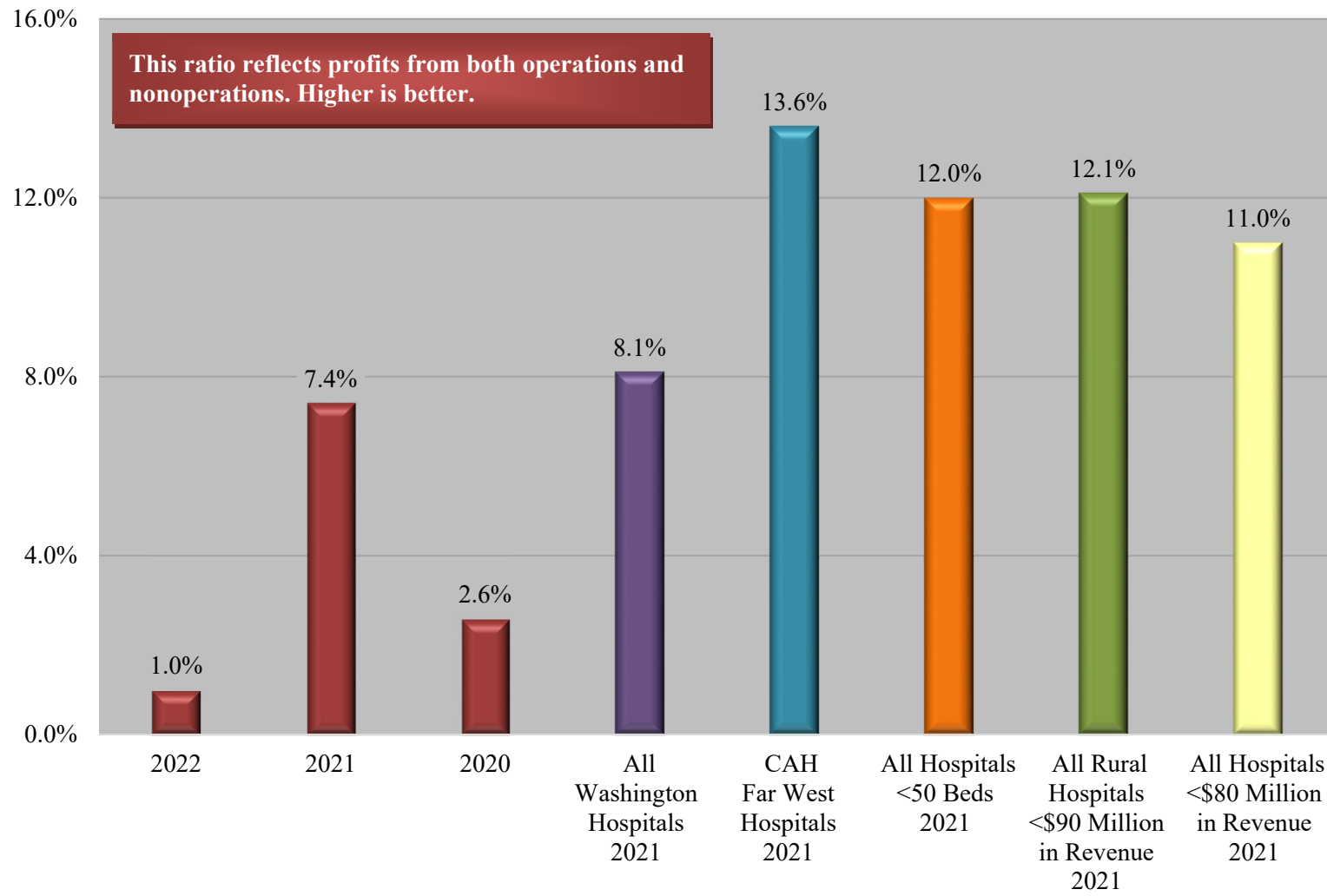


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Pg 47 Board Packet Chartered Accountants

Lewis County Public Hospital District No. 1
doing business as
Arbor Health

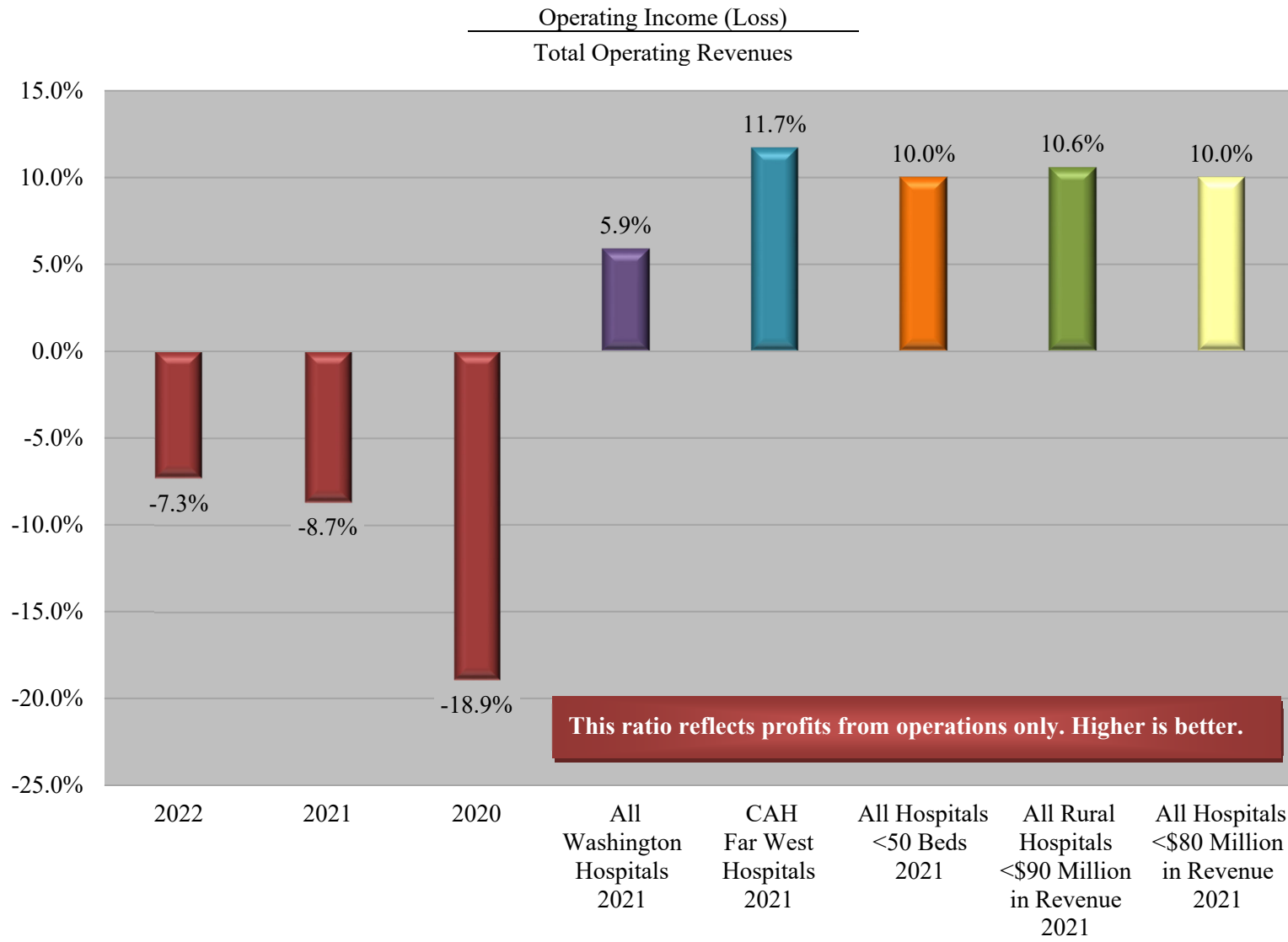
Total Margin

$$\frac{\text{Change in Net Position}}{\text{Total Revenues}}$$



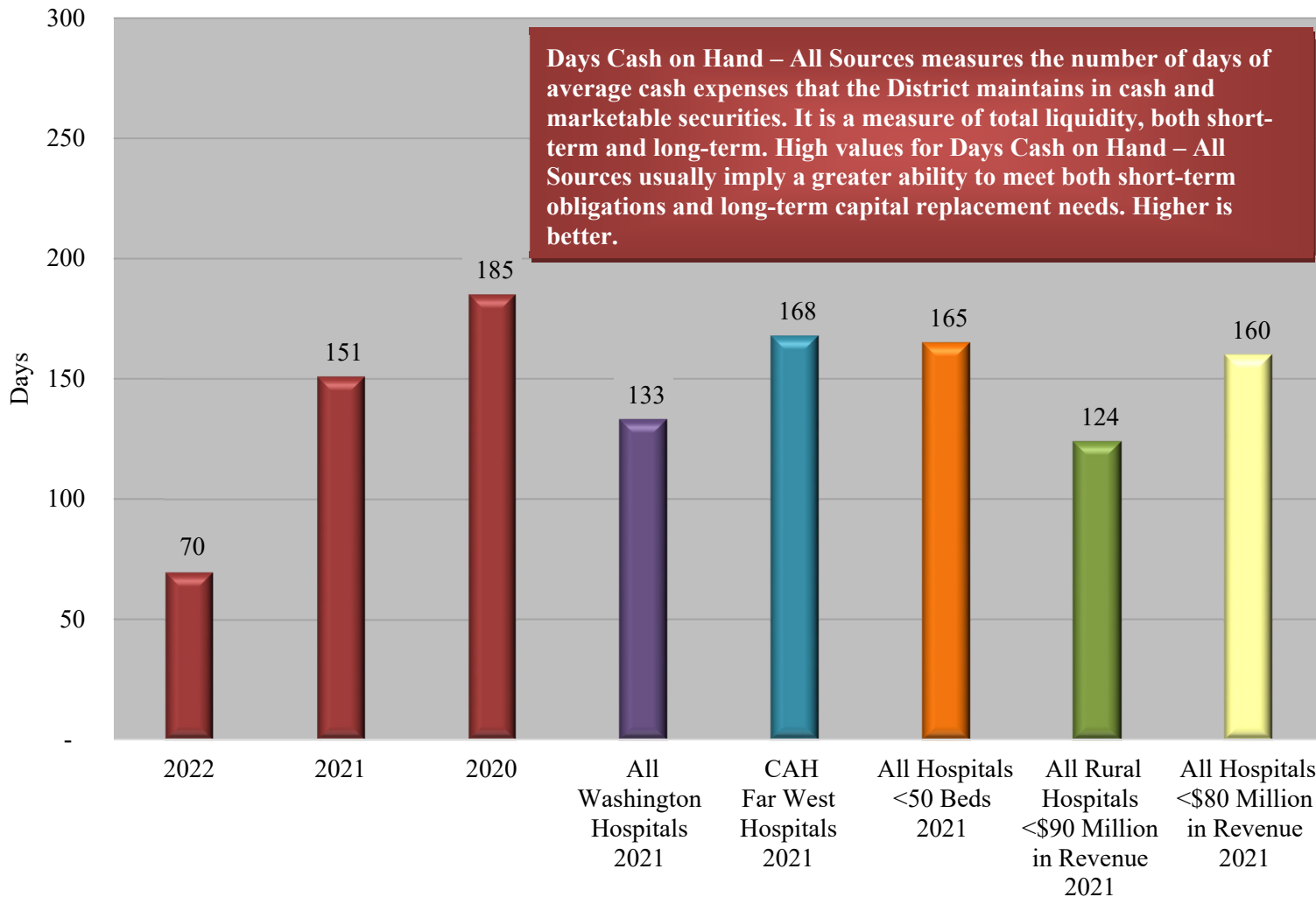
Lewis County Public Hospital District No. 1
doing business as
Arbor Health

Operating Margin



Days Cash on Hand – All Sources

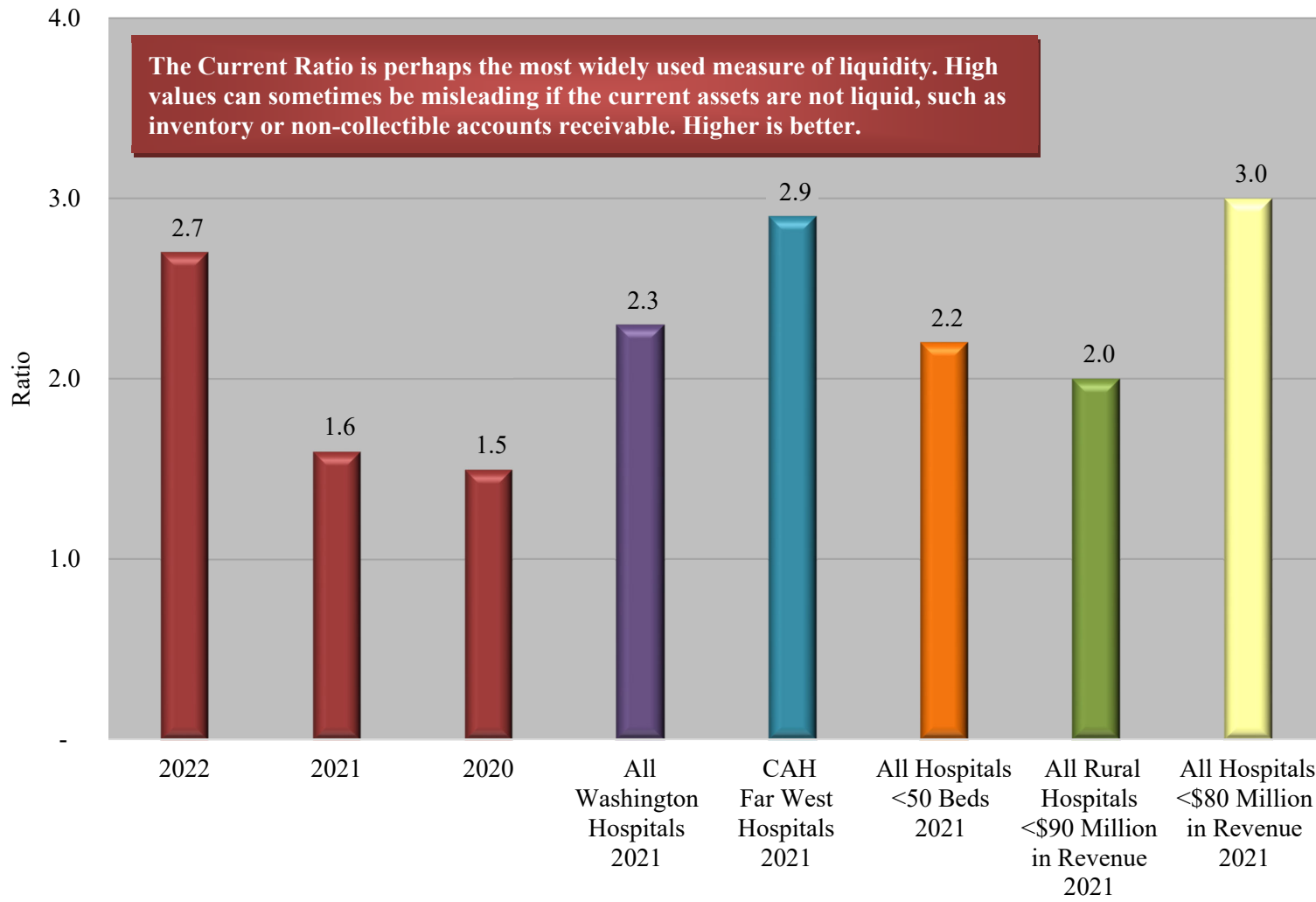
$$\frac{\text{Cash} + \text{Short-term Investments} + \text{Unrestricted Long-term Investments}}{(\text{Total Expenses} - \text{Depreciation}) / 365}$$



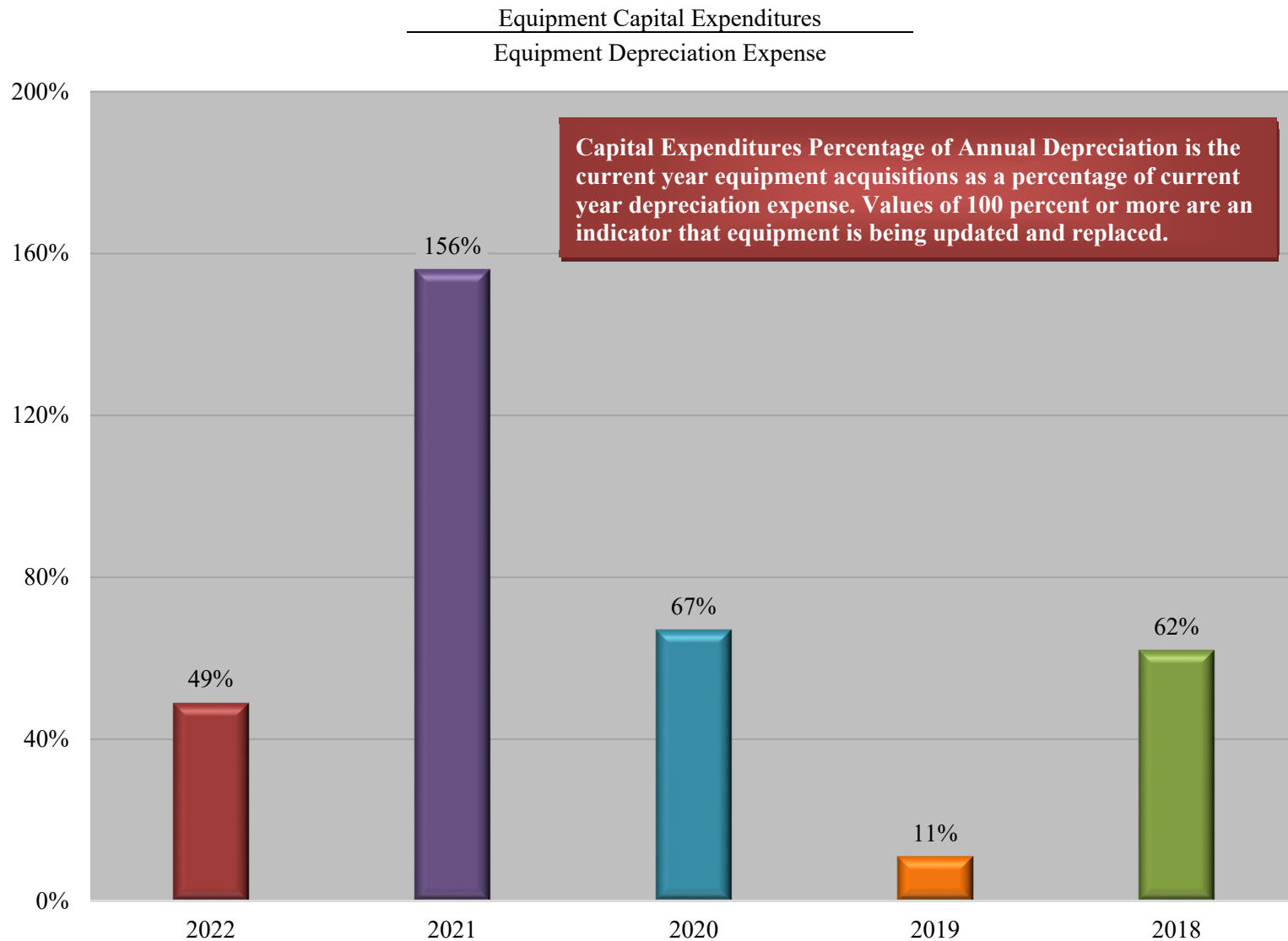
Lewis County Public Hospital District No. 1
doing business as
Arbor Health

