

# Bartlett Regional Hospital

3260 Hospital Drive, Juneau, Alaska 99801 907.796.8900 [www.bartletthospital.org](http://www.bartletthospital.org)

## COMMITTEE OF THE WHOLE MEETING MINUTES

December 9, 2021 – 5:15 p.m.

BRH Boardroom / Zoom Videoconference

**Called to order at 5:19 p.m., by Kenny Solomon-Gross, Board President**

**Board Members Present:** Kenny Solomon-Gross; Board President, Rosemary Hagevig; Vice-President, *Mark Johnson*; Secretary, Hal Geiger, Brenda Knapp, Iola Young, *Lindy Jones, MD, Lance Stevens* and *Deb Johnston*

**Also Present:** *Jerel Humphrey*; Interim CEO, Dallas Hargrave; HR Director, Anita Moffitt; Executive Assistant, Loren Jones, *Kim Russel*

Ms. Moffitt identified attendees in the room: Mr. Solomon-Gross, Mr. Geiger, Ms. Hagevig, Ms. Knapp, Loren Jones and Dallas Hargrave. She then identified virtual attendees: Kim Russel, Jerel Humphrey, Deb Johnston, Lindy Jones and Lance Stevens. For the benefit of Ms. Russel, Mr. Solomon-Gross identified the Board members in attendance and recognized Loren Jones as a past BRH Board and CBJ Assembly member and invited speaker at tonight's meeting.

**APPROVAL OF THE AGENDA - *MOTION by Mr. Geiger to approve the agenda as written. There being no objections, agenda approved.***

**PUBLIC PARTICIPATION – None**

**APPROVAL OF THE MINUTES - *MOTION by Mr. Geiger to approve the minutes as written. Ms. Knapp seconded. There being no objections, October 29, 2021 minutes approved.***

Mr. Solomon-Gross stated the purpose of this meeting is to provide Board education before moving ahead with Chief Executive Officer (CEO) recruitment. Loren Jones has lots of institutional experience having served several terms on the BRH Board and on the CBJ Assembly, He will provide his experiences in the use of a management company hiring a CEO vs. a CEO hired by the Board. Kim Russel, CEO of Russel Advisors, was approved at the last Board meeting to provide assistance throughout the CEO recruitment process. She will provide an overview of options for this process.

Mr. Jones reported that he served on the BRH Board from 1990-1994 and again from 2004-2010, He served on the Assembly from 2012-2021. He made it clear to the attendees that he will be expressing his views only and that a lot may have changed in the hospital world since he served on the Board. From his view, Quorum had been providing the Board another ear to ask about things the CEO was bringing forward such as finances, state of the art equipment, reimbursement for care etc. They also provided on-site staff. BRH was not Joint Commission Certified until Quorum helped them become so. As part of the management contract, Quorum paid the salaries of the CEO and the Chief Financial Officer (CFO) and provided people to train staff, at no extra cost to BRH, to make sure they were in compliance. They provided the resources administration needed to support and train staff so as to provide the best quality of care possible. The Regional Director would come on-site once a quarter until the early 2000's. By 2004, they began coming once every 6 months after Quorum was bought out by another company and many of the people running it came out of the for profit



hospital world. These lessened visitations were one of the reasons considered for ending the contract. Except for the last two or three years of the contract, Mr. Jones considered Quorum to be honest brokers that said what needed to be heard. They were very helpful with Compliance, Quality, Board Governance, Medical Staff Bylaws, etc. He had viewed the relationship as very positive.

