

MEMORANDUM

TO: BOARD OF COMMISSIONERS
PROSSER MEMORIAL HEALTH

FROM: CRAIG J. MARKS, CEO

DATE: JANUARY 2021

RE: CEO REPORT

SERVICES

1. 2020 Strategic Plan Annual Report

I have been a CEO of community hospitals for over 30 years, and 2020 was the most challenging year I have ever faced. We started the year very strong, exceeding our budgeted volumes, financial performance, patient satisfaction, etc., and then our world was turned upside down by the worldwide COVID - 19 pandemic. Prosser Memorial Health responded to this challenge exceptionally well and made the most out of a very difficult time. However, as we analyze our Pillars of Excellence (**Attachment A**), you will see that we were not able to meet most of our Pillar of Excellence goals in 2020 (red and yellow). While the pandemic explains some of the variances, we have also learned that maintaining excellence every day (as measured through our Pillar Goals) is very challenging. Our 2020 scores are not bad, but they are not at the level of excellence for which we were striving. Most hospitals in the country would be satisfied with our Pillar scores, especially our employee, Medical Staff and patient satisfaction scores, and our financial performance. While not achieving our goals is very disappointing, we will use 2020 to motivate us to improve and to continue our journey toward excellence and greatness with even more passion. We have an extremely dedicated team that performed well in 2020 (Thank you!) and will perform better even in 2021 as we strive to become a top 100 Critical Access Hospital in the country!

In addition to attempting to achieve our Pillar Goals in 2020, we were also striving to achieve the objectives in our 2020 Strategic Plan. As you read the 2020 Strategic Plan Annual Report (**Attachment B**) you will see that despite the pandemic we were able to achieve or make significant progress on many of our objectives. In particular, we continued to be successful in recruiting new providers to PMH to expand our services and address unmet demand for services in the communities we serve. We also made significant progress on our plan to build a replacement facility. This is a huge commitment that has been embraced by our entire team, and is helping us get through the pandemic as we are forced to think about our future rather than just the pandemic. The progress we have made on this project during a very challenging year (the Board approved Schematic Design in December) is outstanding. These are just a few of our many accomplishments in 2020. These accomplishments could not have happened without the support of the entire PMH Team. For this, I owe a huge thank you to everyone! We

have a very strong foundation upon which to build and I look forward to the progress we will make in 2021 as we continue to pursue excellence in everything we do!

2. Replacement Facility Update

Action continues at a brisk pace and on many fronts as we continue to work on plans for our replacement facility. The magnitude and pace that we are working at is best captured by reviewing the January Owners Representative Progress Report (**Attachment C**) and our schedule for the next four months (**Attachment D**), which are filled with a variety of activities and events. The Board approved the Schematic Design (floor plans) phase of our project in December, enabling us to move on to Design Development (with some modifications being made to the Schematic Design based on new information and/or ideas). In Schematic Design we begin to evaluate products to be used on the exterior and interior of the building. All of the design work is being done through on-site meetings with our staff (**Attachment E**) or virtually. In addition, we conduct bi-weekly project team meetings virtually (**Attachment F**) that address all aspects of the project. The design of the project continues to go well and Kurt Broeckelmann, lead architect, will present our current progress to the Board at the January Board Work Session. The biggest challenge that has been incorporated into the project is that we are now planning to move the entire PMH Specialty Clinic to the new facility rather than just a portion. The reason for this is that we recently learned that our Specialty Clinic will not be grandfathered for enhanced reimbursement (provider based) when the hospital moves. The Clinic missed the ability to be grandfathered by approximately one week. As a result, it will be more cost effective (David will share the numbers at the Work Session) to move the Clinic and collect the enhanced reimbursement. We will then go back to our original plan and move our support staff (patient financial services, accounting, patient scheduling, IT) into the current Specialty Clinic.

This change is contingent on the fact that it does not create a negative financial situation that the USDA will not accept. We have estimated that this change (in addition to moving Human Resources) will add approximately \$1.8 million to the construction budget. The January Board Work Session will also be used to review our first draft budget for the project which will be presented by Paul Kramer, Owner's Representative. The summary shows that the total project cost is now \$69,310,928 (**Attachment G**) not including the additional \$1.8 million. The original cost estimate from 2017 was \$60 million, but was made without the detail that we have today. The detail behind the summary (**Attachment H**) will be reviewed with the Board and the variances (e.g. scope expansion) explained. David will also share financial projections based on these new numbers. It is important to remember that these cost estimates are still fairly early in the process (e.g. they contain a lot of money in contingencies) and will become more refined in the coming months. The Board will be asked to approve our first budget for the project at the end of Design Development in March.