Current Ratio

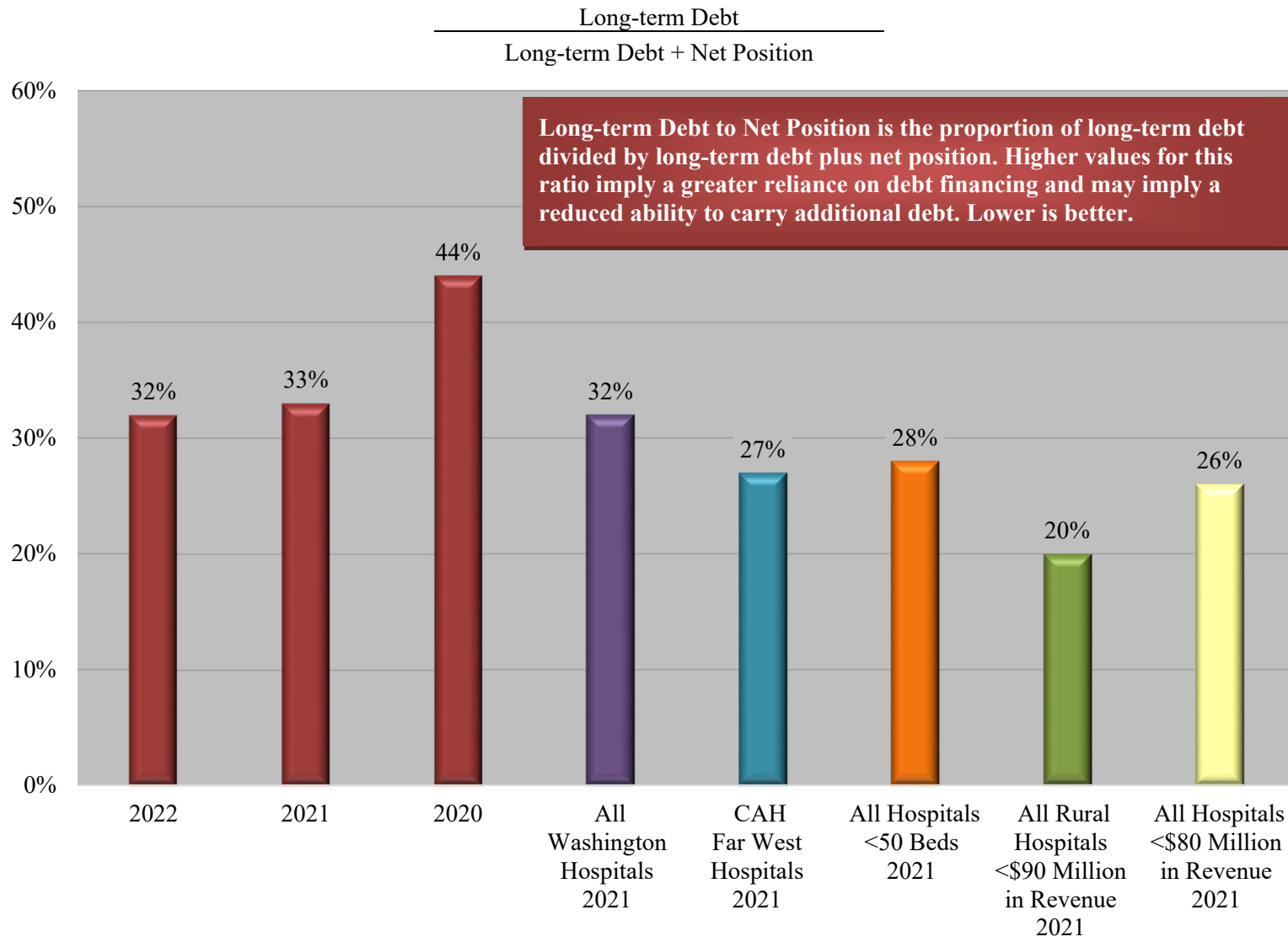
$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$



Capital Expenditures Percentage of Annual Depreciation



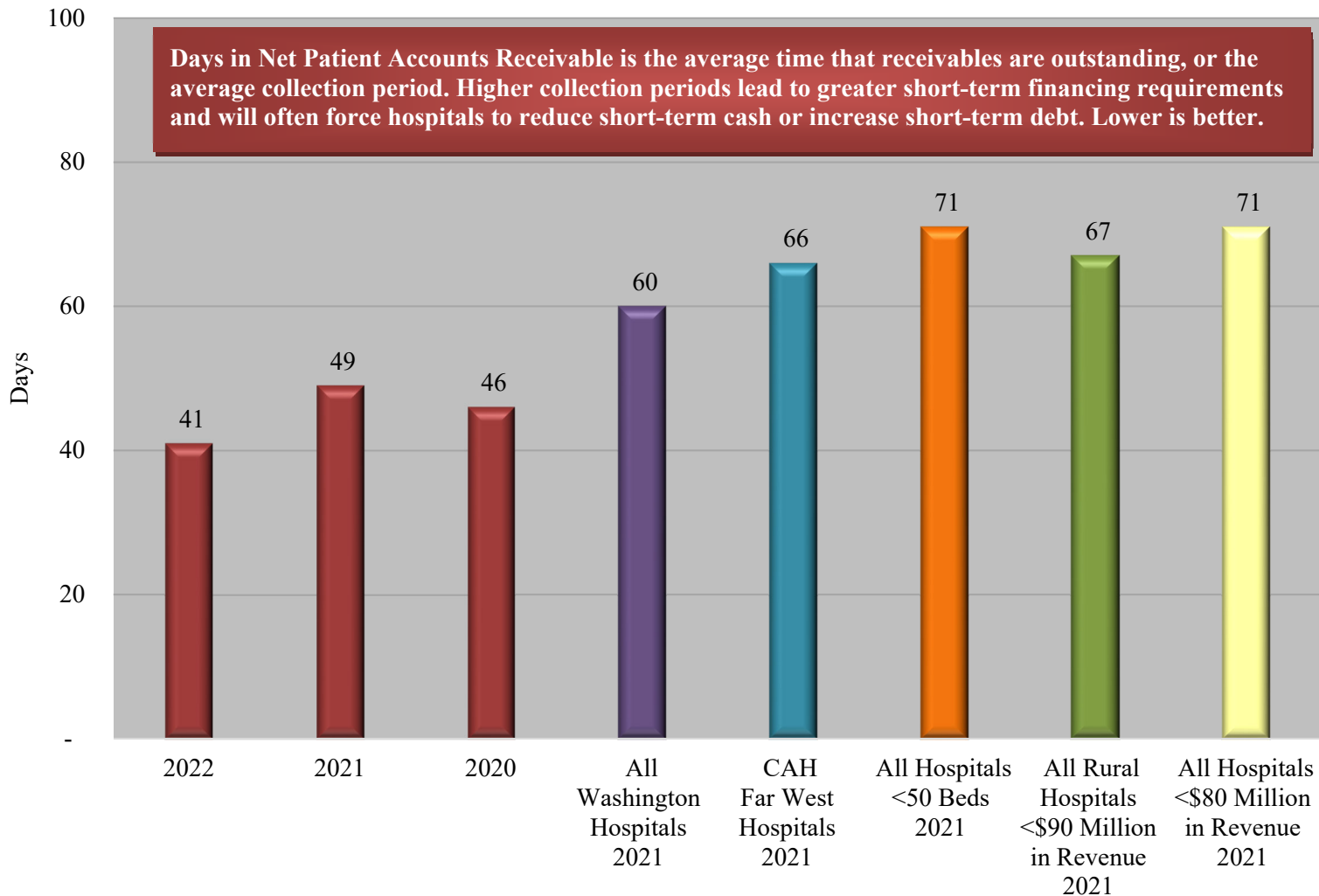
Long-term Debt to Net Position



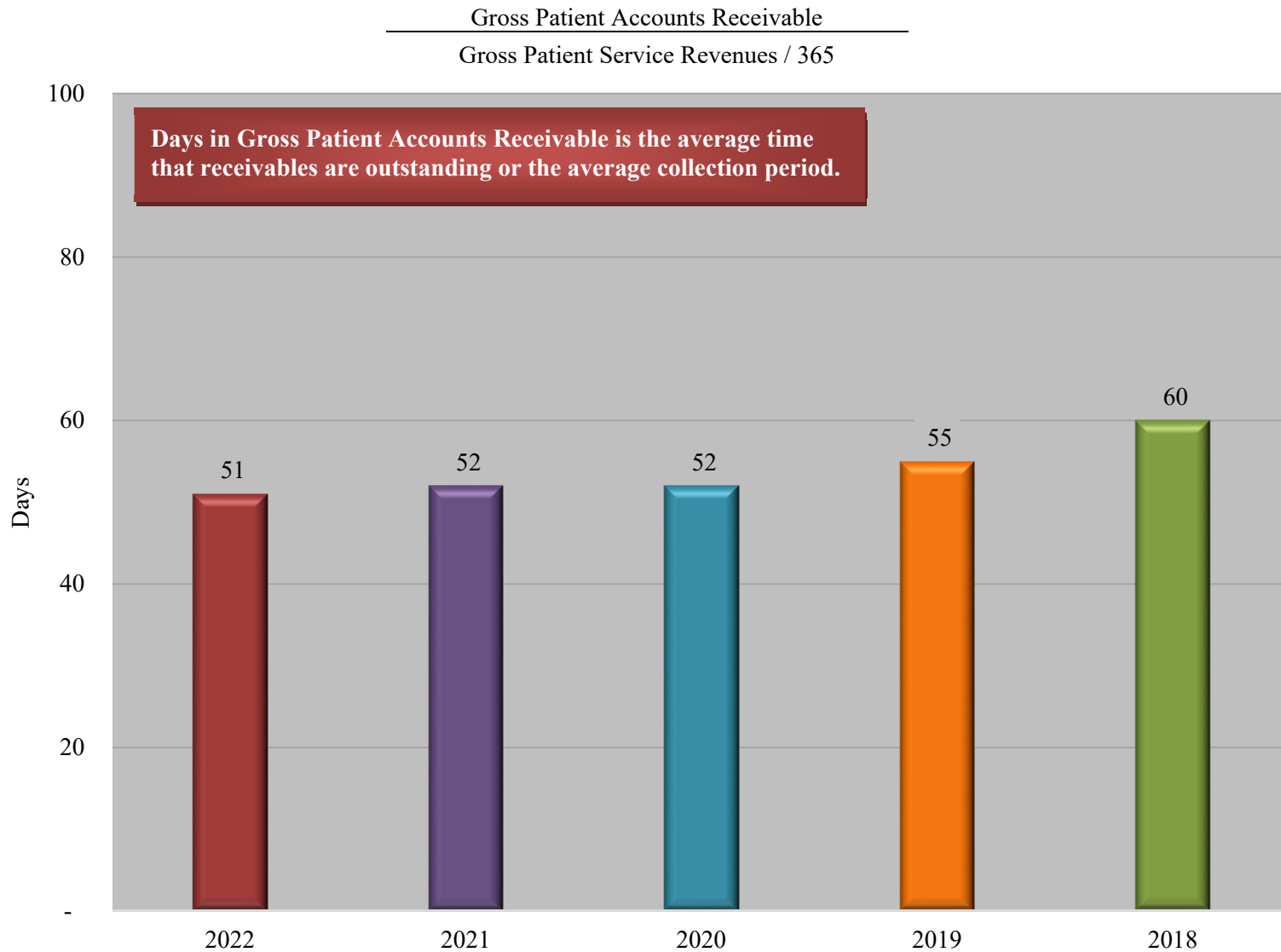
Days in Net Patient Accounts Receivable

Net Patient Accounts Receivable

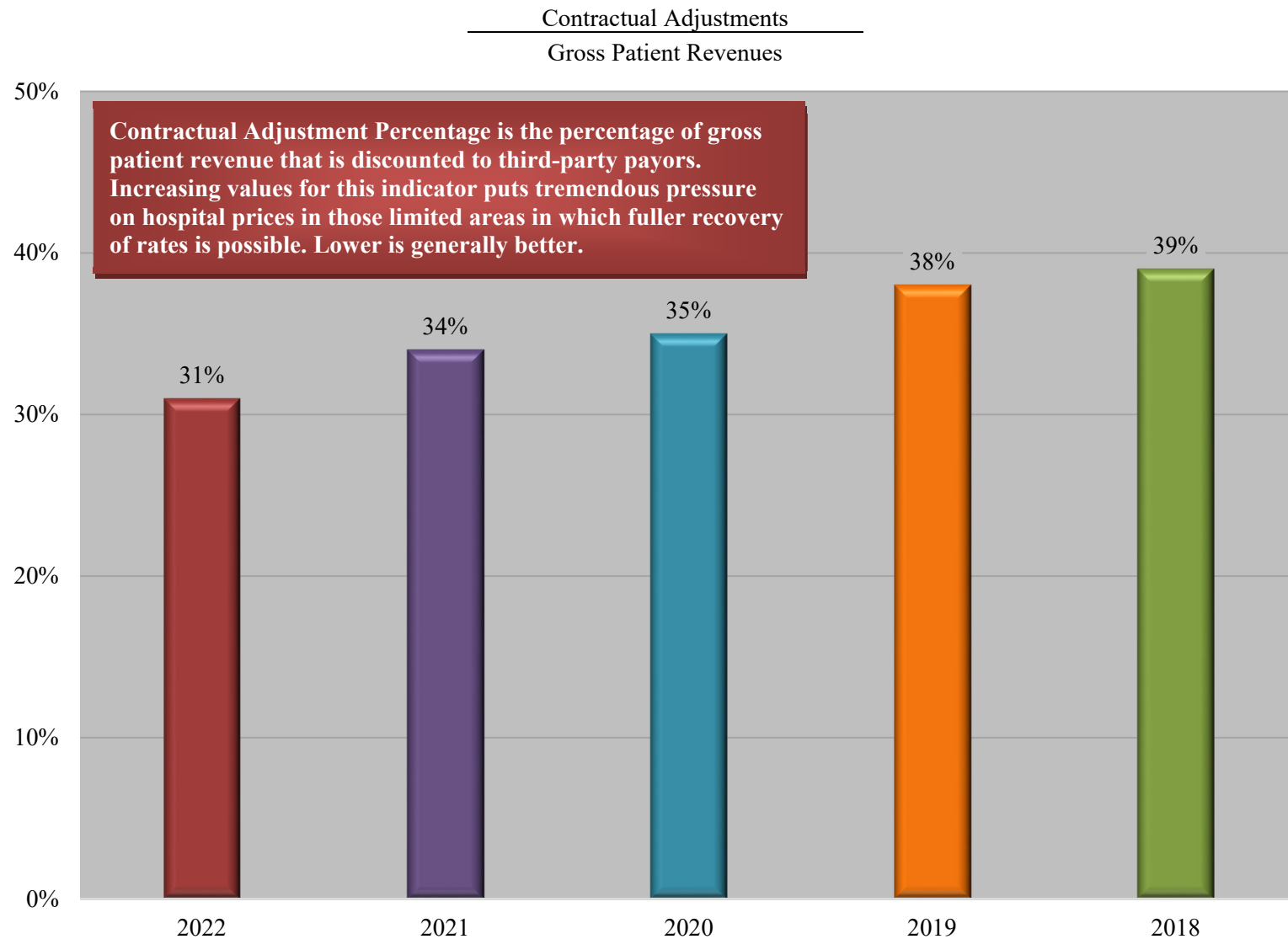
Net Patient Service Revenues / 365



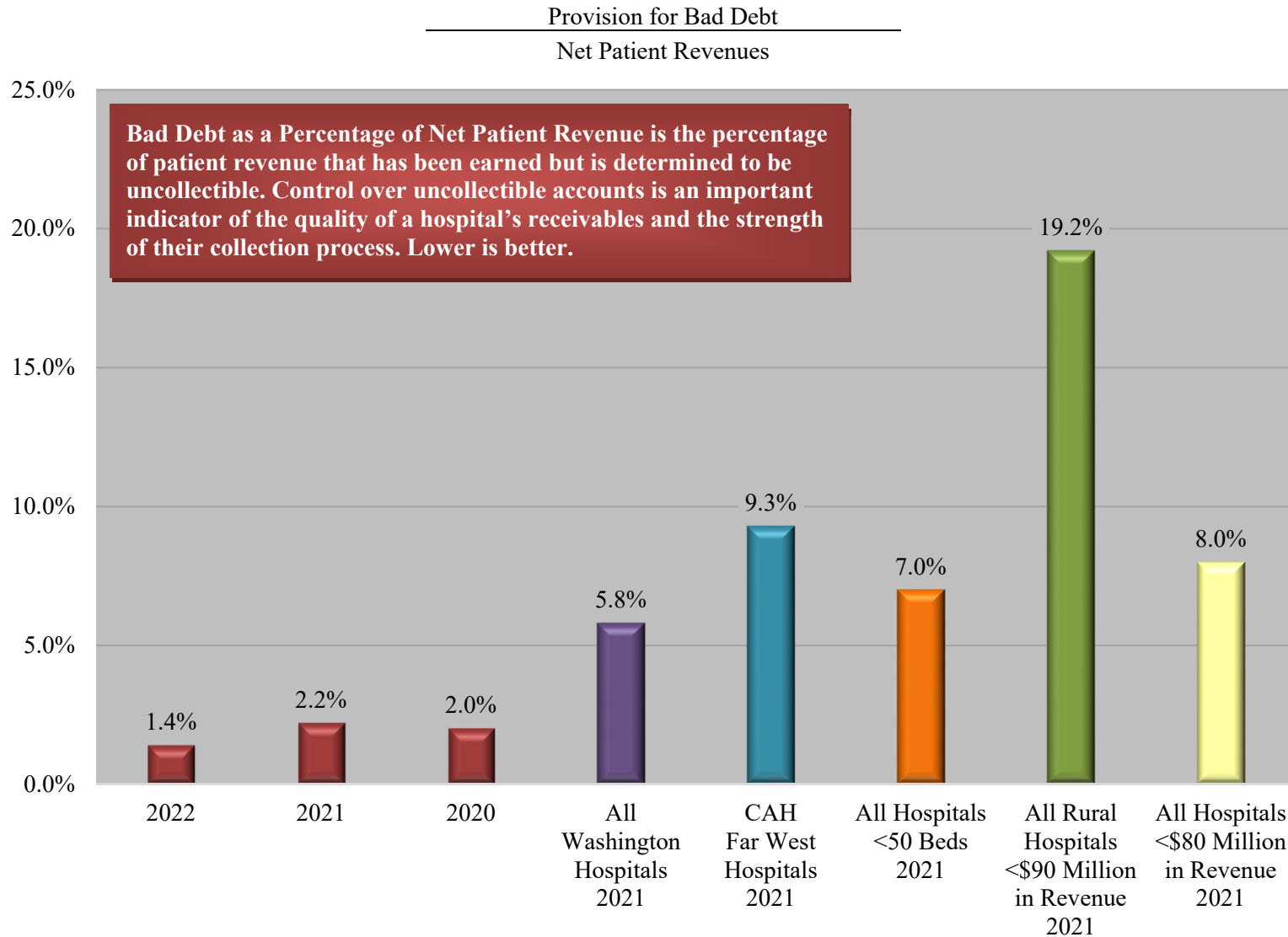
Days in Gross Patient Accounts Receivable