There had been two CEOs during the years Mr. Jones served on the Board. Bob Valliant had served as CEO for 17 years before becoming ill and passing away. After two unsuccessful interims, Shawn Morrow was hired as his replacement and was faced with issues. Towards the end of Mr. Valliant's illness, suspicions arose which caused the Assembly to order an audit of the hospital. The auditor's found no evidence of suspicions but did feel that BRH could use advice on staffing. A survey was conducted and it was determined that BRH was overstaffed. Mr. Morrow used survey results to justify downsizing and to try to set up a different retirement system with PERS. This caused numerous issues with the staff and led to several contentious Board meetings attended by staff. The Foraker Group was hired to conduct a satisfaction survey of the staff. Mr. Morrow, and Quorum were still managing the hospital when Mr. Jones left the Board in 2010. The board decided a couple of years later to terminate the contract with Quorum. Quorum would not allow Mr. Morrow and Mr. Hamblin, the CFO at the time, out of their contracts. The board chose to hire a CEO of their own choosing, understanding that by terminating services of a management company, they may have to pay outside companies to provide expertise where the CEO may need help. He noted the hospital had benefited from significant cost savings for supplies and equipment through the group purchasing power available through Quorum while still being allowed to use vendors not a part of the GPO. Increases in salaries and/or benefits to the CEO were based on evaluations. Quorum helped the board work through the evaluations but the evaluations were always done by the Board. It was made very clear that although employed by Quorum, the CEO worked for the hospital. The CEO could be replaced at any time if the hospital was not happy and Quorum would help recruit a new one. In closing, Mr. Jones stated that Bob Valliant was a Quorum employee and an anomaly for serving as the CEO for 17 years at BRH. Anyone hired to replace him was going to face challenges. He did feel that the management company provided a lot of support for the CEO.

Ms. Knapp expressed concern that we're anachronistic in the way we operate and in our ability to stay in touch with changes. She stated appreciation for Mr. Jones' background information and asked how Quorum reacted to the audit and the findings that the hospital was overstaffed. Mr. Jones responded that Quorum stayed away from the internal politics between the CEO and the owners of the hospital (the Assembly) and the operating board. They tried to support the CEO but did not step between him and the employees as that wasn't their role. They tried to stay out of local issues. Mr. Jones, as an Assembly member, was in favor of continuing the contract with Quorum.

Ms. Hagevig would like to replicate some of the qualities Mr. Valliant brought to the table as his relationships with the community were very important and put the hospital on a very solid playing field. Dr. Jones commented that we need to separate Bob Valliant from Quorum. His longevity and commitment to the community helped make him successful as a CEO. Dr. Jones' concern is that if we hire a management company, we would get people that are moving up and on when what we want is someone that would move here and stay. Things work best for the hospital when there is competency and consistency in the CEO. Mr. Jones said a management company could have helped guide BRH through its affiliation study and noted many smaller hospitals are now becoming part of larger hospital systems. Mr. Solomon-Gross asked Mr. Jones about the Board's understanding that they would spend extra money to support the CEO if they hired their own. Mr. Jones reported hiring a CEO without knowing what skills they brought meant they would need help to make up for deficits not identified during the interview process. The board understood they were going to spend money to address that person's weaknesses as well as pay for other things that Quorum did, bringing staff in to work with the Compliance Officer, CFO, Joint Commission compliance, etc. These additional costs may add up to be more than what was paid for



the Quorum contract. With Quorum, if the CEO thought something needed to be provided, Quorum generally supplied it without extra cost to the hospital.

Mr. Solomon-Gross acknowledged the full board is now in attendance with Ms. Young and Mr. Johnson joining the meeting. He then invited Ms. Russel to speak.

Ms. Russel thanked the board for inviting her to work with them on this important decision. She then provided some background about herself. She's been a healthcare executive for about 40 years and has held the CEO position at two different hospitals, one of the hospitals a public hospital similar to BRH. She identified her role here is to be an advisor to the Board as they make decisions about recruitment of a CEO. She thanked Mr. Jones for his presentation stated that all of the elements that he pointed out are still provided by management companies today. Quorum is still a big player in the management contract world but there are others to choose from. When considering a management company contract, there's more to the decision than simply providing a CEO such as the taking advantage of some of the shared services these companies offer. The tradeoff for using a management company is that the CEO would be on their payroll. The board, however, would retain supervision over the management company and could say they're dissatisfied with the CEO and want a new one. She also noted that the relationship with the CEO is not as direct as without a management contract. Dr. Jones stated he was on the other side of things in the 90s and felt that some Quorum employees brought up here caused more problems than they solved. He stated that BRH is going through a Joint Commission survey right now and don't appear to be having any issues, finances are doing well and we're doing well in planning and building. He doesn't feel that we're so isolated here that we can't bring a level of sophistication here that would not require us to need a management company. He remembers a lot of issues related to Quorum.

