

## MEMORANDUM

**TO: BOARD OF COMMISSIONERS  
PROSSER MEMORIAL HEALTH**

**FROM: CRAIG J. MARKS, CEO**

**DATE: November 2022**

**RE: CEO REPORT**

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### **SERVICES**

#### **1. 2023 Strategic Planning**

We are finishing the strategic planning process for 2023 as we aggregate the feedback we have received from our staff and providers to develop draft documents for the Board to review in November and approve in December. Because we have not reviewed our Mission, Vision, Values and Standards of Behavior for six years, we began our review process with these foundational items. The consensus was that these items continue to provide a solid foundation upon which we continue to build and reflect the organization we strive to become. Several minor changes were suggested and are reflected in our revised Mission, Vision, Values and Standards of Behavior (**Attachment A**) and will be discussed at the November Board Meeting. It should be noted that this document does not sit on a shelf but guides us daily as we work to improve Prosser Memorial Health and will be reviewed every 5 to 10 years to ensure that it is updated as PMH changes and grows. It is also important to note that this document is reviewed at every employee's orientation and every employee signs their commitment to our Values and Standards of Behavior annually.

To develop the 2023 Strategic Plan, we asked all PMH Team members to identify opportunities for improvement for each of the six Pillars of Excellence that would assist us in achieving our Pillar Goals. This input (**Attachment B**) and a thorough review of our 2022 Strategic Plan, enabled us to develop a comprehensive draft 2023 PMH Strategic Plan (**Attachment C**). The objectives identified in the plan will empower us to continue our journey to achieve our Pillar Goals and ultimately become a Top 100 Critical Access Hospital in the country. The objectives contained in the plan are assigned to an individual(s) who are responsible for ensuring each objective is completed and is also under the direction of a Pillar Champion. Our Pillar Champions are: Patient Loyalty- Merry Fuller; Medical Staff Development- Dr. Brian Sollers/Annie Parker; Employee Development- Bryon Dirkes; Quality- Kristi Mellema; Services- Shannon Hitchcock; and Financial Stewardship- David Rollins. These individuals also comprise the PMH Administrative Team. The proposed 2023 Strategic Plan objectives will not be easy to achieve but are essential for us to achieve our 2023 goals. We continue to work on refining the Strategic Plan so that it is easier to read and use, with the ultimate goal to have it down to a one-page plan in the future. This will be a challenge in 2023 as we continue to pursue many initiatives, like building a replacement facility, that are critical to our future success. Our Pillar Champions will briefly review their Pillar goals and objectives at the November Board Meeting and seek input from

the Board about additional feedback and opportunities. By continuing to work together as a team, we will continue to improve and accomplish our goals.

The second draft plan in in your packet is our Medical Staff Model and 2023 Provider Recruitment/Succession Plan (**Attachment D**). This document was created in 2016 and has been updated/enhanced every year since. This Plan has had a significant impact on PMH and the communities we serve and has contributed significantly to our success over the past few years. We received a significant amount of feedback regarding our Medical Staff needs now and in the future from our staff, providers, and community members. We have attempted to capture this feedback in our draft Plan. While our service area has many needs, we cannot address them all at once. We must spread our recruitment efforts out over the next few years as we address space limitations and the desire to ensure that every new provider is successful. Our goal is to have a strong primary care base that will support the addition of specialists. This Model and Plan are being shared with the Medical Staff and Board in November for comments. The 2023 plan contains the addition of several primary care physicians (Family Practice, Pediatrics, and Internal Medicine) and specialty physicians (Gastroenterology, Radiologist, Orthopedic Surgery, and Emergency Medicine). While this is an aggressive list, accomplishing it will enable us to better meet the growing needs of the communities we serve.