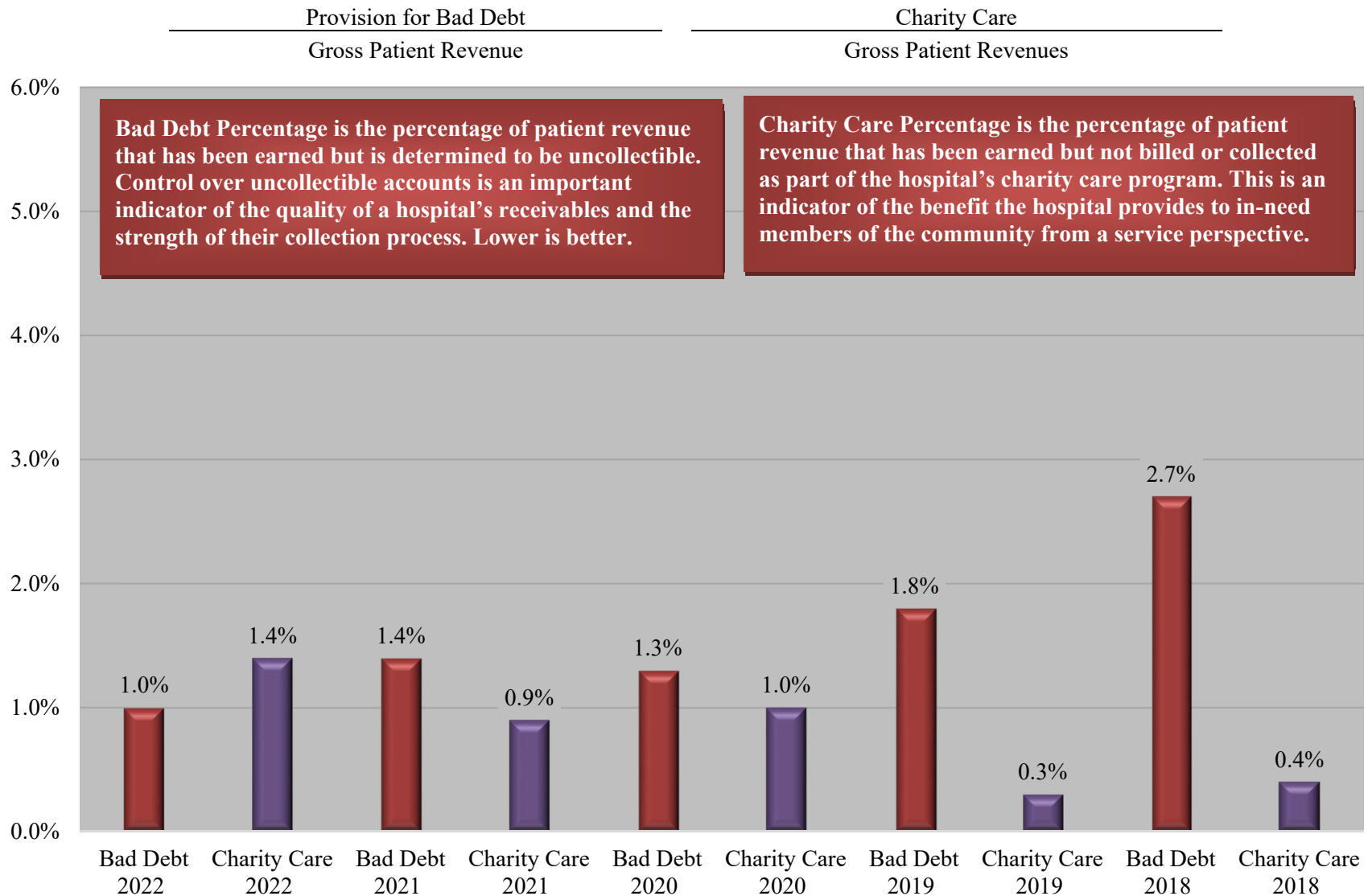
Contractual Adjustment Percentage



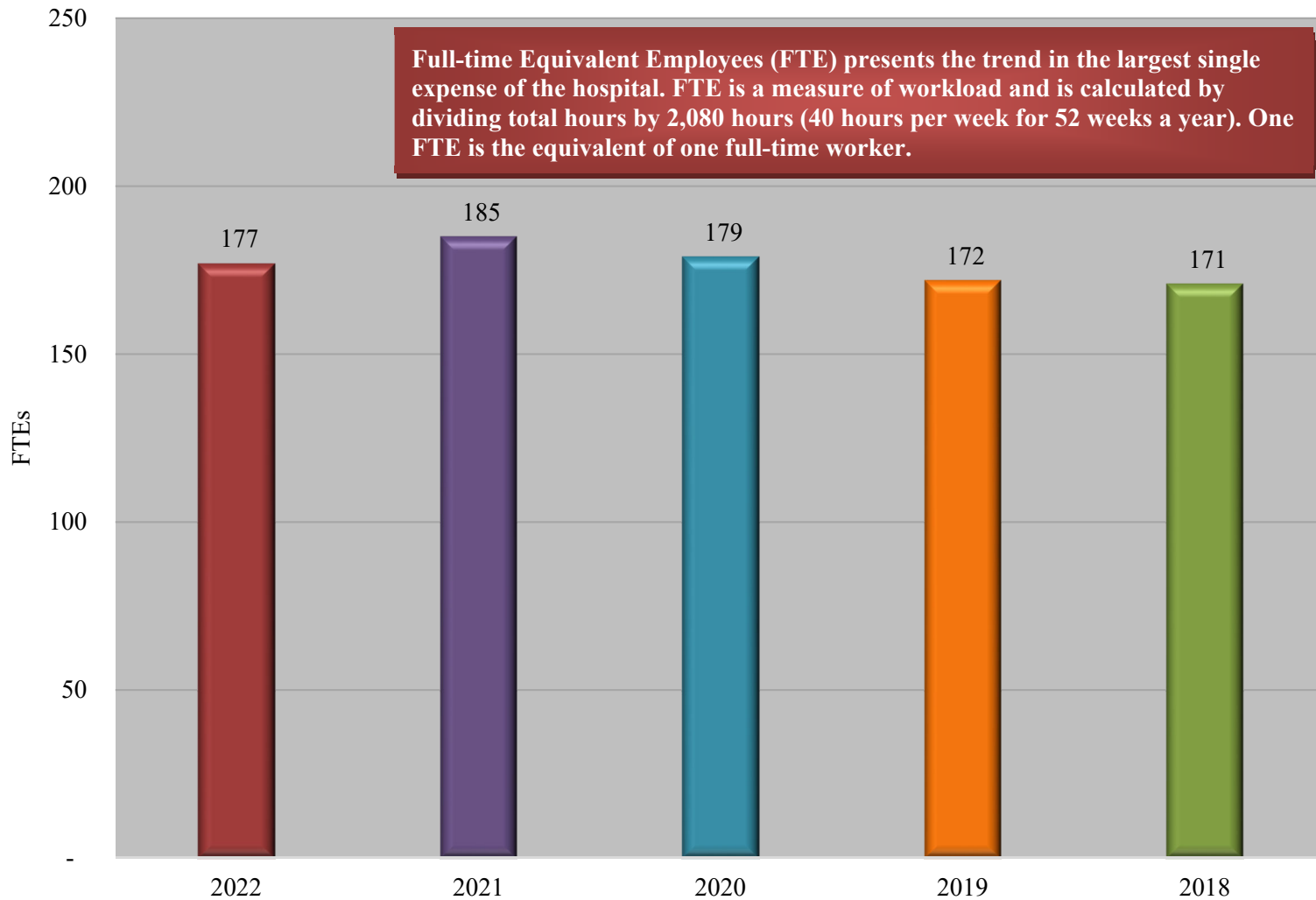
Bad Debt as a Percentage of Net Patient Revenue



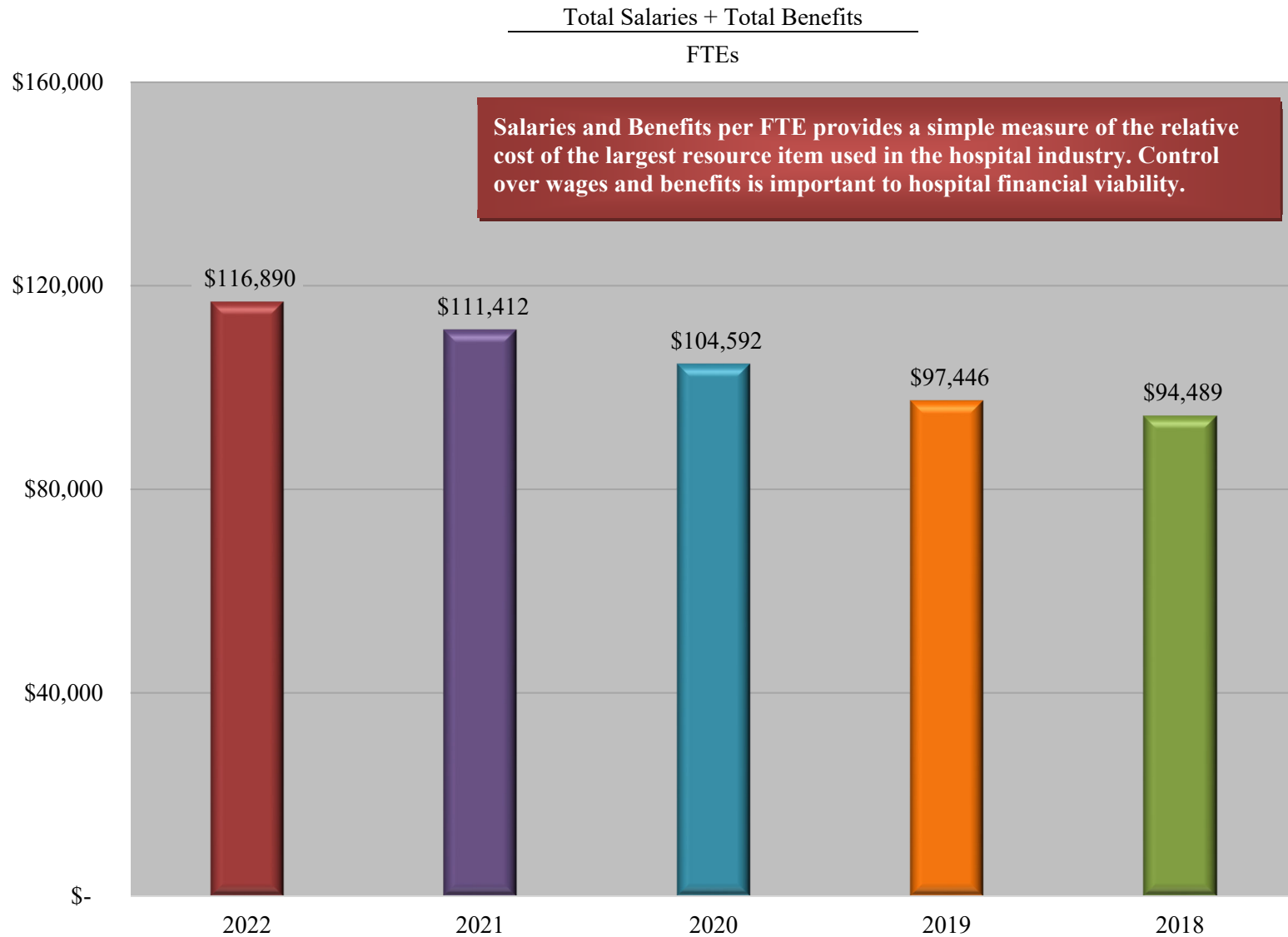
Bad Debt and Charity Care Percentage



Full-time Equivalent Employees (FTE)

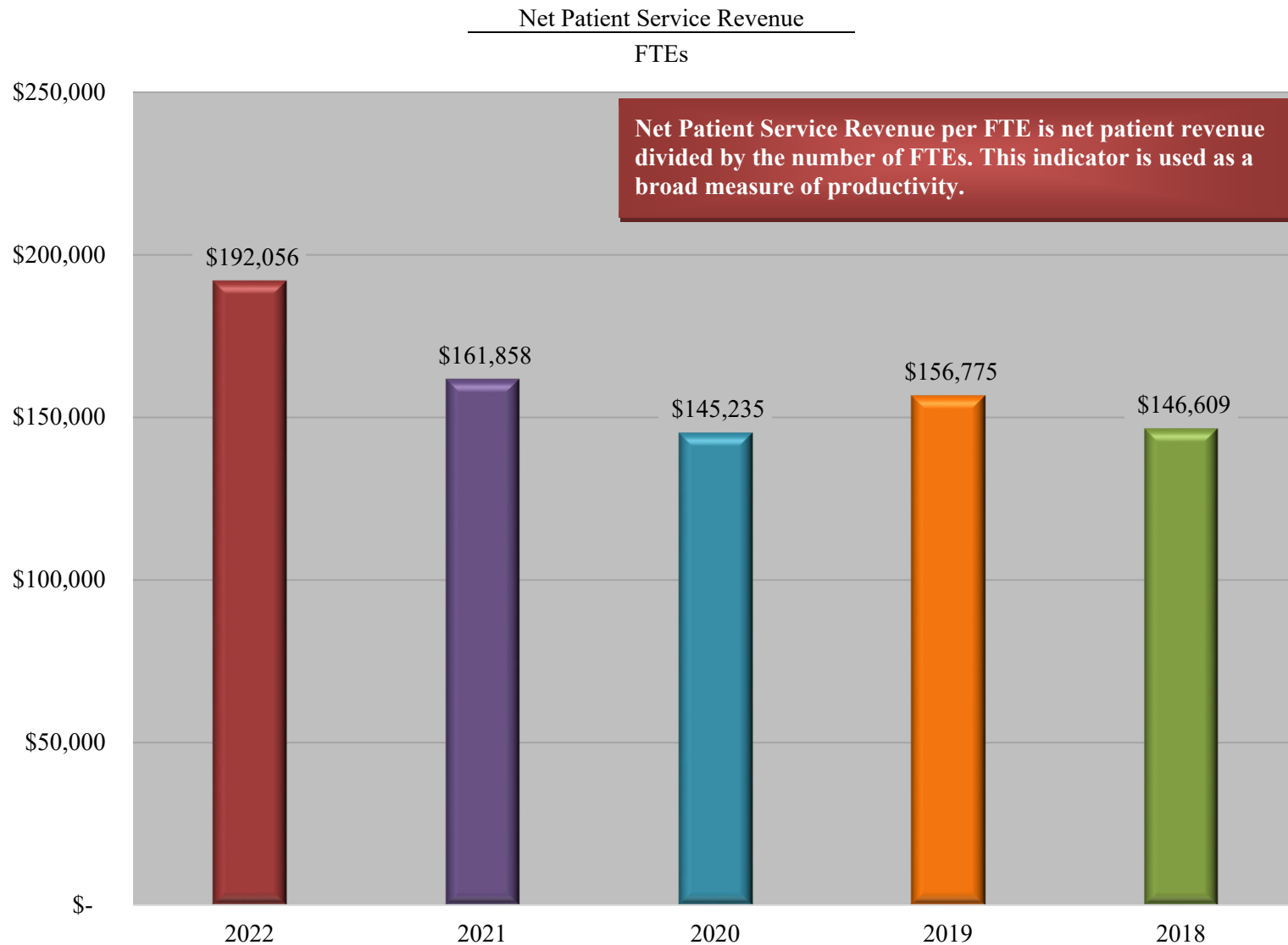


Salaries and Benefits per FTE



Lewis County Public Hospital District No. 1
doing business as
Arbor Health

Net Patient Service Revenue per FTE



DEPARTMENT SPOTLIGHT

Surgical Services

Kelly Hauser, Surgical Services Manager

Department Spotlight

May 31, 2023

Lewis County Hospital District No. 1

Program Overview



- Historically, Surgical Services was staffed with all RNs and no Surgical Technologists (Surgery Techs). Scheduled surgeries were restricted to 3 days/week with 12 hour shifts.
- In January 2022, as new providers, case complexity and volumes began increasing, the schedule was expanded to 4 days/week (Monday through Thursday) with 10 hours shifts/day and for increased scrub competencies, the staffing model evolved to include Surgical Techs. Unfortunately, the original RN staff chose to transfer out of the department to keep their preferred 12 hour shifts. As a result, to keep the department running, in 2022 we had to transition to traveler staff.
- We are currently staffed with travel RN's and Surgical Techs while beginning a gradual transition to permanent staff. In May, we hired 1 Surgical Tech and anticipate 1 Traveler RN converting to permanent staff this summer.