Another significant piece of information we received this past week was that the Department of Health determined we must obtain a Certificate of Need (CON) in order to replace our current facility (**Attachment I**). We are currently in the discussions with our attorney, Brian Grimm (Perkins Core), who believes we may want to appeal the decision. We plan to move quickly and will likely file an appeal and also file a letter of intent with the DOH to pursue a CON, in case we lose the appeal. We are told it can take six months to complete the

CON process, but it can be pursued concurrently with pursuing USDA funding. If we must pursue a CON, we are in discussions with Jody Corona (she is completing the market analysis for our USDA Feasibility Study) to assist us. Jody has completed many successful CON projects throughout the State of Washington and has offered us a very competitive price. We hope to know more by the January Work Session. We are also preparing for our next CPARB - PRC hearing on January 28th. We anticipate a favorable recommendation which will allow us to complete our selection of a GC/CM for our project in February. Assuming a favorable recommendation from the CPARB - PRC, we will be very busy in February working with the PMH GC/CM Selection Committee to identify a GC/CM that the Board will be asked to approve at the February Board meeting.

Two final aspects of the project that we continue to work on include our USDA application and our maintenance of our Vision for the new facility. Our goal is to submit our USDA application by the end of March in an effort to take advantage of historically low interest rates. To accomplish this, we conduct monthly meetings (led by Gary Hicks, financial advisor) to ensure all aspects of the application are addressed (**Attachment J**). Working with Gary, DZA and Jody Corona, we are confident that we can submit the application by the end of March. Finally, in December we had the Board approve a Vision for our replacement facility. The intent of the document was not to sit on a shelf, but rather be a working document that we use throughout the project. To that end, now that we are through the first phase of the design process, we have updated the Vision to show our progress on each objective (**Attachment K**). We will continue to do this through each phase of the project.

3. Capital Equipment

In January, the Board will be asked to approve the acquisition of three capital items: two replacement ultrasound units (**Attachment L**) and a Virtual Desktop Infrastructure (**VDI - Attachment M**). We are in need of replacement ultrasound units because our current units are five years old (near end of life) and the operational leases they are under are thankfully coming to an end. We are proposing to acquire two GE Logic 10 units, which are significant improvements from our current units, and are very economical. We plan to lease the units, using a capital lease (we will own the units at the end of the five-year lease) for a total cost of \$251,256. The other capital request, VDI, is a best practice technology which separates PC software from physical PC hardware. This greatly increases system access, flexibility, longevity, efficiency, security and manageability. In other words, VDI will make the hospital desktop computers work better, increased security (which is very important today), decrease login times and allow for quick and easy access from many devices, all while enhancing computer installs and support turnaround times. The cost of VDI is \$348,954 and the return on the investment is estimated to be approximately 14 months. These items are all in the 2021 Capital Budget and will enhance the care we provide to our patients and the work life of our staff.

4. Nuclear Medicine Update

Last month I reported that due to an equipment (HVAC) delivery delay due to the pandemic, we would not be able to open our new nuclear medicine suite until February. Unfortunately, we received more bad news. When the missing HVAC equipment arrived, it was missing a key component, a variable frequency drive (VFD). The equipment will not work without it and is not

scheduled to arrive at PMH until the first week of February. This will once again set the project back several weeks. We are now expecting to be fully operational and scheduling patients by March 1st. We are hearing that delays such as this are very common today because of the pandemic and we hope the supply chain improves before we begin construction of our new facility!

PATIENT LOYALTY

1. Thank You

The holiday season was a time of giving thanks for the many gifts that were bestowed upon each and every one of us throughout 2020. We can all be proud and thankful that we are able to work for such a caring organization. We are fortunate to be able to help individuals throughout our community in many ways. Prosser Memorial Health was thanked by many individuals for many different reasons as evidenced by the many thank you notes we recently received (**Attachment N**). The thank you notes cover everything from the Veteran's Day breakfast to our vaccination clinics to the outstanding care our staff provide. I am proud of each and every one of you, and to work for such a caring organization!