The final two plans included in the Board packet are the draft 2023 PMH Marketing and the draft 2023 Information Technology (IT) Plan. The draft 2023 Marketing Plan (**Attachment E**) was developed by our Chief Communications Officer, Shannon Hitchcock. Shannon created this Plan based on feedback she received throughout the year and through the strategic planning process. The Plan utilizes multiple marketing channels (e.g., direct mail, social media, newspaper, billboards, television, radio, community education forums, etc.) The messaging emphasizes our providers (and the services they provide) and our staff, and the care and kindness they provide to every patient. We will also highlight our new facility opening in 2024. We have a strong story to tell in how we deliver high-quality health care with compassion, integrity, honesty, and hope. In addition, we have providers and services that are in high demand in our primary and secondary service areas. The final plan is our 2023 Information Technology (IT) Plan (**Attachment F**). This plan was developed by our Chief Information Officer- Phillip Braem and our IT staff. The Plan focuses on maintaining a state-of-the-art IT system at PMH, including our use of Epic, to meet our current and growing information technology needs. One example of this will be the completion of our rollout of a virtual desktop infrastructure (VDI), which will make it easier for users to use various computers (e.g., nursing units) and easier and cheaper for IT to manage our computer infrastructure. We will also continue to place an emphasis on IT security as hospital IT systems across the country are under attack. We look forward to discussing these draft plans at the November Board Meeting and having the Board approve them in December.

## 2. Replacement Facility Update

As outlined in the draft of our 2023 PMH Strategic Plan, we are now moving into the construction phase of our project. While we are doing this, there is still much work left to do with the agencies involved in our project (e.g., Washington Department of Health (DOH), City of Prosser, USDA, Washington Department of Transportation (WADOT), SVID, etc.) And the planning for our move and furniture/ equipment needed for our new facility. An update of our recent project activities is included in the Owner's Representatives and (NV5) Project Report for November (**Attachment G**); the minutes from our last project team meeting (**Attachment H**); and the project schedule for the next four months (**Attachment I**). We continue to focus on three main areas with this project: Design; Construction/ Schedule/ Budget; and Financing.

### A. Design

This past month, the major focus of our design activity is to meet the expectations of the Washington Department of Health (DOH). As you recall, we were delayed by the DOH because of staff turnover they experienced. The good news is that they recognized the delay and have made our project a priority. The result is that I am pleased to report that on Monday, November 7<sup>th</sup>, the DOH issued our Authorization to Begin Construction (A2BC) (**Attachment J**). We immediately sent this document to the City of Prosser and the USDA to continue processing our project. As a result, the City of Prosser plans to issue our building permit on Wednesday, November 9<sup>th</sup>. The USDA now has all the documents identified in their Letter of Conditions. We do have a required Pre-construction Conference (**Attachment J1**) on November 10<sup>th</sup> with the USDA, which will enable us to begin construction as soon as they approve all of our Letter of Condition submittals. It should be noted that they have had most of these items for several months, so we are optimistic that it will not take them long to approve them and provide a concurrence to begin construction. The USDA has made it clear that we can only tentatively schedule groundbreaking until we have their approval to proceed. As a result, we have tentatively scheduled the groundbreaking for November 29<sup>th</sup> (10:00 a.m. to 12:00 p.m.). As soon as we have USDA approval, we will hardwire the groundbreaking and send word out. Stay tuned.... Again, we remain optimistic that the USDA will approve our beginning construction within the next couple of weeks.

While this is all very exciting, there is still a lot of work behind the scenes that is going on with the DOH, WSDOT, SVID, etc. We still have a number of items that we will be resolving with the DOH in the coming months that will not slow down our construction schedule. We will also negotiate a Development Agreement with the City of Prosser regarding any upgrades that need to be made to North Gap Road in the future. As you recall, we have also been in conversations with WSDOT regarding the intersection of North Gap Road and the I82 westbound on and off ramps. The immediate mitigation according to WSDOT will be the installation of three beacon stop signs and some lane restriping. They would like us to contribute \$55,000 for this effort (which is significantly more than the cost) because their plan in the near future is to put in a roundabout and have us and other area developers contribute to pay for the roundabout. I wish WSDOT well with their plan as it

will take a very large roundabout to handle all of the truck traffic at that intersection! We are still in discussions with WSDOT, but it is probably in our best interest to contribute the \$55,000 and be done with the required mitigation. We continue to work with SVID on burying the existing overflow irrigation canal on our property we are in the process of purchasing the pipe, as approved at the October Board Meeting, and paying SVID \$36,370 (**Attachment K**) for the labor and some materials to bury the pipe. These costs are included in our budget, and we anticipate the work be completed in the next couple of months, which will not impact our construction schedule. Finally, on November 7<sup>TH</sup> we held a Furniture Fair for our staff to evaluate some of the furniture being recommended for our project (**Attachment L**) in the coming weeks we will be reviewing the feedback and make adjustments as needed. Thank you to everyone that attended the fair and shared your feedback!