Program Overview

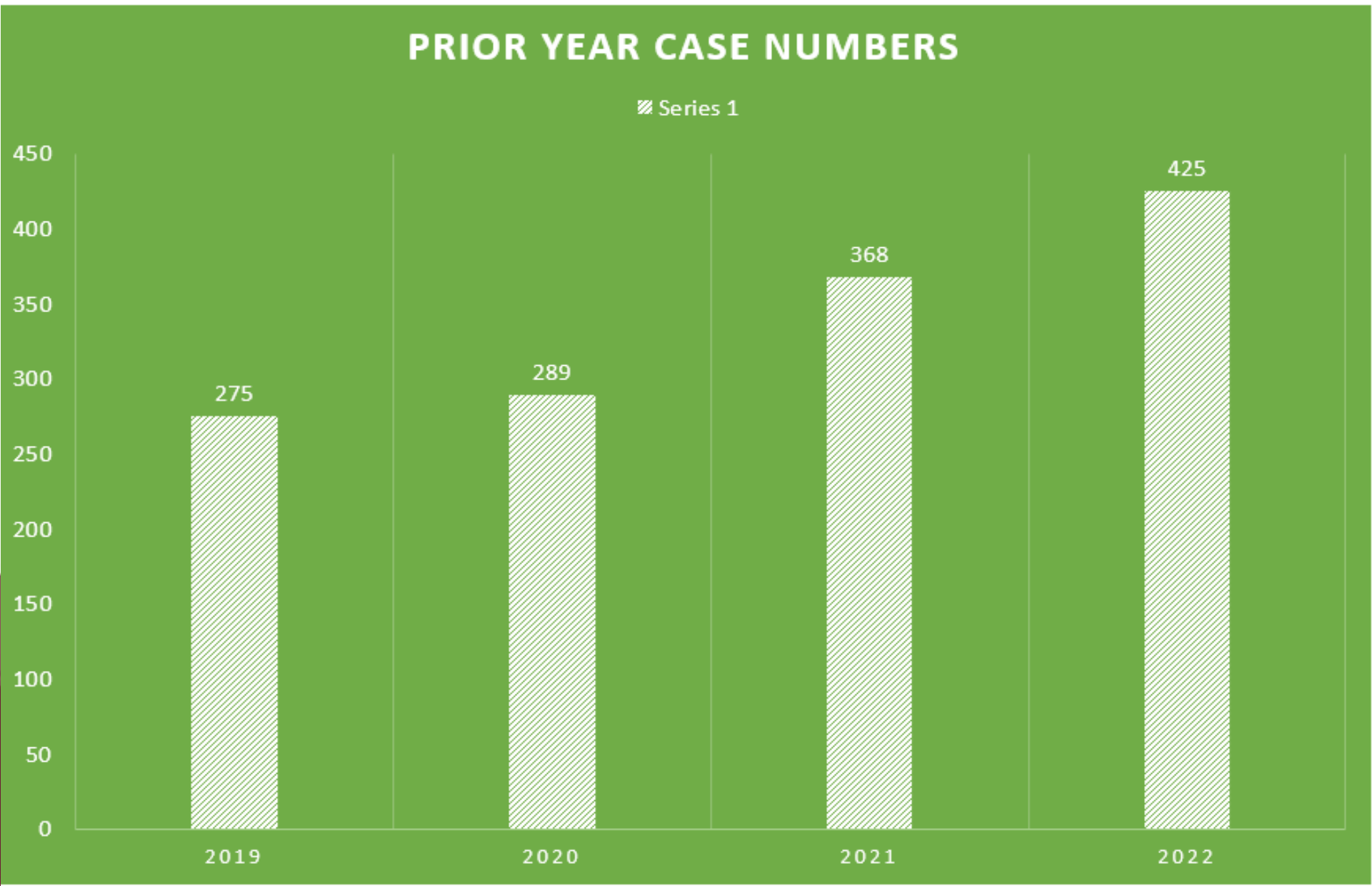


- Dr. Tom Anderson is our General Surgeon and Medical Director for the Department.
- Additional providers include:
 - Dr. Anthony Fritz performs colonoscopies and endoscopies,
 - Dr. Garrett Peresko performs podiatric foot and ankle procedures,
 - Dr. Robert Williams performs minor orthopedics and
 - Dr. Ester Park-Hwang performs gynecological procedures.
- Two full time CRNAs (Nurse Anesthetists) provide anesthesia services – Amy Neilson and Todd Nelson. CRNAs can practice independent of an Anesthesiologist in the state of Washington.
- We are looking to add more surgeons (if possible) and expanded call coverage to the schedule as we get more fulltime staff.

What Our Department Offers Lewis County



- General surgical procedures
- Upper and Lower Endoscopy & Colon Screening
- Outpatient Infusion Therapy
- Blood Administration
- Injections
- Therapeutic Phlebotomy
- Port/Central line care



2023 Successes

- Hired fulltime working manager in March 2023.
- Hired 1 Surgical Technologist fulltime in May 2023.
- Complete overhaul of Cerner surgeon preference cards, scheduling, and charge integration in Cerner perioperative documentation resulting in enhanced charge capture.
- Developed functional system for Biologics/Implants tracking and charge mechanisms to increase reimbursement for very expensive products.

Current Projects

- Updating the Level Charges from 2012 – It has been many years since we have looked at market values for current procedures
- Building billable codes in Cerner for equipment and materials used during procedures
- Educating travelers/new staff on Cerner so that documentation and billing are accurate
- Making the charge system easier for staff to utilize
- Improving on the ability to capture the increases in our annual revenue





Equipment Wish List

Investments/Upgrades

- Neptune System – This is a system that manages large amounts of water.
- The Neptune System can be used for any type of OR suction needs. It best handles the large amounts of water (Saline) used in orthopedic arthroscopy procedures.
- The system requires a built-in docking station and the portable suction unit. Current estimates on project \$34,000.00



Our department is still growing
and has excellent potential

Thank you



BOARD COMMITTEE REPORTS

Meeting Agenda

May 9th, 2023

1. Call to order -

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

Kip Henderson, Bonnie Justice, Mark Fisher, Jeannine Walker, Louise Fisher, Lynn Bishop, Mia Riffe, Commissioner Kim Olive, Gwen Turner, Shannon Kelly, Christine Brower, Lenee Langdon, Jessica Scoggin

- **EXCUSED ABSENCES: none**

2. Approval of Treasurer's Report and April Minutes

Motion to approve treasurers report and minutes of the April minutes by Kipp Henderson and Jeanine Walker. Motion carries.

3. Administrators Report- Strategic planning since last meeting. Well attended. CEO search is still under way, the board is still reviewing qualifications of candidates, two candidates. Special board meeting next Monday, hopefully there will be information on that at that meeting. Packwood clinic had their open house, well attended. Clinic is open Tuesday – Friday, staffed by a Physican's Assistant.

4. Director report:

- Packwood Race report – 26 participants
- Report from non-for-profit conference – ideas for board education, an idea to have people join the foundation in the capacity of “friends of foundation” vs becoming a director.
- Woman's luncheon, need for donations etc. – advertised in the papers, on tv, post cards, June 3rd, Senior Center. Ticket Raffle – donations needed, related to women's health (chocolate, bubble bath, massage, spa) by June 2nd. Lemon Tree doing the sandwiches, and Paula Baker will do the salad, cake from the Morton market. Gift shop is 20% off this week for Mother's Day.
- Summit Pacific cycling race sponsorship – looks like we're too late to have a team this year

5. Old Business:

Hospital support agreement- with the hospital lawyer for review

Name plate criteria – Marc has a board ready with 7 names that need to be added.

Other names were suggested. We are going to go with a smaller board to start. Brass plates.

6. New Business: Signatures for bank account is being taken care of. Gerri Maize has been removed.

7. Next meeting: June 13th (Dinner) – Potluck at the Conference room at the Hospital.

Lewis County Hospital District No. 1
Income Statement
April, 2023

CURRENT			MONTH			YEAR TO DATE				
Pr Yr Month	% Var	\$ Var	Budget	Actual		Actual	Budget	\$ Var	% Var	Actual
632,814	-16%	(163,245)	1,006,326	843,081	Inpatient Revenue	3,079,562	4,051,202	(971,640)	-24%	2,807,532
2,834,505	-1%	(26,424)	3,429,403	3,402,979	Outpatient Revenue	13,906,369	13,744,718	161,650	1%	11,909,868
463,129	-19%	(108,334)	570,104	461,770	Clinic Revenue	2,025,800	2,265,684	(239,884)	-11%	1,706,284
3,930,448	-6%	(298,002)	5,005,832	4,707,830	Gross Patient Revenues	19,011,730	20,061,604	(1,049,874)	-5%	16,423,683
1,524,917	0%	4,308	1,823,778	1,819,469	Contractual Allowances	6,656,759	7,375,553	718,794	10%	5,154,798
28,853	50%	24,570	49,075	24,505	Charity Care	210,094	200,343	(9,751)	-5%	127,877
(4,702)	15%	3,047	20,617	17,570	Bad Debt	330,141	76,418	(253,723)	-332%	55,465
1,549,067	2%	31,925	1,893,470	1,861,545	Deductions from Revenue	7,196,995	7,652,314	455,319	6%	5,338,140
2,381,382	-9%	(266,077)	3,112,362	2,846,284	Net Patient Service Rev	11,814,735	12,409,290	(594,555)	-5%	11,085,543
60.6%	2.8%	1.7%	62.2%	60.5%	NPSR %	62.1%	61.9%	-0.3%	-0.5%	67.5%
62,000	-30%	(30,626)	103,429	72,802	Other Operating Revenue	336,936	413,715	(76,779)	-19%	384,311
2,443,382	-9%	(296,704)	3,215,790	2,919,087	Net Operating Revenue	12,151,672	12,823,005	(671,333)	-5%	11,469,854
Operating Expenses										
1,518,834	7%	141,353	1,934,210	1,792,857	Salaries & Wages	7,310,860	7,686,782	375,921	5%	6,615,246
419,022	-2%	(7,171)	381,969	389,140	Benefits	1,507,002	1,577,141	70,139	4%	1,642,437
140,572	14%	20,636	146,762	126,126	Professional Fees	477,083	537,912	60,829	11%	473,691
186,934	6%	13,809	217,493	203,684	Supplies	991,905	899,462	(92,443)	-10%	830,861
293,286	33%	130,519	398,488	267,969	Purchase Services	1,385,265	1,691,446	306,181	18%	1,447,370
35,514	13%	5,702	44,557	38,855	Utilities	185,011	178,853	(6,158)	-3%	185,189
23,231	6%	1,989	30,695	28,706	Insurance	114,694	122,779	8,086	7%	91,791
28,423	19%	11,188	60,096	48,908	Other Expenses	181,677	337,093	155,416	46%	147,150
2,645,816	10%	318,025	3,214,269	2,896,244	EBDITA Expenses	12,153,496	13,031,467	877,971	7%	11,433,734
(202,434)	1401%	21,321	1,522	22,843	EBDITA	(1,824)	(208,462)	206,638	-99%	36,120
-8.3%	-1553.8%	-0.7%	0.0%	0.8%	EBDITA %	0.0%	-1.6%	-1.6%	99.1%	0.3%
Capital Cost										
108,943	-30%	(29,764)	99,956	129,720	Depreciation	449,889	391,600	(58,289)	-15%	430,658
32,511	0%	(69)	28,991	29,059	Interest Cost	116,503	115,957	(546)	0%	133,881
2,787,270	9%	288,192	3,343,215	3,055,023	Operating Expenses	12,719,888	13,539,023	819,135	6%	11,998,274
(343,888)	7%	(8,512)	(127,425)	(135,936)	Operating Income / (Loss)	(568,216)	(716,018)	147,802	-21%	(528,420)
-14.1%			-4.0%	-4.7%	Operating Margin %	-4.7%	-5.6%			-4.6%
0	0%	0	0	0	Mcare/Mcaid Pr Yr	33,392	0	(33,392)	0%	0
Non Operating Activity										
175,244	45%	37,146	81,737	118,883	Non-Op Revenue	593,051	326,947	266,103	81%	607,988
3,821	-10%	(361)	3,788	4,149	Non-Op Expenses	20,638	15,153	(5,485)	-36%	18,187
171,423	47%	36,785	77,949	114,734	Net Non Operating Activity	572,413	311,794	260,618	84%	589,801
(172,465)	-57%	28,273	(49,476)	(21,203)	Net Income / (Loss)	37,588	(404,224)	441,812	-109%	61,381
-7.1%			-1.5%	-0.7%	Net Income Margin %	0.3%	-3.2%			0.5%

Lewis County Public Hospital District No. 1

Balance Sheet

April, 2023

	<u>Current Month</u>	<u>Prior-Month</u>	<u>Prior-Year end</u>	<u>Incr/(Decr) From PrYr</u>
Assets				
Current Assets:				
Cash	\$ 4,845,512	5,334,122	5,055,656	(210,144)
Total Accounts Receivable	8,417,413	7,994,232	7,508,625	908,788
Reserve Allowances	<u>(4,119,258)</u>	<u>(4,088,324)</u>	<u>(3,362,569)</u>	<u>(756,689)</u>
Net Patient Accounts Receivable	4,298,155	3,905,909	4,146,056	152,099
 Taxes Receivable	 215,483	 216,600	 52,607	 162,875
Estimated 3rd Party Receivables	(14,000)	(14,000)	(11,605)	(2,395)
Prepaid Expenses	281,683	279,681	324,031	(42,348)
Inventory	255,111	257,683	253,658	1,452
Funds in Trust	1,738,547	1,728,952	1,711,559	26,988
Other Current Assets	<u>180,860</u>	<u>184,261</u>	<u>180,415</u>	<u>445</u>
Total Current Assets	<u>11,801,350</u>	<u>11,893,207</u>	<u>11,712,378</u>	<u>88,973</u>
Property, Buildings and Equipment	34,954,581	34,907,309	34,963,861	(9,280)
Accumulated Depreciation	<u>(24,857,887)</u>	<u>(24,754,208)</u>	<u>(24,491,062)</u>	<u>(366,824)</u>
Net Property, Plant, & Equipment	10,096,695	10,153,102	10,472,799	(376,104)
Right-of-use assets	662,848	685,628	681,064	(18,216)
Other Assets	<u>169,514</u>	<u>169,514</u>	<u>167,514</u>	<u>2,000</u>
 Total Assets	 <u><u>\$ 22,730,408</u></u>	 <u><u>22,901,451</u></u>	 <u><u>23,033,755</u></u>	 <u><u>(303,347)</u></u>
Liabilities				
Current Liabilities:				
Accounts Payable	863,740	1,418,581	697,151	166,588
Accrued Payroll and Related Liabilities	691,129	444,832	1,312,233	(621,105)
Accrued Vacation	837,333	800,856	716,055	121,278
Third Party Cost Settlement	16,162	(124,671)	(69,226)	85,389
Interest Payable	106,955	80,216	0	106,955
Current Maturities - Debt	865,842	865,842	865,842	0
Other Payables	<u>12,016</u>	<u>10,506</u>	<u>26,555</u>	<u>(14,539)</u>
Current Liabilities	<u>3,393,177</u>	<u>3,496,162</u>	<u>3,548,610</u>	<u>(155,434)</u>
Total Notes Payable	985,713	1,010,863	1,086,048	(100,335)
Lease Liability	345,826	367,640	431,433	(85,607)
Net Bond Payable	4,732,815	4,732,705	4,732,375	440
Total Long Term Liabilities	<u>6,064,354</u>	<u>6,111,208</u>	<u>6,249,856</u>	<u>(185,502)</u>
 Total Liabilities	 <u><u>9,457,530</u></u>	 <u><u>9,607,371</u></u>	 <u><u>9,798,466</u></u>	 <u><u>(340,935)</u></u>
 General Fund Balance	 13,235,289	 13,235,289	 13,235,289	 0
Net Gain (Loss)	<u>37,588</u>	<u>58,791</u>	<u>0</u>	<u>37,588</u>
Fund Balance	<u><u>13,272,878</u></u>	<u><u>13,294,080</u></u>	<u><u>13,235,289</u></u>	<u><u>37,588</u></u>
 Total Liabilities And Fund Balance	 <u><u>\$ 22,730,408</u></u>	 <u><u>22,901,451</u></u>	 <u><u>23,033,755</u></u>	 <u><u>(303,347)</u></u>

Arbor Health

2023 Forecast

	2023 Budget	Jan-Apr Actual	May - Dec Budget	2023 Forecast
Inpatient Revenues	12,161,942	3,079,562	7,094,426	10,173,988
Outpatient Revenues	41,422,451	13,906,369	24,162,958	38,069,327
Clinic Revenues	6,827,441	2,025,800	3,982,651	6,008,451
Gross patient Revenue	60,411,834	19,011,731	35,240,035	54,251,766
Deductions from Revenues	23,258,558	7,163,603	13,567,415	20,731,018
	39%	38%	39%	38%
Net Patient Revenues	37,153,276	11,848,128	21,672,620	33,520,748
Other Operating Revenue	1,166,500	336,936	680,454	1,017,390
Total Operating Revenues	38,319,776	12,185,064	22,353,075	34,538,139
Operating Expenses				
Salaries & Wages	22,836,207	7,310,860	13,321,045	20,631,905
Benefits	4,747,575	1,507,002	2,769,403	4,276,405
Professional Fees	1,640,308	477,083	956,841	1,433,924
Supplies	2,784,239	991,905	1,624,130	2,616,035
Purchase Services	4,997,842	1,385,265	2,915,391	4,300,656
Utilities	562,930	185,011	328,374	513,385
Insurance	368,338	114,694	214,863	329,557
Other Expenses	763,509	181,676	445,378	627,054
Depreciation	1,233,070	449,889	719,287	1,169,176
Interest Cost	347,866	116,503	202,921	319,424
Operating Expenses	40,281,884	12,719,888	23,497,631	36,217,519
Operating Income	(1,962,108)	(534,824)	(1,144,556)	(1,679,380)
	-5%	-4%	-5%	-5%
Non Operating Activity				
Non-Operating Income	814,378	457,679	475,054	932,733
	(1,147,730)	(77,145)	(669,503)	(746,648)

Forecast impact on budget improvement initiatives

8 Months of:

At Risk Pay 150,000

Lab Director 65,000

Potential

340b Review 90,000

Care Coordinator 50,000

(391,648)

CONSENT AGENDA



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

April 21, 2023 at 9:00 a.m.