2. Patient Satisfaction

As I state every year, our most important Pillar Goal is Patient Loyalty, which we measure with patient satisfaction. In 2019 our patient satisfaction score was 86.6%, after several years of steady improvement. Unfortunately, in 2020 our score was 86.2% or slightly short of our overall goal. While we did not achieve our overall goal, four out of six areas improved their score from 2019 (ED, AC/OB, OP Surgery, Clinics) and the only two areas that did not improve were swing beds and outpatient services (**Attachment O**). It is important to note that most of these areas continued to build upon a history of improving each year. So, while we did not achieve our composite satisfaction score, we have a lot to celebrate and continue to build upon. Our goal and focus in 2021 will be to continue to improve as we strive to achieve a total patient satisfaction level of 95% or better.

EMPLOYEE DEVELOPMENT

1. Employee Recognition

It is that time of year when historically we would host a PMH Employee Recognition Luncheon to honor our staff for their dedication to our patients and PMH. We recognize staff every five years and award them with lunch, a service pin and \$50 for every year of service they have provided to PMH. Unfortunately, due to the pandemic we will not be able to host a luncheon. Instead, we are giving all 63 awardees a \$50 gift certificate to an area restaurant of their choice (this is a wonderful opportunity for us to support local businesses that are struggling right now) in addition to the other gifts, and we are going to do it online. This is the largest group of honorees in the history of PMH and it is a reflection of our low turnover rates.

(Attachment P). In total, these individuals have provided 540 years of service to PMH. The longest tenured of the group are Sheri Allen, Emergency Department, and Steve Broussard, Maintenance, who have each worked at PMH for 25 years. Congratulations! Please join me in thanking all of these employees for their commitment to those we serve and Prosser Memorial Health!

2. 2020 Employee Engagement Results

A key area a focus at PMH is our Employee Development Pillar, which focuses on staff satisfaction and engagement. A key to achieving high patient satisfaction scores is to have engaged staff and Medical Staff. The best way to objectively measure engagement/satisfaction is to conduct a survey of our staff, which we do annually. One can also look at proxies, such as turnover rate, as another good engagement/satisfaction metric. Our staff turnover rate in 2017 was 13.2%, it decreased to 8.4% in 2018, remained at 8.4% in 2019 and decreased to 7.2% in 2020. These turnover rates are extremely low for healthcare where turnover rates often exceed 20%.

This year our engagement survey was once again conducted by People Element during the months of October/November. Our participation level was 75.6% which was better than the participation level last year at 74.5%. The full results of the survey, including comments **(Attachment Q)** will be shared with everyone at PMH on January 26th. Several sessions will be held with our staff, with Quinton Barrett from People Element as the virtual presenter. He will share the results and seek ways from the staff to address the greatest concerns identified in the survey. One of the key metrics in the survey and our Employee Development Pillar Goal, is an employee's satisfaction with PMH. Our performance on this question has improved each of the last five years, from 83.0% in 2016, 83.2% in 2017, 85.0% in 2018, 85.6% in 2019 and 89.2% in 2020. This is significant improvement and something with which we can be very proud. While we have not yet reached our Pillar Goal of 90%, we are improving each year and will never quit trying to improve. The results of the Employee Engagement Survey will also be presented to the Board virtually by Quinton Barrett from People Element at the January Board Work Session.

3. Employee Engagement

Well, we have turned the page on 2020 and are off and running as we plan various engagement activities for our staff throughout the year. While I'm happy to move on from 2020, I do want to thank everyone that helped plan and participated in our engagement activities last year and look forward to engaging with everyone in 2021. While we are still in the midst of the pandemic, we will develop creative ways to stay engaged. In the coming weeks we will hold our annual Super Bowl squares contest and new this year, we are planning a paper football contest. In addition, Valentine's Day and March Madness are just around the corner. Stay tuned for more details about each of these activities. I have also included our employee newsletter, The Pulse, which captures some of the activities at PMH in December **(Attachment R)**.

MEDICAL STAFF DEVELOPMENT

1. Medical Staff Engagement Survey

Like the Employee Engagement Survey, the Medical Staff Engagement Survey was also conducted in October/November. However, unlike the Employee Survey, the MS Survey had to be reopened in January because People Element, the organization conducting the survey, left 14 questions off the survey. If that wasn't bad enough, one of the questions left off was our Pillar Goal question. While we encouraged all Medical Staff members to take the 14-question survey, our participation level dropped from 77.6% on the original survey to 55.1% on the additional survey. However, the 77.6% was an improvement from the 75.0% last year and is very strong participation. The results of the survey, including comments (**Attachment S**), will be distributed to the Medical Staff at a session on January 26th. Quinton Barrett from People Element will review the results virtually and lead a discussion about opportunities for improvement. The key metric (Pillar Goal) in the survey used to measure Medical Staff satisfaction with PMH showed a small decline from 89.0% in 2019 to 85.8% in 2020. We are never satisfied with the decline, but this satisfaction score of 85.8% is still very good. We will never stop trying to improve and plan to exceed our Pillar Goal of 90% next year. I would like to thank Dr. Sollers and all of our CMOs (Drs. Murphy, Hashmi and Rivero) for helping to make Medical Staff engagement a priority at PMH. Quinton Barrett will also review virtually the results of the Medical Staff Engagement Survey with the Board at the January Work Session.