## **B. Construction/Schedule/Budget**

Bouten Construction has signed contracts with each of the low bidders and is preparing to start our project in the next couple of weeks. In preparation, Bouten hosted our first Owners/ Contractors/ Architects (OAC) meeting on October 26<sup>TH</sup> (**Attachment M**). We covered all aspects of the construction process and will conduct these meetings every two weeks. On the off weeks, we will continue to hold Project Team Meetings until we have completed all design aspects of the project. The project schedule (**Attachment I**) is close to complete, with the only “wild card” being when we will receive USDA concurrence to begin construction. Once we have that, the groundbreaking will be scheduled and details regarding that event will be released. Hopefully, we will not have to deal with any snow! There have not been any changes to the project budget since it was approved in September. I have however, included the summary budget (**Attachment N**) and detailed budget (**Attachment O**) for your information.

## **C. Financing**

There is nothing new to report as it relates to financing for the project. We now have financing for the project set up with Western Alliance Bank (construction loan), the USDA (long-term loans) and either Agiliti or Multi-Medical Systems (equipment lease). These loans/leases will not be finalized until we are closer to needing the funds. PMH has now liquidated (cashed out) several investments as discussed last month so that we have the cash available to meet USDA expectations (**Attachment P**). We did slightly better than expected on the liquidations, and the result will be reflected on our November Balance Sheet and Income Statement. Because our Project Team will be in Prosser for our USDA meeting and groundbreaking in November, they are not planning to attend the November Board Work Session in-person. They will be available virtually and will provide updates on all project activities.

## Patient Loyalty

### 1. Veterans Day Breakfast

The patriotic spirit is alive and well at Prosser Memorial Health and will be on full display on November 11<sup>th</sup> as we serve our traditional Veterans Day Breakfast to area Veterans and their families (**Attachment Q**). This year the breakfast will be served from 7- 10 a.m. at the Prosser Senior Center. Our serving team will be comprised of members of our Leadership Team, Board, Staff, and Medical Staff. We anticipate serving up to 200 Veterans and their families. We look forward to this opportunity every year to thank our Veterans for their service. We also want to take this opportunity to thank our Veteran staff for their service and we will be placing an advertisement of appreciation for them in local newspapers and on social media (**Attachment R**). Please join me in thanking all our active servicemen and women, and our Veterans. We are indebted to these heroes and should never forget that because of them, we enjoy our freedom today. Thank you!

### 2. Community Education

On November 1<sup>st</sup>, Prosser Memorial Health hosted a Diabetic Forum at the Bethel Church (**Attachment S**). Presentations were made by Jenny Chavez (Diabetes Educator); Ashley Gunderson (Dietitian); Dr. José Santa Cruz; Dr. Jared Clifford; and Dr. Richard Unger. The event was attended by over 75 community members with another 91 viewers on Facebook. The presentations were recorded and are available on the PMH Website. A big thank you to the presenters and everyone that helped provide this wonderful event. This is how we care!