Conference Rooms 1 & 2 or via ZOOM

<https://myarborhealth.zoom.us/j/81930628037>

Meeting ID: 819 3062 8037

One tap mobile: +12532158782,,81930628037#

Dial: +1 253 215 8782

Mission Statement

To foster trust and nurture a healthy community.

Vision Statement

To provide accessible, quality healthcare.

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
Call to Order Roll Call Reading the Mission & Vision Statements	Board Chair Herrin called the meeting to order at 9:00 a.m. Commissioners present: <input checked="" type="checkbox"/> Tom Herrin, Board Chair <input checked="" type="checkbox"/> Kim Olive, Secretary <input checked="" type="checkbox"/> Wes McMahan <input checked="" type="checkbox"/> Craig Coppock <input checked="" type="checkbox"/> Trish Frady Others present: <input checked="" type="checkbox"/> Mike Lieb, Interim Superintendent <input checked="" type="checkbox"/> Shana Garcia, Executive Assistant <input checked="" type="checkbox"/> Robert Mach, Candidate #1			
Conflicts of Interest	Board Chair Herrin asked the Board to state any conflicts of interest with today's agenda.	None noted.		
Reading of the Notice of the Special Meeting	Board Chair Herrin read the special board meeting notice.			
Executive Session- <i>RCW 42.30.110 (g)</i> <ul style="list-style-type: none">To evaluate the qualifications	Board Chair Herrin announced going into Executive Session at 9:05 a.m. for one hour and 55 minutes for RCW 42.30.110 (g) to evaluate the qualifications of an applicant for public employment.			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
of an applicant for public employment.	The Board returned to open session at 11:00 a.m. Board Chair Herrin noted no decisions were made in Executive Session.			
Adjournment	Commissioner Frady moved and Commissioner Coppock seconded to adjourned at 11:01 a.m. The motion passed unanimously.			

Respectfully submitted,

Kim Olive, Secretary

Date



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

April 26, 2023, at 3:30 p.m.

Conference Room 1 & 2 or via ZOOM

<https://myarborhealth.zoom.us/j/83863847363>

Meeting ID: 838 6384 7363

One tap mobile: +12532158782,,83863847363#

Dial: +1 253 215 8782

Mission Statement

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Vision Statement

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AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
Call to Order Roll Call Unexcused/Excused Absences Reading the Mission & Vision Statements	Board Chair Herrin called the meeting to order at 3:30 p.m. Commissioners present: <input checked="" type="checkbox"/> Tom Herrin, Board Chair <input checked="" type="checkbox"/> Kim Olive, Secretary <input checked="" type="checkbox"/> Wes McMahan <input checked="" type="checkbox"/> Craig Coppock <input checked="" type="checkbox"/> Trish Frady Others present: <input checked="" type="checkbox"/> Mike Lieb, Interim Superintendent <input checked="" type="checkbox"/> Shana Garcia, Executive Assistant <input checked="" type="checkbox"/> Sara Williamson, CNO/CQO <input checked="" type="checkbox"/> Cheryl Cornwell, CFO <input checked="" type="checkbox"/> Shannon Kelly, CHRO <input checked="" type="checkbox"/> Julie Taylor, Ancillary Services Director <input type="checkbox"/> Dr. Kevin McCurry, CMO <input type="checkbox"/> Matthew Lindstrom, CFMO <input checked="" type="checkbox"/> Spencer Hargett, Compliance Officer <input checked="" type="checkbox"/> Janice Cramer, Medical Coordinator			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<input checked="" type="checkbox"/> Dr. Travis Podbilski, Chief of Staff <input checked="" type="checkbox"/> Buddy Rose, Reporter <input checked="" type="checkbox"/> Clint Scogin, Controller <input checked="" type="checkbox"/> Julie Johnson, Quality Manager <input checked="" type="checkbox"/> Jessica Scogin, Foundation Manager <input checked="" type="checkbox"/> Van Anderson <input checked="" type="checkbox"/> Diane Markham, Marketing a& Communications Manager Board Chair Herrin noted the chat function has been disabled and the meeting will not be recorded.			
Approval or Amendment of Agenda		Commissioner Coppock made a motion to approve the agenda. Commissioner Frady seconded and the motion passed unanimously.		
Conflicts of Interest	Board Chair Herrin asked the attendees to state any conflicts of interest with today's agenda.	None noted.		
Comments and Remarks	Commissioners: Commissioners Frady and Coppock shared the grand opening for the Arbor Health, Packwood Clinic was beautiful and an exciting event. Thank you to everyone involved. Board Chair Herrin shared in the excitement of the new clinic and is hearing great feedback from the community. Commissioner McMahan enjoyed both the Packwood Clinic grand opening and the Strategic Planning retreat. Very impressed at the number of staff that attended, their involvements and discussions. Audience: None.			
Executive Session- RCW 70.41.200	Board Chair Herrin announced going into executive session at 3:36 p.m. for five minutes to discuss RCW 70.41.200-Medical Privileging. The Board returned to	Commissioner Coppock made a motion to approve the Medical Privileging as presented		

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<p>open session at 3:41 p.m. Board Chair Herrin noted no decisions were made in Executive Session.</p> <p>Initial Appointments-</p> <p>Radia Inc.</p> <ol style="list-style-type: none"> 1. Bao Thien Bui, MD (Radiology Consulting Privileges) 2. Bradford Hastings, MD (Radiology Consulting Privileges) 3. Giovanni Millare, MD (Radiology Consulting Privileges) <p>Reappointments-</p> <p>Arbor Health</p> <ol style="list-style-type: none"> 1. Jakdej Nikomborirak, MD (Sleep Medicine Privileges) <p>Providence Health & Services Privileging by Proxy</p> <ol style="list-style-type: none"> 1. Sheila Smith, MD (Consulting Neurology/Telestroke Privileges) 	<p>Commissioner Frady seconded. The motion passed unanimously.</p>		
<p>Department Spotlight</p> <ul style="list-style-type: none"> • Facility Engineering 	<p>Facility Engineer Manager Sullivan highlighted the engineering projects for 2023, which included repurposing the water fountain into a flower bed, HVAC, consistent flooring, remodeling patient rooms and painting/landscaping Mossyrock Clinic. The department is working with the Finance team on a 5-year capital list.</p>			
<p>Board Committee Reports</p> <ul style="list-style-type: none"> • Hospital Foundation Report 	<p>Foundation Manager Scogin shared the Foundation has awarded \$6,750 YTD, another \$13,392 to purchase the Nanosonics Probe Cleaning Systems equipment and hosted a successful Family Resource Fair. Upcoming events include three</p>			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<p>aces this Summer and a Ladies Brunch on June 3rd.</p>			
<ul style="list-style-type: none"> Finance Committee Report 	<p>Commissioner Coppock's finance update included the engineering spotlight and the direction the department is headed. EV stations are in process across the District. Encouraged this department to work closely with accounting on capital list needs and wishes. Reviewed new financial reports that are easier to read and watch trends year over year. The ABN workgroup continues to review the process and find ways to improve. Improvements include a new boiler for Laundry and parking lot patches. The Finance Committee supports moving forward with pursuing the Employee Retention Credit.</p>			
Consent Agenda	<p>Board Chair Herrin announced the consent agenda items for consideration of approval:</p> <ol style="list-style-type: none"> Approval of Minutes <ol style="list-style-type: none"> March 29, 2023, Regular Board Meeting April 18, 2023, Special Board Meeting April 19, 2023, Finance Committee Meeting RES-23-08-Declaring to Surplus or Dispose of Certain Property Warrants & EFTs in the amount of \$3,969,482.02 dated March 2023 	<p>Commissioner Frady made a motion to approve the Consent Agenda and Secretary Olive seconded. The motion passed unanimously.</p> <p>Minutes, Warrants and Resolutions will be sent for electronic signatures.</p>	Executive Assistant Garcia	5.01.23
Old Business <ul style="list-style-type: none"> Superintendent Succession Plan 	<p>Board Chair Herrin shared the upcoming schedule. The Board agreed to schedule special board meetings on May 4th at 8 am and May 8th. Working with WittKieffer on the Luke's availability.</p>	Schedule Special Board Meetings.	Executive Assistant Garcia	05.01.23
New Business <ul style="list-style-type: none"> RES-23-09-Adopting Community 	<p>Interim Superintendent Lieb presented the implementation plan. The Board appreciated the effort and research done to complete it.</p>	Commissioner Frady made a motion to approve RES-23-09 and Commissioner		

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
Health Needs Assessment (CHNA) Implementation Plan		Coppock seconded. The motion passed unanimously. Resolution will be sent for electronic signatures.	Executive Assistant Garcia	05.01.23
<ul style="list-style-type: none"> 2023 AWPHD & WSHA Rural Hospital Leadership Conference, Chelan, WA 	Board Chair Herrin noted the Leadership Conference in Chelan is back in person this year. Commissioners Coppock and McMahan, as well as Board Chair Herrin would like to attend. Interim Superintendent Lieb will attend or the new Superintendent depending on the status of the new person's start date.	Reserve hotel rooms and register Coppock, McMahan, Herrin and Lieb.	Executive Assistant Garcia	05.01.23
<ul style="list-style-type: none"> Upcoming Commissioner Vacancies 	<p>Board Chair Herrin noted there will be two vacancies on the Board in 2024; Commissioner Position #2-Packwood, Randle & Glenoma Areas & Position #4-At Large.</p> <p>Executive Assistant Garcia shared the Board usually schedules a Special Board Meeting to share with interested candidates the details of the positions, along with a Q & A. Commissioner McMahan encouraged the Board to host the meeting.</p> <p>The Board supported extending the Special Board Meeting on May 8th to include this topic.</p>	<p>Schedule Special Board Meeting for May 8th once WittKieffer's availability is known.</p>	Executive Assistant Garcia	05.01.23
Superintendent Report	<p>Interim Superintendent Lieb highlighted the following:</p> <ol style="list-style-type: none"> 1. DNV has not arrived yet, still expecting any day! 2. Post Strategic Planning Retreat the facilitators are combining the information. Then Administration will develop tactics and metrics to present to the Board for final approval in May or June. 			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	<p>3. Packwood Clinic is open and the grand opening was a success due to several departments and well attendance! The lease has officially been signed.</p> <p>4. CEO Interviews went well and looking forward to next steps.</p> <p>5. Financially March was a good month with the budget deficit decreasing. Signed the engagement letter for the employee retention tax credit, so more to come.</p> <p>6. Reported legislative update with good sessions for hospitals.</p> <p>7. New air handling units have arrived for the upper MOB, as well as the parking lots have been repairs.</p> <p>8. Planning to restart Board Education in May with Kurt O'Brien.</p>			
Meeting Summary & Evaluation	<p>Interim Superintendent Lieb highlighted the decisions made and action items.</p> <p>The Board agreed the meeting was efficient, great topics and effective, appreciate the good work of all the staff!</p>			
Adjournment	<p>Commissioner Frady moved and Secretary Olive seconded to adjourn the meeting at 4:40 p.m. The motion passed unanimously.</p>			

Respectfully submitted,

Kim Olive, Secretary

Date



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

April 28, 2023 at 8:00 a.m.

Conference Rooms 1 & 2 or via ZOOM

<https://myarborhealth.zoom.us/j/82826951476>

Meeting ID: 828 2695 1476

One tap mobile: +12532050468,,82826951476#

Dial: +1 253 205 0468 US

Mission Statement

To foster trust and nurture a healthy community.

Vision Statement

To provide accessible, quality healthcare.

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
Call to Order Roll Call Reading the Mission & Vision Statements	Board Chair Herrin called the meeting to order at 8:00 a.m. Commissioners present: <input checked="" type="checkbox"/> Tom Herrin, Board Chair <input checked="" type="checkbox"/> Kim Olive, Secretary <input checked="" type="checkbox"/> Wes McMahan <input checked="" type="checkbox"/> Craig Coppock <input checked="" type="checkbox"/> Trish Frady Others present: <input checked="" type="checkbox"/> Mike Lieb, Interim Superintendent <input checked="" type="checkbox"/> Shana Garcia, Executive Assistant <input checked="" type="checkbox"/> Ryan Combs, Candidate #3			
Conflicts of Interest	Board Chair Herrin asked the Board to state any conflicts of interest with today's agenda.	None noted.		
Reading of the Notice of the Special Meeting	Board Chair Herrin read the special board meeting notice.			
Executive Session- <i>RCW 42.30.110 (g)</i> <ul style="list-style-type: none">To evaluate the qualifications	Board Chair Herrin announced going into Executive Session at 8:05 a.m. for one hour and 55 minutes for RCW 42.30.110 (g) to evaluate the qualifications of an applicant for public employment.			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
of an applicant for public employment.	The Board returned to open session at 10:00 a.m. Board Chair Herrin noted no decisions were made in Executive Session.			
Adjournment	Commissioner Coppock moved and Commissioner Frady seconded to adjourned at 10:01 a.m. The motion passed unanimously.			

Respectfully submitted,

Kim Olive, Secretary

Date



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

May 4, 2023 at 8:00 a.m.

Conference Rooms 1 & 2 or via ZOOM

<https://myarborhealth.zoom.us/j/86478337837>

Meeting ID: 864 7833 7837

One tap mobile: +12532158782,,86478337837#

Dial: +1 253 215 8782

Mission Statement

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Vision Statement

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AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
Call to Order Roll Call Excused/Unexcused Absences Reading the Mission & Vision Statements	Board Chair Herrin called the meeting to order at 8:00 a.m. Commissioners present: <input checked="" type="checkbox"/> Tom Herrin, Board Chair <input checked="" type="checkbox"/> Kim Olive, Secretary <input checked="" type="checkbox"/> Wes McMahan <input checked="" type="checkbox"/> Craig Coppock <input checked="" type="checkbox"/> Trish Frady Others present: <input checked="" type="checkbox"/> Mike Lieb, Interim Superintendent <input checked="" type="checkbox"/> Shana Garcia, Executive Assistant <input checked="" type="checkbox"/> Matthew Lindstrom, CFMO <input checked="" type="checkbox"/> Cheryl Cornwell, CFO <input checked="" type="checkbox"/> Kevin McCurry, CMO <input checked="" type="checkbox"/> Julie Taylor, Ancillary Services Director <input checked="" type="checkbox"/> Shannon Kelly, CHRO <input checked="" type="checkbox"/> Sara Williamson, CNO/CQO <input checked="" type="checkbox"/> Luke Morris, WittKieffer			
Conflicts of Interest	Board Chair Herrin asked the Board to state any conflicts of interest with today's agenda.	None noted.		

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
Reading of the Notice of the Special Meeting	Board Chair Herrin read the special board meeting notice.			
Executive Session- <i>RCW 42.30.110 (g)</i> <ul style="list-style-type: none"> To evaluate the qualifications of an applicant for public employment. 	<p>Board Chair Herrin announced going into Executive Session at 8:05 a.m. for 45 minutes for RCW 42.30.110 (g) to evaluate the qualifications of an applicant for public employment.</p> <p>At 8:50 a.m. Board Chair Herrin extended for twenty minutes. Secretary Olive had to leave the meeting at 9:00 a.m. for an appointment. The Board returned to open session at 9:10 a.m.</p> <p>Board Chair Herrin noted no decisions were made in Executive Session.</p>			
Adjournment	Commissioner Coppock moved and Commissioner Frady seconded to adjourned at 9:11 a.m. The motion passed unanimously.			

Respectfully submitted,

Kim Olive, Secretary

Date



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

May 8, 2023 at 5:00 p.m.

Conference Rooms 1 & 2 or via ZOOM

<https://myarborhealth.zoom.us/j/82888985894>

Meeting ID: 828 8898 5894

One tap mobile: +12532050468,,82888985894#

Dial: +1 253 205 0468 US

Mission Statement

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Vision Statement

To provide accessible, quality healthcare.