2. Medical Staff Recruitment

As we enter 2021, we are excited to begin implementing our recruitment plan for the new year. General surgery was an area of focus last year and we are very excited that Dr. Richard Unger, general surgeon, will begin practicing full time at PMH on January 26th. We are also working to enhance our general surgery call coverage, which will include Dr. Chew returning several weekends a month to assist us. We have begun to recruit to fill the opportunities in our plan, but because of the holidays and the pandemic we have not interviewed any candidates other than in Dermatology. We continue to work with Dr. Nylander, Dermatologist, and hope to add her to our team by mid-year.

FINANCIAL STEWARDSHIP

1. Financial Performance – December

December was the second month in a row since the pandemic started in which we exceeded our budgeted gross patient revenue (**Attachment T**). While most hospitals across the country are still lagging behind their budgets, we have recovered very quickly. We do, however, still have services such as our Emergency Department that have not fully recovered to prior year volumes. In addition to our revenue being strong in December, our deductions from revenue in total were also close to budget resulting in our net patient revenue being better than budget. In addition, Congress and the President approved additional COVID relief funding which enabled

us to record an additional \$1,615,418 of COVID revenue and the State distributed \$370,982 of CARES COVID relief to PMH. The result was that our net revenue for December was \$7.4 million \$1.9 million better than budget. Unfortunately, our expenses were \$1,071,885 over budget, resulting in an operating income of \$1,279,742. In particular, supplies (\$719,916), professional fees - physicians (\$184,676) and purchased services - other (\$125,238) were the most significant items over budget and David will explain these variances at the Finance and Board meetings. After adding in other income, we ended the month with a net income (bottom line) of \$1,340,483 compared to our budget of \$480,576. While that is good, without the COVID relief money we would have lost \$274,939 in December because of the high expenses.

At year end, our total gross revenue was 10% below budget, but 1% above last year. Considering all that we went through with the pandemic, this is very good and speaks to the strong base of services we offered to the communities we serve. Our deductions from revenue were 13% below budget because of our reduced revenue, but also because our payor mix remained strong throughout the year. With the addition of COVID relief funds, we are able to bring our net revenue up to our budget, which was 6% better than last year. Our expenses were 3% over budget, but much of that can be explained by the increased costs caused by the pandemic. As a result, our operating income for 2020 was \$2.3 million and our net income was \$2.9 million, both below budget expectations. While we are disappointed, we did not achieve our budget, we also know that we earned \$6.35 million of Payroll Protection Program (PPP) money in 2020 that will not be recognized until 2021. In addition, the American Hospital Association is telling us that many hospitals across the country experienced large financial losses in 2020, so we are very fortunate to be in the strong financial position we are in and look forward to improving even further in 2021.

2. PMH Foundation Update

The Foundation has completed Phase 1 of a Feasibility Study for a capital campaign for the new hospital. The fundraising goal has been set at \$2.5-3 million dollars during the “quiet phase” of the campaign. Depending on the total amount raised during the “quiet phase” the fundraising goal may be adjusted up or down. The Foundation Board of Directors will vote on a proposal to partner with Convergent Non-Profit Solutions for Phase 2 of the campaign.

The online Gingerbread Event was a great success, raising \$3,600 for the Foundation!

It is with a heavy heart we learned that Jack Schroeder passed away on January 8th due to COVID pneumonia. Jack was extremely passionate about Prosser Memorial Health and dedicated much of his time serving on the Foundation Board. Jack served as the President during our time of reorganization, stepping down last year. His legacy lives on with his son Frank Schroeder and daughter Lisa Veloz currently serving on the Foundation Board.

To help support Sue and the Schroeder family, Stephanie Titus is coordinating meal deliveries to their house. If you would like to contribute to this, please contact Stephanie at: stitus@prosserhealth.org

The family is asking that any donations in Jack’s honor be earmarked to the Ryan Veloz Fund with Prosser Memorial Health Foundation.