## Employee Development

### 1. Employee Engagement

We close out the month of October in style with our annual Halloween celebration. Participation levels were once again high, as our staff engaged in some fun and spirited competition. The Halloween costumes, pumpkin decorating, and chili chef winners did an outstanding job (**Attachment T**) and are to be commended! We all enjoyed the donuts for breakfast, chili and hot dog lunch, and caramel apples. It was great to see so many PMH Team members in costumes (I may never get the image of Ryan Austin out of my head.... it was as bad as Dr. Sollers last year!). We are now busy planning the 2022 PMH Holiday Party. It has been three years since we have been able to host this event and we cannot wait! The party will be held on December 10<sup>th</sup> from 5:00 p.m. until midnight at the HAPO Center in Pasco. The event will include a nice dinner, dancing, and casino night. We will also award \$1,000, \$500, and \$250 prizes to lucky gold, silver, and bronze ASPIRE award winners. Sign up early, as we already have over 200 RSVPs! On December 15<sup>th</sup> we will celebrate the season with our Annual Holiday Luncheon. The luncheon will be served by the Administrative Team who will be wearing their ugly sweaters for the Ugly Christmas Sweater Contest. There will be other fun activities and events, so stay tuned for more announcements soon. To promote wellness throughout PMH and our greater community, PMH will be hosting a Turkey Trot at 10:00 a.m. on November 19<sup>th</sup>

**(Attachment U)**. Since this is our first year trying this, we are experimenting with PMH staff and family members. This will be a low-key event, but a great way to promote wellness and get some exercise. Most participants will be walking, but you may also run the course. Good luck and have fun! I have included the November employee newsletter which highlights some of the Halloween festivities and other activities at PMH in October/November **(Attachment V)**.

## **2. Engagement surveys**

Since November 1st, we have given our staff and Medical Staff an opportunity to participate in our Annual Engagement Survey process. An outside company, People Element, is conducting the survey so that all responses are kept completely anonymous. The only participation information People Element shares with us is participation by department, but they do not tell us who participated. The survey results are very important to us because they comprise two of our key Pillars of Excellence and provide us an opportunity to address concerns and continue building on our strengths. Participation is very important so that we get results that are accurate and actionable. To that end, we encourage everyone to complete a survey, and if they do, they will receive a free drink at the Busy Bean. The survey will continue through November 15<sup>th</sup>, and we anticipate the survey results will be available in January. All survey results, including comments (except negative, hurtful comments directed at an individual) will be shared with the entire PMH team in January.

## **3. Men's Health**

Throughout the year, Prosser Memorial Health raises awareness in our community and provides education on health issues such as heart disease, heart health, strokes, and breast cancer awareness and encourages everyone to support the fight against these challenges. In November, you will see me, and many members of our team sporting beards and/or mustaches in support of no-shave November. No-shave November is a month-long campaign to raise awareness and funding for men's cancer prevention, research, and education. While we may not look our best with facial hair, we are all doing it for a good cause, and several will win prizes **(Attachment W)**. I encourage all men on the PMH Team to join us!

## Medical Staff Development

### 1. Radiologist

In August, Dr. Jeffrey Zuckerman, radiologist turned in his six-month notice informing us that he is moving to Puerto Rico to be closer to his family. Since then, we have been actively recruiting and had interviews and visits with several candidates. Recently, we had two excellent candidates from Canada that would require VISAs to work here. Upon further investigation, we learned that it could take them several years to obtain the required VISA, which would not meet our need. Fortunately, we reached out to a radiologist, Dr. Jessika Dingwall, that worked at PMH three years ago (**Attachment X**). Dr. Dingwall has been working at Lourdes and Trios and is looking to make a change because they have been short one radiologist for over two years and have done nothing about it. Dr. Dingwall has excellent training and experience and provides the same type of services we are looking for (all diagnostic imaging modalities and interventional procedures we currently provide). Our interviews with Dr. Dingwall by the Medical Staff and Leadership Team went very well and I am pleased to report that Dr. Dingwall has accepted the position at PMH and will begin March 6, 2023. We are very excited to have her join our team and we look forward to working with her. Until she arrives, we will be busy lining up coverage for her when she is on vacation, CME, etc. Radiologists are in very short supply today, especially those that will read all modalities and perform interventional procedures. Please join me in welcoming Dr. Dingwall back to PMH!