Ms. Hagevig observed that we have been looking at affiliations over the last couple of years. A recent study determined that BRH is in a good position now to pursue them. She wonders if this could be done parallel to finding a CEO and perhaps a management company. Ms. Russel had not been briefed on what BRH has looked at as far as affiliations yet. Typically, if a board chooses to use a management contract, it would exclude any affiliation or partnership agreements into the future.

Ms. Russel provided an overview of the PowerPoint presentation included in the packet. She noted the average tenure of a CEO is 4 years. In 2020, CEO turnover rate nationwide was 16% and 10% for Alaska, 2021 has had a higher rate. Some difficulties in recruiting identified: Job openings exceed the number of candidates; Difficult to find people willing to relocate; Competition from non-traditional sources; Public hospitals need someone that is comfortable with sunshine laws and open meetings requirements. The short tenure of the previous CEO may also make candidates more cautious. Executive search firms use a national database and their national contacts to find possible candidates. They are responsible for legal compliance for the search and they guarantee their work. They guarantee the CEO selected will stay for a set amount of time and if they don't, the firm will repeat the search for no additional professional fee. They begin the process by making sure the board's charge is written very clearly as to the role of the search committee and will advise on the search committee's membership, rules and responsibilities. They will do an organizational assessment looking at recent Joint Commission report, financials, quality reports, etc. so they can convey information about BRH to potential candidates. While doing all of this, they will typically do one on one meetings with Board members, select physicians and community members as well as key staff members to find out what they feel is most important to look for in a CEO and what the CEO should get done within the first 12 months on the job. This information will be compiled and a position profile for the job will be created. The position profile is an important piece of work to be reviewed and revised by the search committee before it is presented to the board. It's important everyone agrees it's what we're looking for. Once the



position profile is determined, the search begins. The firm will compile 8-10 people that appear to meet the profile position requirements. The selection committee will review a paper presentation of each of these people. The committee will then select 4 or 5 of those people for virtual interviews. Based on the committee's evaluation, 2 or 3 of the candidates will be selected for a site visit to the hospital and in-person interviews and the names of the candidates are made public. The search firm gathers feedback from everyone, pulls the search committee together and proceeds with the rest of the process. When the board comes to a consensus on the top candidate, the search firm will help negotiate, finalize and get an offer accepted. The search firm usually stays involved through the first year to ensure things are going well. There are a lot of search firms to choose from. She suggests narrowing it down to 3 or 4 choices. Search companies work on a fee basis, typically 1/3 of the CEO's salary for the first year plus any and all interview expenses. If the board chooses to use a search firm, Ms. Russel will work on the RFP with Mr. Hargrave and help pick the right firm for us. Should a search be unsuccessful or the CEO winds up not being a good match for the hospital, the search will continue since the job is not completed until the guarantee period for the CEO ends. She suggests using this same process if BRH decides to use internal staff instead of a search firm to conduct a search. She identified time commitment as a big challenge for internal staff to conduct a search.

The search committee should have no more than 8-10 people and should include someone from the medical staff and representatives of the community. If no members of the public are on the committee, candidates may be asked to do a community forum to allow for community input. It's important to not have too many people on the committee. It's also important to maintain candidate confidentiality by the committee until there is agreement that the names will be made public. There are many different types of instruments and methodologies for evaluating candidates but typically, only the final 2 or 3 candidates are put through an assessment exercise. A requirement that the CEO live in Juneau can be made and if it is, it is important to invite the spouse/significant other to accompany the candidate on their site visit.

Mr. Hargrave stated that we do have disclosure laws and do include in our announcement that we cannot keep applicant information confidential. Unfortunately, this may be a deterrent for some people.