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
Call to Order Roll Call Excused/Unexcused Absences Reading the Mission & Vision Statements	Board Chair Herrin called the meeting to order at 5:00 p.m. Commissioners present: <input checked="" type="checkbox"/> Tom Herrin, Board Chair <input checked="" type="checkbox"/> Kim Olive, Secretary <input checked="" type="checkbox"/> Wes McMahan <input checked="" type="checkbox"/> Craig Coppock <input checked="" type="checkbox"/> Trish Frady Others present: <input checked="" type="checkbox"/> Mike Lieb, Interim Superintendent <input checked="" type="checkbox"/> Shana Garcia, Executive Assistant <input checked="" type="checkbox"/> Matthew Lindstrom, CFMO <input checked="" type="checkbox"/> Cheryl Cornwell, CFO <input checked="" type="checkbox"/> Diane Markham, Marketing & Communications Manager <input checked="" type="checkbox"/> Sara Williamson, CNO/CQO <input checked="" type="checkbox"/> Luke Morris, WittKieffer			
Conflicts of Interest	Board Chair Herrin asked the Board to state any conflicts of interest with today's agenda.	None noted.		
Reading of the Notice of the Special Meeting	Board Chair Herrin read the special board meeting notice.			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
<ul style="list-style-type: none"> Commissioner Position #2- Packwood, Randle & Glenoma Areas and Position #4- At Large Position 	Board Chair Herrin noted no one from the public attended. The Board brainstormed individuals in the District that may be interested in the opportunity. Administration developed a letter to hand out to interested candidates, so Executive Assistant Garcia and Diane Markham will locate the letter and update for distribution. Interim Superintendent Lieb will share this update at the Packwood Business Meeting on May 12, 2023.	Locate, update, and distribute letter.	Executive Assistant Garcia, Communications Manager Markham & the Board	
<ul style="list-style-type: none"> Public Comment 	No comment.			
Executive Session- <i>RCW 42.30.110 (g)</i> <ul style="list-style-type: none"> To evaluate the qualifications of an applicant for public employment. 	<p>Board Chair Herrin announced going into Executive Session at 8:05 a.m. for 45 minutes for RCW 42.30.110 (g) to evaluate the qualifications of an applicant for public employment.</p> <p>At 8:50 a.m. Board Chair Herrin extended for twenty minutes. Secretary Olive had to leave the meeting at 9:00 a.m. for an appointment. The Board returned to open session at 9:10 a.m.</p> <p>Board Chair Herrin noted no decisions were made in Executive Session.</p>			
Adjournment	Commissioner Coppock moved and Commissioner Frady seconded to adjourn at 9:11 a.m. The motion passed unanimously.			

Respectfully submitted,

Kim Olive, Secretary

Date



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

May 15, 2023, at 4:30 p.m.

Conference Rooms 1 & 2 or via ZOOM

<https://myarborhealth.zoom.us/j/82198171914>

Meeting ID: 821 9817 1914

One tap mobile: +12532050468,,82198171914#

Dial: +1 253 205 0468

Mission Statement

To foster trust and nurture a healthy community.

Vision Statement

To provide accessible, quality healthcare.

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
Call to Order Roll Call Excused/Unexcused Absences Reading the Mission & Vision Statements	Board Chair Herrin called the meeting to order at 4:30 p.m. Commissioners present: <input checked="" type="checkbox"/> Tom Herrin, Board Chair <input checked="" type="checkbox"/> Kim Olive, Secretary <input checked="" type="checkbox"/> Wes McMahan <input checked="" type="checkbox"/> Craig Coppock <input checked="" type="checkbox"/> Trish Frady Others present: <input type="checkbox"/> Mike Lieb, Interim Superintendent <input checked="" type="checkbox"/> Shana Garcia, Executive Assistant <input checked="" type="checkbox"/> Katelin Forrest, HR Generalist <input checked="" type="checkbox"/> Cheryl Cornwell, CFO <input checked="" type="checkbox"/> Diane Markham, Marketing & Communications Manager <input checked="" type="checkbox"/> Sara Williamson, CNO/CQO <input checked="" type="checkbox"/> Luke Morris, WittKieffer <input checked="" type="checkbox"/> Julie Taylor, Ancillary Services Director <input checked="" type="checkbox"/> Julie Johnson, Quality Manager <input checked="" type="checkbox"/> Shannon Kelly, CHRO			

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
Conflicts of Interest	Board Chair Herrin asked the Board to state any conflicts of interest with today's agenda.	None noted.		
Reading of the Notice of the Special Meeting	Board Chair Herrin read the special board meeting notice.			
Executive Session- <i>RCW 42.30.110 (g)</i> <ul style="list-style-type: none"> To evaluate the qualifications of an applicant for public employment. 	<p>Board Chair Herrin announced going into Executive Session at 4:35 p.m. for 15 minutes for RCW 42.30.110 (g) to evaluate the qualifications of an applicant for public employment.</p> <p>The Board returned to open session at 4:50 p.m.</p> <p>Board Chair Herrin noted no decisions were made in Executive Session.</p>			
Action		<p>Secretary Olive made a motion to extend an offer to Robert Mach for Superintendent and Commissioner McMahan seconded. The motion passed unanimously.</p> <p>Negotiations will begin between WittKieffer's and candidate Robert Mach.</p>	Board Chair Herrin, CHRO Kelly and WittKieffer	05.16.23
Adjournment	Commissioner Coppock moved and Secretary Olive seconded to adjourned at 4:52 p.m. The motion passed unanimously.			

Respectfully submitted,

Kim Olive, Secretary

Date



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
Finance Committee Meeting
May 24, 2023, at 12:00 p.m.
Via Zoom

Mission Statement
To foster trust and nurture a healthy community.

Vision Statement
To provide accessible, quality healthcare.

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
Call to Order Roll Call Unexcused/Excused Absences Reading the Mission & Vision Statements	Commissioner Coppock called the meeting to order via Zoom at 12:00 p.m. Commissioner(s) Present in Person or via Zoom: <input checked="" type="checkbox"/> Craig Coppock, Commissioner <input checked="" type="checkbox"/> Wes McMahan, Commissioner Committee Member(s) Present in Person or via Zoom: <input checked="" type="checkbox"/> Shana Garcia, Executive Assistant <input checked="" type="checkbox"/> Cheryl Cornwell, CFO <input checked="" type="checkbox"/> Mike Lieb, Interim Superintendent <input checked="" type="checkbox"/> Marc Fisher, Community Member <input checked="" type="checkbox"/> Clint Scogin, Controller <input checked="" type="checkbox"/> Sherry Sofich, Revenue Cycle Director <input checked="" type="checkbox"/> Sara Williamson, CNO/CQO <input checked="" type="checkbox"/> Julie Taylor, Ancillary Services Director <input checked="" type="checkbox"/> Kelly Houser, Surgical Services Manager <input checked="" type="checkbox"/> Shayna DesJardin, CPA DZA			
Approval or Amendment of Agenda		Community Member Fisher made a motion to approve the agenda and Commissioner		

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
		McMahan seconded. The motion passed unanimously.		
Conflicts of Interest	Commissioner Coppock asked the Committee to state any conflicts of interest with today's agenda. None were noted.			
Guest Speaker <ul style="list-style-type: none"> 2022 Financial Audit Update- Shayna Desjardin, CPA-DZA 	Shayna DesJardin from Dingus, Zarcor and Associates presented the 2022 Financial Audits, as well as the Single Audit Report and highlighted the followings: <ol style="list-style-type: none"> The District received an unqualified opinion which is a clean audit. The cost report is up to date with a receivable on the books. This is the last year requiring a Single Audit and the District received an unqualified opinion again. Reviewed the financial indicators in comparison to prior years and other rural/all hospitals. The audit team was very complimentary of the Arbor Health Finance team. 			
Consent Agenda	Commissioner Coppock announced the following in consent agenda up for approval: <ol style="list-style-type: none"> Review of Finance Minutes –April 19, 2023 Financial Statement Review Revenue Cycle Board Oversight Activities 	Commissioner McMahan made a motion to approve the consent agenda and Interim Superintendent Lieb seconded. The motion passed unanimously.		
Old Business <ul style="list-style-type: none"> Financial Department Spotlight- Surgical Services 	Surgical Services Manager Kelly Hauser shared while the staff level is stable it is primarily agency (temp) and she is excited to be a new manager in the department. Recruiting is more difficult as these nurses are surgical specialists. We will continue to review and investigate podiatry reimbursements recognizing we may have more charge capture available in this area as well as for supply charges. Expect revenue to improve since	Discuss strategic spotlight at next Regular Board Meeting.	Executive Assistant Garcia	05/31/2023 Regular Board Meeting

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
	surgery levels have not been reviewed and reset since 2012. Goals moving forward include upgrading to current market for surgical procedures, updating and training staff to charge system and capturing revenue growth.			
<ul style="list-style-type: none"> CFO Financial Review 	CFO Cornwell shared the 2023 Forecast through the end of April showing significant progress on improving the budgeted \$1,147,730 deficit. Very encouraged with our financial results. Management has focused on minimizing overtime and saw a 30% decrease. We are expecting a \$263,000 cost report receivable for YE 22 and will continue to monitor monthly estimates. The ABN workgroup continues to make progress; it is a drawn-out process.			
Capital Review <ul style="list-style-type: none"> Diabetic Retinopathy Camera 	<p>Ancillary Services Director Taylor noted the District has a diabetic population of 1200+. She is proposing to bring Diabetic Retinopathy into the clinics by buying a camera to be shared amongst the clinics. This test should happen annually for our patients. Most have traveled to get the test, so we will save the patients a trip out of the District, and we will have a new revenue stream.</p> <p>This purchase is informational with no approval required as it is within the Interim Superintendent's spending authority.</p> <p>The Finance Committee supports moving forward with the purchase.</p>			
New Business <ul style="list-style-type: none"> Petty Cash Drawer 	<p>CFO Cornwell shared the District needs a petty cash drawer in the new Packwood Clinic.</p> <p>The Finance Committee supports the petty cash drawer and will recommend approval at the Board level in Consent Agenda.</p>	The Finance Committee supported requesting the Board's approval of a resolution for Petty Cash Drawer at the Regular Board Meeting.	Executive Assistant Garcia	05/31/2023

AGENDA	DISCUSSION	ACTION	OWNER	DUE DATE
<ul style="list-style-type: none"> Productivity & Staffing Services Agreement 	<p>Interim Superintendent Lieb presented an agreement for a web-based management tool to measure productivity. Through researching, we found no other tools like it. While within the Interim Superintendent's spending authority this is an old employer for him. To be transparent, Administration is looking for board support to move forward.</p> <p>Commissioner McMahan expressed concern to revisit with the whole board on necessity, costs, and monitoring if results are helping prior to renewing. Commissioner Coppock appreciated the new idea and wants to include the whole board in the decision.</p>	Add to the Regular Board Meeting Agenda to present agreement to the Board for approval via a motion.	Executive Assistant Garcia	05/31/2023
<ul style="list-style-type: none"> Health Insurance Performance & Business Insurance Updates 	CFO Cornwell noted she will provide updates at the June meeting given today's full agenda.			
Meeting Summary & Evaluation	<p>CFO Cornwell highlighted the decisions made and action items that need to be taken to the entire board for approval.</p> <p>Interim Superintendent Lieb noted a great job on the audit.</p>			
Adjournment	Commissioner Coppock adjourned the meeting at 1:16 pm.			

WARRANT & EFT LISTING NO. 2023-04

RECORD OF CLAIMS ALLOWED BY THE
BOARD OF LEWIS COUNTY
COMMISSIONERS

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

CERTIFICATION

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

Signed:

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

\$3,003,869.93 this 31st day
of May 2023

Board Chair, Tom Herrin

Secretary, Kim Olive

Commissioner, Wes McMahan

Commissioner, Craig Coppock

Commissioner, Patricia Frady

SEE WARRANT & EFT REGISTER in the amount of \$3,003,869.93 dated April 1, 2023 – April 30, 2023.

Apr-23
ARBOR HEALTH WARRANT REGISTER

Routine A/P Runs

Warrant No.	Date	Amount	Description
129619 - 129641	4-Apr-2023	760,011.80	CHECK RUN
129647 - 129679	7-Apr-2023	138,860.45	CHECK RUN
129680 - 129689	10-Apr-2023	83,147.55	CHECK RUN
129690	10-Apr-2023	1,845.00	CHECK RUN
129691 - 129759	14-Apr-2023	203,909.63	CHECK RUN
129760 - 129786	17-Apr-2023	218,956.62	CHECK RUN
129787 - 129788	4-Apr-2023	92.82	CHECK RUN
129789	11-Apr-2023	190.08	CHECK RUN
129790	18-Apr-2023	37,357.38	CHECK RUN
129791	18-Apr-2023	396.15	CHECK RUN
129792 - 129855	21-Apr-2023	449,845.79	CHECK RUN
129856	1-Apr-2023	21,752.34	CHECK RUN
129857	10-Apr-2023	1,000.00	CHECK RUN
129858	17-Apr-2023	3,706.31	CHECK RUN
129859	24-Apr-2023	295.42	CHECK RUN
129860 - 129878	25-Apr-2023	827,453.89	CHECK RUN
129933 - 129934	25-Apr-2023	54,081.81	CHECK RUN
129935	26-Apr-2023	34,312.51	CHECK RUN
Total - Check Runs		\$ 2,837,215.55	

Error Corrections - in Check Register Order

Warrant No.	Date Voided	Amount	Description
129735	21-Apr-23	1,316.25	VOID
129713	14-Apr-23	95.00	VOID
TOTAL - VOIDED CHECKS		\$ 1,411.25	

UMPQUA BANK CHECKS, EFT'S, LESS VOIDS	\$ 2,835,804.30
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Eft	Date	Amount	Description
4740	3-Apr-2023	816.80	TPSC
4741	10-Apr-2023	309.92	TPSC
1195	14-Apr-2023	159,396.73	IRS
1117	1-Apr-2023	688.00	NORIDIAN PART B REFUND
4742	17-Apr-2023	5,214.31	TPSC
4743	24-Apr-2023	96.62	TPSC
4744	26-Apr-2023	132.00	TPSC
TOTAL EFTS AT SECURITY STATE BANK		\$ 166,654.38	

TOTAL CHECKS, EFT'S, & TRANSFERS	\$ 3,003,869.93
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LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION APPROVING THE PETTY
CASH DRAWERS & CUSTODIANS
OF THE DISTRICT

RESOLUTION NO. 23-12

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:

To approve the District's petty cash drawers, along with the custodians responsible for the drawers.

<u>Account & Location Base</u>	<u>Amount</u>	<u>Custodian</u>
101421 Cash drawer - ER	\$ 200.00	Revenue Cycle Director
101434 Cash drawer - Registration 2	\$ 200.00	Revenue Cycle Director
101435 Cash drawer - Registration	\$ 200.00	Revenue Cycle Director
101436 Petty Cash - Materials Mgmt	\$ 100.00	Controller
101440 Cash drawer - Randle Clinic	\$ 300.00	Clinic Manager
101441 Cash drawer – Mossyrock Clinic	\$ 100.00	Clinic Manager
101442 Petty Cash – Mossyrock Office	\$ 200.00	Clinic Manager
101465 Cash drawer – Dietary	\$ 200.00	Dietary Manager
101470 Petty Cash – Dietary	\$ 200.00	Dietary Manager
101471 Cash Drawer - Gift Shop	\$ 260.00	Foundation Manger
101472 Cash Drawer - Morton Clinic	\$ 100.00	Morton Clinic Manager
101473 Cash Drawer-Rehabilitation Svs	\$ 100.00	Rehabilitation Services Manager
101474 Cash Drawer-Rapid Care Clinic	\$ 200.00	Clinic Manager
101475 Cash Drawer-Packwood Clinic	\$100.00	Clinic Manager

This resolution supersedes RES 22-03.

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 31st day of May 2023, the following commissioners being present and voting in favor of this resolution.

Tom Herrin, Board Chair

Kim Olive, Secretary

Wes McMahan, Commissioner

Craig Coppock, Commissioner

Patricia Frady, Commissioner

OLD BUSINESS

NEW BUSINESS

MEMORANDUM

To: Board of Commissioners
From: Interim Superintendent Lieb
CC:
Date: 05/25/23
Re: RES-23-10-Adopting the LCHD No. 1's Revised Vision Statement & 2023-2025 Strategic Plan

Two weeks after the Strategic Planning Retreat was held on April 18, 2023, at the Tiller Arts Center, the facilitators, from Via Healthcare, sent to the leadership team, the summary, the draft plan, and major themes from those in attendance that day. Over the past several weeks, the leadership group has, in conjunction with many others, reviewed the Mission, Vision, and Values statements, and recommends adoption of the following items for the Arbor Health 2023-2025 Strategic Plan:

Mission: To foster trust and nurture a health community **(no changes)**

Vision: To provide every patient the best care and every employee the best place to work **(changed from "To provide accessible, quality healthcare")**.

Values: (no changes) Following the retreat discussions, we recommend keeping "Care like crazy" in the values statement.

The retreat discussions produced 4 major strategic themes:

Financial Stability and Growth

Workforce Stabilization

Service and Quality

Community Relationships and Partnerships

For each of these themes, we have developed 3-5 goals **(in black)** which provide the significant directions for the district over the next 3 years. Most of these have a broad measure and/or target date to have them completed. Under each of these goals, are **(in red)** specific sub-goals that will drive our operations. Following your approval of the Strategic Plan and the updated Vision Statement, we will break down each of those specific sub-goals into operational tactics and metrics that we will be able to

report on quarterly to the board. Some of those tactics (**in blue**) are in a separate parking lot page at the back of the plan. These were brought up during our discussions and we didn't want to lose track of those ideas. These, and others will be incorporated into a dashboard format and brought forward in a few months as part of the Management Action Plan or MAP.



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION ADOPTING LEWIS COUNTY
HOSPITAL DISTRICT NO 1'S REVISED
VISION STATEMENT & 2023-2025
STRATEGIC PLAN

RESOLUTION NO. 23-10

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:

To adopt the revised vision statement and 2023-2025 Strategic Plan, Themes & Goals.

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 31st day of May 2023, the following commissioners being present and voting in
favor of this resolution.