### 2. Medical Staff Recruitment

This past month the recruitment activity at PMH picked-up significantly as we continue to interview numerous providers interested in opportunities at PMH. This is good because we recently learned that two of our family practice providers, Dr. Carolyn O'Connor and Pam Morris, ARNP will be leaving us in the coming months to pursue new opportunities (**Attachment Y**). I would like to wish them well in their future endeavors and thank them for their years of service to our community and PMH. We are currently recruiting providers in family practice, occupational health, internal medicine, pediatrics, orthopedic surgery (sports medicine), emergency medicine and psychiatric nurse practitioners. We are currently in contract negotiations with an orthopedic surgeon, two emergency medicine providers, and an internal medicine physician. We hope to sign several of these providers before the end of 2022, and we are beginning to plan for our recruitment efforts in 2023 that will meet our goals outlined in our 2023 Medical Staff Recruitment and Retention Plan.

### 3. Medical Staff Activity

While Prosser Memorial Health has been busier than we have ever been, our Medical Staff also continued at a brisk pace as they performed their duties ranging from privileging new and current Medical Staff members to reviewing and developing clinical policies (**Attachment Z**). The Medical Staff is also responsible for ensuring that we provide quality healthcare services and continue to perform well in this area as we strive to exceed the expectations of those we serve. The Medical Staff also selects their leadership and elected Dr. Santa-Cruz as the Vice Chief of Staff beginning in January. Dr. Carl becomes the Chief of Staff for the next two years in January and will be followed by Dr.

Santa-Cruz in 2025. I would like to take this opportunity to thank Dr. Clifford for his outstanding leadership as our Chief of Staff the past two years through very challenging times with the pandemic and are unprecedented growth. Thank you!

#### **4. PMH Clinic Update**

Under the leadership of Annie Parker, Chief Clinics Operation Officer, and her leadership team: Molly Schutt (Grandview and Women's Health Clinics); Tami Schaff (Prosser and Benton City Clinics); and Marla Davis (PMH Specialty Clinic), significant positive changes are being worked on. One example is the establishment of new hours for each clinic which will enhance our staffing levels and better meet the needs of our patients (**Attachment AA**). It will also reduce the number of times our clinics close because of a lack of staff. Another change that the clinics initiated recently is the publication of a weekly clinic newsletter (**Attachment BB**) this newsletter will enhance communication and assist the clinics in addressing common concerns. Finally, the clinics are actively pursuing the establishment of call, triage, and referral centers which will greatly assist our patients, staff and providers. These are huge undertakings that will be implemented throughout 2023.

### **Financial Stewardship**

#### **1. Financial Performance- October**

The great pumpkin came through and in October as PMH continued to financially outperform other hospitals in Washington and across the nation (**Attachment CC**). Our gross revenue in October was the second highest in our history at \$22.6 million compared to our budget of \$19.5 million and \$16.4 million last year. The strong revenue correlates well with our volumes that generally continue to be at, or above, our budget. The only negative in October, was the level of contractual allowances, which exceeded our revenue variance. This is the result of a conservative approach to our contractual allowances and not wanting any negative surprises at the end of the year. Due to a favorable month for charity care and bad debt, our net revenue was \$234,140 (3%) better than budget. We once again experienced a good month of managing our expenses. Especially when you factor in our increased volumes and revenue. As a result, our operating income for October was \$834,580 compared to our budget of \$620,678, and after accounting for non-operating income, our net income for the month was \$904,660 compared to our budget of \$653,593.

Year-to-date our financial performance also continues to be strong and getting better. Our revenue is 14% better than budget and 27% better than last year, while our expenses are right in line with our budget. Despite experiencing an almost \$1 million loss on our investments, our net income for the year is \$9.5 million compared to our budgeted net income of \$5.0 million. This equates to a total margin of 12% which is twice as good as our goal of a 6% margin. Unfortunately, but not unexpectedly, we experienced a negative cash flow in October primarily because of our \$600,000+ inflation retention incentive which was paid to our staff. Year-to-date our cash flow is a positive \$3.3



million, despite our spending \$3.5 million on capital purchases, including work on our replacement facility. A real bright spot continues to be our payor mix where commercial insured patients make up 31.6% of all patients, followed by Medicare at 31.5% and Medicaid at 30.7%. While our net days in accounts receivable are little high at 52.5 days, we now have over \$30 million in cash and investments which positions us well for building our new facility and anything else that may come up.