In response to Mr. Stevens, Ms. Russel responded that the advantage of using a search firm is that they will have a much stronger field of candidates since this is what they do. Search firms are very good at helping the board come to a consensus on what the most important attributes and expectations of the CEO are. They can also help navigate the complexities such as public disclosure requirements. Her professional recommendation to the Board is to go with a search firm if not going with a management company. Mr. Hargrave and others will still be heavily involved with the process. Mr. Jones noted when Quorum helped with the CEO search, the whole process took about 6 months and asked how long it might be anticipated to take if we choose to use a management firm. Ms. Russel anticipates it would be 8-9 months. Mr. Humphrey stated his contract allows him to be here until a permanent CEO is found.

At Mr. Solomon-Gross' request, Mr. Humphrey weighed in based on his experience as an interim CEO. He felt that today's conversation has been really good and Ms. Russel's overview of the use of executive search firms was outstanding. He said there is no definitive answer. There are many top notch management companies and search firms out there that can handle the complexities of BRH being a public institution. Being a public institution adds a dimension of difficulty in having a successful search in a timely manner. Using a management company, BRH will be buying their overhead and corporate structure that BRH doesn't currently have. In his 6 weeks here, it's become very apparent that there is a lot of strong talent on staff at BRH. There might be some aspects BRH could benefit from by using a management company, but not overwhelmingly.



Mr. Stevens asked what the expectation is coming out of today's meeting. Is the board to make a decision today? Mr. Hargrave said if the board has a consensus now and wants to give directions to move ahead with a search firm, he and Mr. Solomon-Gross can gather information before the next board meeting about how to move forward.

Mr. Jones commented that if BRH is going to spend 9 months to vet a CEO, they're going to spend at least 5-6 months to vet a management company. Using a search firm to hire a CEO may give a leg up in hiring a management company should BRH choose to go that route. He does not recommend trying to hire a CEO and a management company at the same time and cautioned that hiring a management company before hiring a CEO could extend the process to 18 months.

Ms. Hagevig said this is good information but she needs a little more time to think about it.

Mr. Geiger does not recommend using our last process. He also wondered if we go with a management company, should we not pursue affiliations at this time? He suggests using an executive search firm to find a CEO and then pursue a management company at a later date.

Discussion was held about what information would be allowed to be discussed in executive session during this process. Ms. Knapp agreed hiring an executive search firm makes sense and brings more knowledge, resources and objectivity for selecting a CEO. She opposes trying to recruit a CEO on our own. Based on information provided by Mr. Humphrey and Mr. Hargrave, she does not think that we are in a place where we need a management firm at this time. We should wait until a new CEO is in place to discuss management firms and affiliations. She would like Mr. Hargrave to move forward with getting information on an executive search firm and present it to the Board at the December 28<sup>th</sup> meeting. Ms. Hagevig and Ms. Young expressed agreement.

Mr. Solomon-Gross said he thinks there is a consensus for him and Mr. Hargrave move ahead with gathering information on executive search firms to bring to the Board on December 28<sup>th</sup>. He and Mr. Hargrave will continue to work with Ms. Russel on the next steps to present the process to the Board for approval.

Mr. Hargrave said we need to identify search committee members. There needs to be a balance between the people that need to be at the table while not having too many people. Scheduling meetings and interviews becomes very difficult if the group is too large and it's important that all members are able to attend all meetings and interviews. There needs to be a process that is agile and can move along as good candidates may drop off if the process takes too long.

Mr. Geiger suggested having the smallest selection committee we can get away with and have more medical staff involvement.

**Comments and Questions** – Mr. Jones said this has been a good discussion. He agrees that using an executive search firm is probably what BRH should do. Mr. Stevens thanked Ms. Russel for her guidance and willingness to step in to help us through this process. Ms. Russel said she feels privileged to work with the Board on this very important decision. Mr. Solomon-Gross also thanked Ms. Russel and everyone else for participating in the meeting.

**Adjourned 7:12 p.m.**