Tom Herrin, Board Chair

Kim Olive, Secretary

Wes McMahan, Commissioner

Craig Coppock, Commissioner

Patricia Frady, Commissioner



2023-2025 Strategic Plan Framework

Mission To foster trust and nurture a healthy community.		Vision To provide every patient the best care and every employee the best place to work.	
Values • One team, one mission• Go out of your way to brighten someone’s day• Own it, embrace it Care like crazy• Motivate, elevate, appreciate• Know the way, show the way, ease the way • Find joy along the way			
Strategic Themes			
Financial Sustainability and Growth	Workforce Stabilization	Service and Quality	Community Relations and Partnerships
Strategic Goals			
1. Improve net operating margin by 1% annually by FYE (baseline 12/31/22). 2. Achieve 100 days cash reserves by 12/31/2025 (all sources). 3. Define opportunities for growth and recapture outmigration by measure of market share. a. Identify and implement new or expanded services to attract patients. b. Increase swing bed ADC (monthly avg) by 1 by 12/31/22 budgetary baseline.	1. Identify, evaluate, and implement tactics to recruit high-quality permanent employees. a. Reduce traveler/contracted staff usage by 50% by Q4/2024 (baseline Q2/2022). b. Become the employer of choice in East Lewis County (Reduce Avg vacancy rate 10%/Year – baseline Q2 2023). 2. Create or enhance youth focused career pathways in healthcare. a. Partner with local high schools to promote healthcare careers (i.e., MA	1. Improve access to behavioral health services and programs. a. Recruit a Psychiatrist and LICSW by Q1/2025. b. Expand current LICSW/Therapy Services c. Develop regional partnerships with behavioral care facilities by Q2 2024. 2. Identify, implement, and evaluate opportunities for ensuring a high-quality patient experience. a. Implement streamlined check-in/registration system for all patient encounters by	1. Continue to develop community partnerships (consider youth focused opportunities). a. Identify and partner with external groups to support youth-based outreach. b. Implement school-based sports physicals (by Q4 2023) in all local districts and Expand concussion and sports injury program with local schools. c. Develop annual youth safety events for schools (summer and winter) by Q2 2024. d. Partner with Lewis County

<p>c. Recruit and start new active surgeon(s) by 12/31/25.</p> <p>d. Expand RapidCare to 6 Days/Week by 12/31/23.</p> <p>4. Improve expense and supply management.</p> <p>a. Implement labor productivity system by 12/31/23.</p> <p>b. Develop and maintain a 5-year capital plan by Q4 2023.</p> <p>c. Complete a facility master plan by End of Q3 2024.</p> <p>5. Develop and Implement an IT Strategic Plan by 12/31/23.</p> <p>a. Establish 3-year IT infrastructure update plan by Q4 2023.</p> <p>b. Implement Information Security Plan by Q2 2024.</p> <p>c. Ensure continuous compliance with federal interoperability requirements.</p>	<p>Apprenticeship, AH monthly career presentations) by Q2 2024.</p> <p>b. Partner with colleges to provide alternative education paths for healthcare careers (i.e., Hybrid RN, Lab Clinical Rotations, etc.) by Q4 2024.</p> <p>3. Increase recruitment and retention through non-compensation incentives.</p> <p>a. Establish discount programs for employees (i.e., Calm App, Verizon, AH EE Discount, fitness facilities) by Q3 2024.</p> <p>b. Establish an employee recruitment and retention committee/team to identify retention and engagement opportunities by Q4 2023.</p> <p>c. Develop a wage and benefit structure that is competitive with the local market and competition by Q2 2024</p>	<p>Q1 2024 (Phreesia).</p> <p>b. Initiate Medicare Care Coordination Program by Q2 2024.</p> <p>c. Employ 2 measures for improved clinic access by Q1 2024.</p> <p>d. Develop and Implement 4 improvement strategies from Patient Experience surveys.</p> <p>e. Achieve successful NIAHO Re-accreditation Q4 2024 and maintain Acute Stroke Ready Certifications annually.</p> <p>3. Promote and/or help patients with access to transportation services.</p> <p>a. Partner or develop a regional OP (only) transportation service by Q2 2024.</p> <p>4. Achieve ISO 9001 Certification by Q4 2025</p> <p>a. Initiate and complete Management Review (ISO 9.3.) for Initial ISO Project by Q4 2024.</p> <p>b. Complete 2 Internal Audits by Q2 2024</p> <p>c. Receive ISO 9001 Stage 2 Certification by Q4 2024 and</p>	<p>Early Childhood Education and other wellness groups to create ongoing connections with providers by Q2 2024.</p> <p>e. Identify and align with external groups to support wellness-focused outreach.</p> <p>2. Enhance community awareness of Arbor Health services.</p> <p>a. Organize community-education opportunities to enhance community awareness of Arbor Health services.</p> <p>3. Ensure greater access to wellness education and opportunities.</p> <p>a. Continue Senior Fitness program (scholarships available).</p> <p>b. Sponsor Packwood 5K, organizing Mossy Run, our own 5K color run and Wellness Week.</p> <p>4. Identify external organizations who can help us improve community relations regarding access and understanding healthcare environment.</p> <p>a. Include health literacy focus at community resource fairs, etc.</p>
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		<p>maintain through annual reviews through Q4 2025.</p> <p>6. Implement at least two new service lines for the community (one per year) beginning in Q1 2024 – note this would be based on analysis from DASH database and community opportunity.</p>	<p>b. Develop educational programs and partner with Molina—on medical literacy.</p> <p>c. Participate in annual Latino community event in Mossyrock.</p> <p>5. Identify and develop a minimum of three strategies to improve chronic health and social challenges within the district by Q4 – 2024.</p> <p>a. Implement a diabetes education and outreach program by Q1 2025.</p> <p>b. Partner with area organizations to address district food insecurity and homelessness programs (e.g., food banks, vaccination distribution) by Q2 2024.</p> <p>c. Implement a community cardiac and/or pulmonary disease program by Q4 2024.</p>
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PARKING LOT TACTICS – SO THEY DON'T GET LOST

<ul style="list-style-type: none"> • Use market analysis tools (e.g., DASH) to identify 4-5 potential new service/lines by 12/31/2023. • Fully Implement at least one new service line per calendar year. • Grow infusion services by 25% by Q2- 2024. • Implement ongoing penetration testing regime by end of Q3-2023 • Implement Multifactor authentication by Q2-2024 • Self Service password reset by Q1-2024 • Strengthen cybersecurity policy. • Contingency capital purchases <20% of capital budget. 	<ul style="list-style-type: none"> • Create local Youth Healthcare Advisory Board • Re-evaluate manager span of control. • In addition, promote AH PTO & Retirement Match along with ongoing medical benefit education for current staff) 	<ul style="list-style-type: none"> • 10% improvement in Third Next Available Appointment by Q1 2024 • Diabetic Retinopathy • Imaging Cardiac CT • Enhanced Wound Care Services • Medical Weight Loss Clinic • Dermatology • Itinerant Specialists (Urology, Cardiology, Ortho, etc.) • Interventional Radiology • Chemotherapy • OP (only) Dialysis 	<ul style="list-style-type: none"> • Establish Arbor Health mascot to use at other organizations' functions as an "invitation in." • Continue Mammos & Mocktails • Continue Lunch 'n Learn at Morton Senior Center • Conduct wellness resource fairs 2x/year. • Community F.A.S.T. training programs • Spirometry at area health fairs
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Notes from Retreat Strategic Planning Small Groups:

Financial Sustainability and Growth:

1. Improve expense and supply management.
2. Identify low-cost services to attract new patients.
3. Define opportunities for growth and recapture of outmigration.
4. Recapture of outmigration by measure of market share.
5. Million-dollar net profit to reinvest in capital.
6. Increase net.
7. Increase IT utilization efficiencies.
8. Optimize IT.
9. 100 days cash reserve.
10. Chemo/dialysis/7-day rapid care *cc clinics.
11. Increase net growth – specialty care.
12. Navigator and patient advocates.

Workforce Stabilization:

1. Focus on recruitment and retention of permanent employees.
2. Attract, develop, and retain strong talent.
3. Partner with secondary schools and colleges to create or impact career pathways for our youth.
4. Increase youth focused career opportunities.
5. Reduce travel staff by x%.
6. Decrease contracting staff by 50%.
7. Direct 50% of savings on reducing travel staff to non-compensation retention.
8. Identify ways to incentivize staff beyond compensation.
9. Provide comparable wages.
10. Decrease employee's out of pocket - increase discounts.
11. Re-evaluate manager span of control.
12. Promote great careers.

Quality and Service:

1. Timely and improved access to services.
2. Improve behavioral health access and services.
3. Improve discharge planning.
4. Transportation services. (x2)

5. Recruit FTE psychiatrist and licensed clinical social worker.
6. Transport services for patients – van, contract with partner, subscription service.
7. Long-term care.
8. Behavioral health. (x2)
9. High-quality experience.

Community Relations and Partnerships

1. Partner with community to improve health equity.
2. Ensure greater access to exercise and wellness education and opportunities.
3. Continue to develop community partnerships especially around youth.
4. Enhance community awareness for services.
5. Provide healthcare financial education.
6. Development around youth – sports physicals provided at the schools, summer safety events in each community (measured by increased pediatric visits).
7. Partner with groups around wellness and prevention.
8. Increase community engagement.
9. Promote value.



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION APPOINTING LEWIS
COUNTY HOSPITAL DISTRICT No. 1
SUPERINTENDENT

RESOLUTION NO. 23-11

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:

**Appointing Robert Mach as Superintendent for
Lewis County Hospital District No. 1 effective June 19, 2023, at 12:01 am.**

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 31st day of May 2023, the following commissioners being present and voting in
favor of this resolution.

Tom Herrin, Board Chair

Kim Olive, Secretary

Wes McMahan, Commissioner

Craig Coppock, Commissioner

Patricia Frady, Commissioner

EMPLOYMENT CONTRACT OF

LEWIS COUNTY HOSPITAL DISTRICT NO. 1

THIS AGREEMENT is between Lewis County Public Hospital District No. 1, d/b/a Arbor Health (hereinafter referred to as “the District”), and Robert Mach (hereinafter referred to as the “CEO”), and is effective as of June 19, 2023 (the “Effective Date”).

NOW, THEREFORE, in consideration of the covenants and conditions contained herein, the parties hereto agree as follows:

1. Employment. As of the Effective Date, the District employs CEO and CEO accepts employment on the terms and conditions contained in this Agreement.
2. Duties. CEO is employed in the capacity of Chief Executive Officer and Superintendent. CEO shall report directly to, and take direction from, the District’s Board of Commissioners of the District (“Board”). CEO shall perform the duties customarily performed by a chief executive officer and superintendent of a public district, provided that CEO’s precise duties may be changed, extended or curtailed, from time to time, at the Board’s direction. CEO will render full-time (40+ hrs./ week) professional services to the District as for the term of this contract, subject to an annual performance and compensation review to be conducted by the Board. CEO will propose and Commissioners will approve/ modify an annual set of goals as part of the basis to be used for the annual evaluation. In carrying out their responsibilities and authority, CEO shall report to, be responsible to, and take instructions directly from the Board. CEO’s duties shall be consistent with Chapter 70.44 of the Revised Code of Washington (“RCW”).
3. Full Attention and Effort. CEO shall devote their entire working time, attention and efforts to the District’s business and affairs, shall faithfully and diligently serve the District’s interests and shall not engage in any business or employment activity that is not on the District’s behalf (whether or not pursued for gain or profit) except for (a) activities approved in writing in advance by the Board and (b) passive investments that do not involve CEO providing any advice or services to the businesses in which the investments are made.
4. Term. The term of this Agreement shall begin on the Effective Date of June 19, 2023 and shall be in effect until terminated as allowed herein.
5. Salary. Beginning on the Effective Date, CEO will be paid an annual salary of \$290,000 (“Base Salary”) / \$139.42 per hour, payable in equal installments consistent with the District’s payroll

practices. The Base Salary may be altered by amendment to this Agreement as the Board may from time to time determine. CEO shall be entitled to participate in any District-sponsored CEO benefit plans, except as limited by law.

6. Sign on and Retention Incentive. In consideration of the execution of this Agreement, Employee's services as Administrator of Arbor Health and Superintendent of Lewis County Hospital District No. 1 of Lewis County, Morton, Washington, and as an incentive to secure Employee's services beyond the minimum period of time required under this Agreement, the Hospital agrees to pay Employee a sign on and retention incentive payment of \$40,000.00 ("Incentive Payment") in two (2) installments. The first payment will be \$20,000 on the first paycheck and the second payment will be paid out on the first paycheck after the completion of year Four (4). The Incentive Payment will be subject to applicable tax and other withholdings and deductions. The Hospital and Employee agree that the Incentive Payment is to secure the continuing future employment of Employee and that it must be satisfied by Employee through the application of credits for future service until satisfied in full, as follows: Employee will receive a service credit equivalent to \$555.55 per month of service following execution of this Agreement, which service credits will be applied to reduce the \$20,000.00 Incentive Payment balance until such time as that balance is reduced to zero. Employee agrees that if employment terminates for any reason other than termination without cause under Section 14.1, before the Incentive Payment balance has been reduced to zero through the application of service credits, that Employee will be obligated to repay to the Hospital the full value of any remaining Incentive Payment balance within thirty (30) days of the termination of employment. For example, if the Employee voluntarily leaves employment or is released for cause after 12 months of service following the execution of this Agreement, Employee will be obligated to repay to the Hospital \$13,333.40 (\$20,000.00 Incentive Payment balance, less 12 months of service x \$555.55 service credit per month). Employee further agrees to pay all costs of collecting any repayment owed, including reasonable attorney's fees, in the event Employee does not repay the amount owed within thirty (30) days of the termination of employment. Employee agrees that to satisfy (in whole or in part) any repayment obligation to the Hospital at the time of termination of employment, the Hospital may withhold amounts owed from Employee's final compensation, including from any salary or bonus payments payable to Employee at the time of termination of employment.

7. Bonus. Lewis County Hospital District No. 1 will use variable pay as a financial incentive for rewarding the Superintendent for company goal attainment. The variable pay target as a % of compensation will be up to 15% of base pay. The District and CEO will establish performance-based compensation measurements by mutual written agreement.

8. Benefits. In addition to the benefits listed above and unless provided otherwise in this Agreement, CEO shall be eligible for all benefit programs (including but not limited to annual leave, holiday pay, and insurance) that are, or become generally available to, the District's executive employees. CEO is subject to all of the terms and conditions of the District's then-existing benefit programs or policies.

9. Pension Plan. In recognition of CEO's prior years of healthcare experience the District will match pension contributions on a per pay period basis made by the CEO up to the employer maximum of 6% of the CEO's contribution which will be provided consistent with the District's current pension plan.

10. Equipment and Supplies. CEO shall be provided with such facilities, equipment, supplies, and services necessary for the performance of their duties. The District shall pay reasonable dues on behalf of CEO for membership in such professional associations that develop the professional ability and competence of the CEO that benefits the District.

11. Expenses. CEO is encouraged and is expected, from time to time, to incur reasonable expenses for promoting the business of the District, including expenses for travel, public relations and similar items. The District further agrees that it shall pay for or CEO shall be reimbursed for such other reasonable expenses that are within a pre-established budget or pre-approved by the Board.

12. Meetings and Seminars. In order to maintain and augment their professional involvement and professional development in the hospital field, CEO is encouraged and is expected to attend seminars, professional meetings, conventions and educational courses related to hospital administration and operations and health care, and to freely participate in organized activities related to the hospital field. Attendance at such meetings and accomplishment of professional duties shall not be considered vacation time. The cost of travel, tuition or registration, food and lodging for attending such activities shall be paid by the District provided that they are within a pre-established budget or pre-approved by the Board.

13. Termination.

13.1 Resignation. CEO may at any time resign from employment by giving ninety (90) days' advance written notice of termination to the District without the necessity of good cause or reason.

Superintendent/CEO Employment Agreement – Page 3 of 9

13.2 Termination for Cause. The District may terminate CEO's employment immediately for cause. If the District wishes to terminate CEO's employment for cause it shall first give CEO thirty (30) days' written notice of the circumstances constituting cause and an opportunity to cure, unless the circumstances are not subject to being cured. Following the notice and opportunity to cure, if cure is not made, or immediately if notice and opportunity to cure are not required, the District may terminate CEO's employment for cause by giving written notice of termination. The notice may take effect immediately or at such later date as the District may designate, provided that CEO may accelerate the termination date by giving five (5) business days' written notice of the acceleration. CEO must be given reasonable advance notice of the meeting at which termination is to be considered, and a reasonable opportunity to address the Board.

For the purposes of this subparagraph, "cause" means: means fraud, embezzlement, misappropriation, commission of a felony or of a crime involving moral turpitude; conviction of a crime; abuse or inconsiderate treatment of patients; destruction or theft of District property; physical attack on any commissioner, officer, employee or patient or visitor to the District's facilities; intoxication at work; use of narcotics or alcohol to an extent that impairs CEO's performance of their duties; unauthorized disclosure of confidential patient, employee or District information; excessive absenteeism or tardiness; malfeasance or gross negligence in the performance of CEO's duties; violation of law or dishonesty in the course of employment; CEO's failure or refusal to perform their duties; CEO's failure or refusal to follow reasonable instructions or directions; falsification of patient, employee or District records; disregard of District policy or patient care procedures; misconduct injurious to the District; neglect of duty; breach of this Agreement; or any breach of CEO's duties or obligations to the District that results in harm to the District.

13.3 Termination without Cause. The District may at any time terminate without cause CEO's employment by giving CEO written notice and complying with the requirements of Chapter 70.44 RCW.

13.4 Permanent Disability. The District may terminate CEO's employment immediately if CEO becomes permanently disabled. CEO will be considered "permanently disabled" if, for a continuous period of eighteen (18) weeks or more in any 12-month period, CEO has been unable to perform the essential functions of the job because of one or more mental or physical illness and/or disabilities;

provided that the District may grant additional unpaid leave if and to the extent that, in the District's judgment, doing so is required by law.

13.5 Retirement. CEO may retire from all employment with the District upon giving the District notice of the same at least nine (9) months prior to the effective date of such retirement.

13.6 Mutual Agreement. CEO and the District may terminate the employment relationship under this Agreement any time by mutual written agreement between the CEO and the Board.

13.7 Cooperation Following Cessation of Employment. CEO agrees that when their employment ends, whether voluntarily or involuntary, they will cooperate fully with the District in completing pending work on behalf of the district, the orderly transfer of any pending work to other employees of the district, the return of all District property, and in any business or legal matters in which participation is requested.

14. Severance.

14.1 Termination Without Cause. If District terminates CEO's employment when neither cause nor permanent disability exists and provided that CEO releases the District and its agents from any and all claims in a signed written release in reasonable form and substance satisfactory to the District, the District shall pay to CEO severance payments equal to six (6) months of CEO's Base Salary in the manner described below. The severance payments shall be paid over the six (6) month period following the effective date of the termination at CEO's normal Base Salary rate on the District's regular payroll days, subject to normal payroll deductions as permitted or required by law and then-existing District policy and procedure.