## **2. 2023 Operating and Capital Budgets**

Over the past several months, our Finance Team has been working with our Leadership Team on the development of our 2023 Operating (**Attachment DD**) and Capital (**Attachment EE**) Budgets. Both draft budgets will be reviewed with the Board at the November Board Work Session. The Board will also review the proposed 2023 Property Tax Resolution (**Attachment FF**) and the certification of the 2023 Property Tax Levy (**Attachment GG**) at the meeting and will be asked to approve them at the November Board Meeting. These items are based on our draft Operating Budget and will be explained at the Work Session. Our draft Operating Budget is projecting a net income of \$6,504,352 or a total margin of 6.5%, which meets our pillar goal. This is still a draft and could change before December, but not dramatically. The detail behind the budget is still being collected and will be distributed with the final budget in December. On the Capital Budget side, we are attempting to keep our capital spend down, but will have to make some growth (e.g., GI) and equipment upgrades. As a result, we are currently projecting an all-cash capital spend of \$899,559. We will attempt to reduce our projected capital budget over the next month as we continue to build our cash reserves for the future, while remaining modern and well-maintained.

## **3. Financial Challenges**

Financial challenges continue to plague hospitals across Washington and the country (**Attachment HH**). In response, the American Hospital Association sent a letter to leaders of the Senate and House asking for relief (**Attachment II**). They are also spending large sums of money lobbying members of Congress and state political leaders. Fortunately, we are not in the precarious financial condition that many hospitals (especially rural hospitals) find themselves (**Attachment JJ**) I only share this information with you to keep you informed. Our goal is to continue to do well and not become dependent upon financial relief from Olympia or Washington D.C.

## Quality

### 1. 2022 Board Self-Evaluation

It is once again time for the Board to complete their annual self-evaluation (**Attachment KK**). We will use the same form we used last year as it seemed to work well. Please complete the evaluation by the first week of January so that the results can be compiled and discussed in January. Based on the results, a Board Action Plan for 2023 will be developed and presented to the Board for approval and implementation in February. I have included our 2022 Board Action Plan for your review (**Attachment LL**).

### 2. Board Education

Just a reminder that the American Hospital Association (AHA) is hosting its Annual Rural Health Care Leadership Conference in 2023 in San Antonio from February 19-22 (**Attachment MM**). The Conference will be held at the JW Marriott and will feature noted speakers in health care, politics, management, etc. As discussed, and agreed to last month, there will not be a Board Work Session in February to allow Board members to attend this conference. If you are interested in attending, please contact Rosemary at your earliest convenience so that we can make a reservation for you. There are discounted rates if we sign-up before December 9, 2022.

### 3. November Board Meetings

The November Board Work Session will be used to receive an update on our replacement facility project; a review of our draft 2023 Operating and Capital budgets; and a review of the proposed 2023 Property Tax Resolution and Levy. The replacement facility update will include all aspects of the project including regulatory feedback, current schedule, USDA status, etc. as we know them at the time. Some aspects of the project change from day-to-day, but by this meeting we hope to have a much clearer picture as we move forward. The November Board Meeting will be used to review the: PMH Vision, Mission, Vision, Values and Standards of Behavior; draft 2023 Strategic Plan; draft Medical Staff Model and 2023 Provider Recruitment /Succession Plan; draft 2023 Marketing Plan; and draft IT Plan. The Board will also be asked to approve a 2023 Property Tax Resolution and 2023 Property Tax Levy.

#### **4. December Board Meeting**

The December Board Work Session will be held on December 13<sup>th</sup>, and the December Board of Commissioners Meeting will be held on December 15<sup>th</sup>. The December Joint Conference Committee will meet at 7:00 a.m. on December 14<sup>th</sup> and the Finance Committee will meet at 7:00 a.m. on December 12<sup>th</sup> and remember wear your ugly Christmas sweaters to the December 15<sup>th</sup> meeting as the staff will be wearing theirs!

If you have any questions regarding this report, or other hospital activities, please contact me at (269) 214-8185 (cell), (509) 786-6695 (office), or stop by and see me at the hospital.