14.2 All Other Terminations, No Severance. Except as provided herein, in all other cases of termination or expiration of this Agreement or of CEO's employment, all compensation and benefits shall terminate on the date CEO's employment with the District ends and CEO shall not be entitled to severance payments.

15. Confidentiality and Non-Solicitation.

15.1. Confidential Information. In the course of CEO's employment with the District, CEO will have access to certain Confidential Information. CEO agrees that information not generally known or accessible to the public to which CEO has been or will be exposed as a result of employment by the

District is confidential and belongs to the District. Confidential information includes information developed by CEO, alone or with others, or entrusted to the District by its patients or others. CEO will use and disclose Confidential Information solely for the purposes for which it is provided and will take reasonable precautions to prevent any unauthorized use or disclosure of the same. CEO will not use or disclose any Confidential Information except as (a) authorized by the district and (b) for the District's benefit.

15.2 Non-Solicitation. During the term and for a period of one (1) year after the termination of CEO's employment under this Agreement, regardless of the reason it ends, CEO will not directly or indirectly solicit any employee to leave the employ or service of the District. The phrase "will not directly or indirectly solicit," includes, without limitation, that CEO shall not: (a) identify any District employees to any third party as potential candidates for employment, such as by disclosing the names, backgrounds and qualifications of any District employees; (b) personally or through any other person approach, recruit or otherwise solicit employees of the District to work for any other employer; and (c) participate in any pre-employment interviews with any person who was employed by the District while CEO was employed or retained by the District.

16. Amendment. This Agreement may be amended only by a writing signed by both parties.

17. Miscellaneous.

17.1 Effects of Waiver. No waiver shall be binding unless executed in writing and signed by the party against whom the waiver is sought to be enforced. The waiver of any breach of this Agreement or failure to enforce any provision of this Agreement shall not waive any later breach.

17.2 Assignment: Successors. Neither the District nor the CEO may assign its or their rights or delegate its or their duties under this Agreement.

17.3 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which, taken together, shall constitute a single Agreement.

17.4 Binding Effect. This Agreement is binding upon the parties and their personal representatives, heirs, successors and assigns.

17.5 Applicable Law, Attorneys' Fees, Venue and Jurisdiction. This Agreement shall be governed by and construed according to the laws of the State of Washington and shall not be construed against the drafter. The District and CEO agree that, except as provided in Section 15.7.2, in any

arbitration or lawsuit arising out of or relating to this Agreement or CEO's employment, the substantially prevailing party shall recover reasonable costs and attorneys' fees, including on appeal. Venue and jurisdiction of any lawsuit involving this agreement or CEO's employment shall exist exclusively in Lewis County, Washington, Superior Court.

17.6 Dispute Resolution. All disputes between CEO and the District that otherwise would be resolved in court shall be resolved instead by the following alternate dispute resolution process (the "Process")

17.6.1 Disputes Covered. The Process applies to all disputes between CEO and the District, including those arising out of or related to this Agreement or CEO's employment with the District. Disputes subject to the Process include but are not limited to pay disputes, contract disputes, wrongful termination disputes and discrimination, harassment or civil rights disputes. The Process applies to disputes CEO may have with the District and also applies to disputes CEO may have with any of the District's employees or agents so long as the employee or agent with whom CEO has the dispute is also bound by or consents to the Process. The Process applies regardless of when the dispute arises and will remain in effect after CEO's employment with the District ends, regardless of the reason it ends. The Process does not apply, however, to workers' compensation or unemployment compensation claims.

17.6.2 Mediation. CEO and the District hereby agree they shall submit any Dispute to mediation within six (6) months of the earlier of (a) termination of CEO's employment with the District under this Agreement, or (b) accrual of the dispute. CEO and the District further agree each party shall give the other at least thirty (30) days' written notice prior to submitting a dispute to mediation.

17.6.3 Appointment of Mediator. The parties will jointly appoint a mutually acceptable mediator, seeking assistance in such regard from the American Arbitration Association if they have been unable to agree upon such appointment within three (3) days following submission of the Dispute to mediation.

17.6.4 Participation. Upon appointment of the mediator, the parties agree to participate in good faith in the mediation and negotiations relating thereto for one (1) full business day.

17.6.5 Location. All mediation conferences and hearings will be held in the Hospital facility, unless otherwise agreed by both parties.

17.6.6 Arbitration. All disputes that are not resolved by agreement (in mediation or otherwise) shall be determined by binding arbitration under the AAA Employment Dispute Resolution Rules then in effect. Neither party may bring any dispute to arbitration unless the parties first submit the dispute to and participate in mediation pursuant to Section 15.7.2. Fifty percent of the arbitrator's costs and the arbitrator's fees shall be paid by the District and the remaining fifty percent shall be paid by the CEO.

17.6.7 Injunctive Relief. Either party may request a court to issue such temporary or interim injunctive relief (including temporary restraining orders and preliminary injunctions) as may be appropriate, either before or after mediation or arbitration is commenced. The temporary or interim relief shall remain in effect pending the outcome of mediation or arbitration. No such request shall be a waiver of the right to submit any dispute to mediation or arbitration.

17.6.8 Severability. If any provision of this Agreement is held or deemed to be invalid or unenforceable to any extent when applied to any person or circumstance, the remaining provisions hereof and the enforcement of such provision to other persons or circumstances, or to any other extent shall not be effected thereby, and each provision hereof shall be enforced to the fullest extent allowed by law. If any part of this Agreement is held to be unenforceable as written, it shall be enforced to the maximum allowed by applicable law. The confidentiality, possession of materials and non-solicitation provision of this Agreement shall survive after CEO's employment by District ends, regardless of the reason it ends, and shall be enforceable regardless of any claim CEO may have against the District.

18. Complete Agreement. This Agreement represents the complete agreement between the parties regarding the employment of CEO and supersedes all prior agreements, discussion and negotiations. This Agreement may be amended only by a writing signed by both parties. The parties are not entering into this Agreement relying on anything not set out in this Agreement. There are no other oral or written agreements.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

Tom Herrin, Board Chairperson

Kim Olive, Secretary

Craig Coppok, Commissioner

Wes McMahan, Commissioner

Trish Frady, Commissioner

Robert Mach
Robert Mach (May 26, 2023 12:15 EDT)

Robert Mach, CEO







Robert Mach CEO

Final Audit Report

2023-05-26

Created:	2023-05-26
By:	Shana Garcia (Sgarcia@mortongeneral.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAA8XtifKsOAmPIOtIHWSx9S7vkLvYmRsia

"Robert Mach CEO" History

-  Document created by Shana Garcia (Sgarcia@mortongeneral.org)
2023-05-26 - 3:56:03 PM GMT- IP address: 208.52.20.2
-  Document emailed to machfamily66@gmail.com for signature
2023-05-26 - 3:57:46 PM GMT
-  Email viewed by machfamily66@gmail.com
2023-05-26 - 4:13:31 PM GMT- IP address: 24.176.13.214
-  Signer machfamily66@gmail.com entered name at signing as Robert Mach
2023-05-26 - 4:15:45 PM GMT- IP address: 24.176.13.214
-  Document e-signed by Robert Mach (machfamily66@gmail.com)
Signature Date: 2023-05-26 - 4:15:47 PM GMT - Time Source: server- IP address: 24.176.13.214
-  Agreement completed.
2023-05-26 - 4:15:47 PM GMT

MEMORANDUM

To: Board of Commissioners
From: Interim Superintendent Lieb
CC:
Date: 05/24/23
Re: Productivity and Staffing Services Agreement

This agreement is for a web-based staffing productivity tool and initial set up consulting services. Labor costs are our most significant expense, and better control of our variable staffing costs are important to our overall financial improvement. This tool provides a very clean and simple department level performance evaluation each pay period and giving managers a biweekly look at both actual FTE's and dollars (over and under) their target metrics. As part of the set up for this, both a clinical and a non-clinical consultant will come onsite and sit with each manager in their areas and come to an agreement on an appropriate benchmark and unit of service (UOS). Doing this with the manager directly takes into account any local "quirks," physical layout, partial days, physician availability, and more. The consultants also provide national benchmarks (based on critical access hospital services) of hours or FTE's per UOS. Ultimately, the selection of the benchmarks is done at the departmental level, and then tracked each pay period. The benchmarks are re-evaluated and updated each year.

The leadership team recognizes the value of such a tool and recommends the approval of this agreement.

It is within the Superintendent's signature authority, but, in the interests of full disclosure, the company providing it is my former employer. I wanted, therefore, to bring this to your attention and for board acceptance and/or approval before proceeding. We did look for competitive systems and alternatives through both our Materials Management Department and IT and found nothing comparable.

HealthTech

ORDER FORM

The Master Services Agreement ("MSA"), as it may be amended from time to time and provided at <https://health-tech.us/print/HealthTech-MSA.pdf>, describes the agreement between HealthTech Management Services, Inc. d/b/a HealthTech™ ("HealthTech") and the healthcare entity identified below (collectively with such entity's affiliated facilities "Client" and together with HealthTech each a "Party") for certain Services described in the Service Agreement(s) executed in connection herewith. Each Service Agreement, when fully executed by the Parties, is hereby fully incorporated into this Order Form by reference. The MSA sets forth the general legal terms governing the Services. This Order Form sets forth the Initial Term and, as set forth in the Service Agreement(s), the description of and compensation payable for such Services. Together, the MSA and this Order Form, including without limitation each Service Agreement, constitute the entire Agreement between the Parties.

This Agreement is effective as of March 31, 2023("Effective Date") and has an Initial Term of one (1) year that may auto-renew according to Section 5 of the MSA. Capitalized terms not defined in this Order Form shall have the meanings ascribed to them in the MSA.

CLIENT INFORMATION / INFORMATION FOR NOTICES:

Client's Legal Entity Name (including d/b/a, if any):

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

Address:

521 Adams Avenue
Morton, WA 98356

Billing Contact: _____

Title: _____

Phone: _____

Email Address: _____

Fax: _____

Principal Contact re: Services: _____

Title: _____

Phone: _____

Email Address: _____

By signing below, on the dates indicated, each Party acknowledges that its authorized representative has read, understands and agrees to be bound by all of the terms and conditions of the Agreement and that the individual signing below on behalf of that Party has been properly authorized and empowered to enter into this Agreement.

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

HealthTech Management Services, Inc
d/b/a HealthTech™

By (Signature): _____

Name (Printed): _____

Title: _____

Date: _____

By (Signature): _____

Name (Printed): Neil Todhunter

Title: President

Date: _____

For notice purposes, notify HealthTech at:

HealthTech
5110 Maryland Way, Suite 200
Brentwood, TN 37027
ATTN: President

with a copy to "Legal Notices" at the same address

HealthTech

Productivity and Staffing Consulting Services Agreement

Pursuant to the Agreement by and between the undersigned Parties having an Effective Date of March 31, 2023, as documented on the Order Form, the Parties hereby agree as set forth below. Capitalized terms not defined herein shall have the meanings ascribed to them in the Agreement. Capitalized terms not defined herein shall have the meanings ascribed to them in the Agreement.

1. Productivity and Staffing Consulting Services Description

Effective as of March 31, 2023 (the "Productivity and Staffing Consulting Services Effective Date") and during the Productivity and Staffing Consulting Services Term (as defined below) HealthTech will assist Client with a review of their current productivity and staffing policies and procedures, including without limitation the following (collectively the "Productivity and Staffing Consulting Services"):

- (a) Phase 1: Productivity and Staffing Review. HealthTech personnel will provide on-site productivity and staffing review services (as defined below) to Client, including but not limited to the following:
 - i. Review of Client's current productivity data including reports being generated, frequency of reports, report distribution and variance reporting.
 - ii. Review Client's staffing and productivity data, including but not limited to:
 - a. Department volume indicators
 - b. Paid and worked hours
 - c. Paid and worked salary
 - d. Overtime
 - e. Any additional data being utilized by Client related to productivity and staffing
 - iii. Review Client's payroll policies and/or contractual obligations that may have an impact on Client's staffing and payroll procedures.
- (b) Phase 2: Development of Unit of Service and Volume for Each Department. HealthTech will collaborate with Client to review and compare the current unit of service being utilized to the unit of service recommended by HealthTech and, upon completion, HealthTech will provide Client with a comprehensive list outlining the differences between Client's current unit of service and HealthTech's recommended unit of service. Upon request from Client, HealthTech will assist with facilitating discussions between senior leaders and/or department managers to assist in modifying the unit of service measure. HealthTech will assist Client in creating an action plan to capture volume data and provide Client with a report comparing the organization's current productivity to the targets recommended by HealthTech.
- (c) Phase 3: Implementation of the Optimum Productivity System. HealthTech will assist Client with implementation of the Optimum Productivity System, including the following:
 - i. Assist Client with collection of department volume and payroll data.
 - ii. Provide assistance to Client with uploading data to the Optimum Productivity System.

- iii. Assist Client with testing the Optimum Productivity System for effectiveness.
- (d) Phase 4: Education. HealthTech will provide a forty-five (45) minute educational tutorial to Client on how to utilize the Optimum Productivity System.
- (e) Phase 5: Development of Departmental Targets. HealthTech will assist Client in the development of staffing and productivity targets, including without limitation, the following:
 - i. Schedule and attend individual meetings with department managers.
 - ii. Work with Client to determine opportunities for staffing and process improvement
- (f) Phase 6: Support Services. Support services provided by HealthTech to Client shall include, but are not limited to, the following:
 - i. HealthTech will assign a Consultant to provide support to Client's department managers and assist Client with meeting recommended staffing targets
 - ii. Mutually agreed upon remote meetings between HealthTech and Client.
 - iii. Access to monthly reports with comparative data to other hospitals
 - iv. Updated productivity manual (revised every 12 – 18 months)
 - v. Remote assistance to Client to update hospital productivity and staffing targets annually
 - vi. Remote support by the assigned consultant to review productivity and staffing with Client's Chief Financial Officer and, if requested individual department managers
 - vi. Response to E-Mail inquiries within 24 hours Monday-Friday
 - vi. Additional on-site reviews and education can be scheduled at the organization's request for an additional cost upon completion of the initial implementation

Notwithstanding anything to the contrary in the Agreement, it is understood and agreed that the ultimate responsibility for any decisions made by Client in connection with the Productivity and Staffing Consulting Services remains with the Client as owner and operator of its business and the Productivity and Staffing Consulting Services shall provide business review only and shall not include legal or regulatory review or analysis, nor shall HealthTech's Productivity and Staffing Consulting Services be used to reach legal, regulatory or compliance conclusions. For the avoidance of doubt, the Parties agree and acknowledge that HealthTech is not in any way responsible for the accuracy, truthfulness and completeness of any market data information submitted to Client hereunder from any third-party data provider.

2. Productivity and Staffing Consulting Services Fees

HealthTech shall be entitled to receive compensation for the Productivity and Staffing Consulting Services provided hereunder as follows:

- (a) Productivity and Staffing Consulting Services Fee. As compensation for the Productivity and Staffing Consulting Services provided hereunder Client shall pay to HealthTech fifteen thousand and no/100 dollars (\$15,000.00) ("Productivity and Staffing Consulting Services Fee").
- (b) Optimum Productivity System. On the first anniversary of the Productivity and Staffing Consulting Services Effective Date, and annually thereafter on each anniversary of the Productivity and Staffing Consulting Services Effective Date Client shall pay to HealthTech ten thousand and no/100 dollars (\$10,000.00) for each year Client utilizes the Optimum Productivity System ("Optimum Productivity System Subscription Fee").
- (c) Additional Support Services Fees. As consideration for any Additional Support Services provided on-site by HealthTech at the request of Client, Client shall pay to HealthTech a sum equal to two thousand five-hundred and no/100 dollars (\$2,500.00) for each day that any on-site Additional Support Services are provided by HealthTech multiplied by the number of HealthTech personnel who provide such on-site Additional Support Services during each such day (collectively the "Additional Support Services Fees"). "Additional Support Services" shall be defined as additional services requested by Client beyond the Productivity and Staffing Consulting Services not included in the other Fees set forth in Sections (a) and (b) above.
- (d) Reimbursable Expenses. For the avoidance of confusion, as set forth in the MSA Client additionally will reimburse HealthTech fully for Reimbursable Expenses including without limitation travel, lodging, meals, local transportation and out-of-pocket costs and expenses of HealthTech Personnel while performing any on-site Productivity and Staffing Consulting Services for Client.
- (e) Travel Time. As consideration for time undertaken by HealthTech Personnel traveling to and from Client's facility to provide the Productivity and Staffing Consulting Services, Client shall pay to HealthTech the sum of one thousand and no/100 dollars (\$1,000.00) (the "Travel Time Fees") for each HealthTech Consultant traveling to and from Client's facility to provide such services.
- (f) Payment Terms. Unless otherwise stated herein, Client shall pay all fees and, as applicable, any Reimbursable Expenses as set forth in MSA.

3. Term/Termination of Productivity and Staffing Consulting Services Agreement

- (a) Term. This Productivity and Staffing Consulting Services Agreement shall begin on the Productivity and Staffing Consulting Services Effective Date and continue until the Productivity and Staffing Consulting Services have been completed ("Productivity and Staffing Consulting Services Term"), unless sooner terminated in accordance with the terms hereof or the MSA. Except as set forth in the MSA termination of this Productivity and Staffing Consulting Services Agreement shall not affect the validity or enforceability of any other Service Agreement between the Parties, and, unless otherwise properly terminated, each other Service Agreement shall remain in force and effect so as to reflect the agreement of the Parties.

4. Approvals

The following persons are responsible for approvals and/or Changes to this Productivity and Staffing Consulting Services Agreement.

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

**HealthTech Management Services, Inc.
d/b/a HealthTech™:**

Neil Todhunter, President

All other terms and conditions as agreed in the Agreement shall apply.

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

**HealthTech Management Services, Inc.
d/b/a HealthTech™:**

By (Signature)

By (Signature)

Printed Name

Neil Todhunter

Title

President

Date

Date

SUPERINTENDENT REPORT