3. PMH Clinic Financial Report

The financial reports for each of the PMH Clinics are included in the Board packet for your review, including a consolidated report of all the clinics (**Attachment T1**). 2020 was a very challenging year for our clinics because of the pandemic, which substantially decreased lower patient volumes, especially in April – June. As a result, we were not able to achieve our budgeted volumes and corresponding gross patient revenue. The exception was the Prosser Clinic which compensated for its decreased volume with our drive through COVID - 19 Clinic. However, every clinic exceeded last year's patient volumes, with the exception of the Benton City Clinic which lost a high-volume provider. The end result was that the clinics in total did not achieve their budgeted contribution margin of (\$1,905,480), as they combined for contribution margin of (\$3,536,460). This calculation does not include allocating any of our COVID - 19 relief funds to the clinics, which if we did, would significantly cut their contribution variance. It is also important to note that these clinics and their providers accounted for \$66,334,544 or 46% of all PMH gross revenue in 2020 through all of their patient visits, surgeries, lab work, radiology procedures, rehab, etc. Without these clinics we would not experience the financial success we have today.

QUALITY

1. COVID - 19 Update

Our focus with the pandemic has shifted dramatically over the past four weeks from preventing the spread of COVID - 19 through wearing masks, hand hygiene and social distancing to continuing those practices while vaccinating as many individuals as we possibly can. We had our worst surge of COVID - 19 positive patients thus far late into December and early January. In fact, at one time we had nine COVID - 19 positive patients at our acute care unit. Fortunately, that surge has quieted down and we're back to our more normal volume of two COVID - 19 inpatients. Those weeks with our high COVID positive census, we also had many other very sick patients. Our staff did a tremendous job caring for all of our patients and are to be commended for their outstanding work! As I mentioned, our focus has now shifted to vaccinating citizens according to the Governor's Plan. We vaccinated our first recipients (our staff) with some of the 1,600 doses (received on December 22nd) of Moderna Vaccine on December 24th and have held vaccination clinics several times a week to continue vaccinating everyone eligible in the Plan (e.g. health care workers, first responders, police, etc.). Our vaccine clinics have been well received and individuals from Yakima to the Tri Cities have been getting vaccinated by us.

We have used approximately half of our initial vaccine and recently received 1,600 additional doses. We are now beginning to give second doses and will be vaccinating the staff and residents at several area senior housing facilities this week. In addition, this week we are beginning to host our first community-wide vaccination clinics at Housel Middle School. We are currently having residents sign up online for the clinics and we anticipate vaccinating up to 1,000 individuals each day. Our plan is to use all but 5% of our doses each week as directed by the Governor and hope that the State can keep us supplied. To the extent that we have the supply, we will continue to provide large community-wide vaccination clinics every week. This is

a huge endeavor and would not be possible without the support of the Prosser School District and all of our staff that are helping out. Thank you! While we are not yet through the pandemic, the more people we vaccinate the quicker that day will come.

2. COVID-19 Financial Plan

Our financial position improved significantly in late December when Congress and the President signed a \$900 billion COVID - 19 relief bill. This benefited PMH because it now allows us to use HHS COVID - 19 relief money to make up differences in our actual net revenue compared to our budgeted net revenue. This change allowed us to recognize an additional \$1.6 million of relief funds in December and we also received \$370,982 HCA CARES COVID funding. At this point, we have received \$20,392,198 in COVID relief funding, have recognized \$3,361,412, expect to recognize \$6,350,235 in 2021 and plan to return approximately \$10 million (**Attachment U**). As a result at these changes, our financial projection for 2020 is that we will have a net income of \$2,911,601 (net margin equal 4.49%) which is comparable to 2019, but less than our budget (**Attachment V**). We do not at this time expect to benefit from any future COVID - 19 relief legislation, but we still have the \$6.35 million from the SBA PPP to recognize in 2021.

3. 2021 Board Work Plan

Included in your Board Packet is a 2021 Board Work Plan (**Attachment W**). This document is a plan of routine, regulatory and special projects that the Board will need to address throughout the year based on our 2021 Strategic Plan. This Plan is not carved in stone and could change if our priorities change. The Plan is a good reminder of what we would like to accomplish each month this year and will be included in every Board Packet. If the Board would like to make any additions or deletions to the 2021 Board Work Plan, please let me know.

4. PMH Strategic Plan and Patient Care Scorecards

With the new year upon us it is time to draft new 2021 scorecards based upon our Pillar Goals, 2021 Strategic Plan and regulatory (e.g. CMS) requirements. These draft scorecards will enable you to track several measures related to our Strategic Plan and Quality Goals on a monthly basis (**Attachment X & Y**). Each scorecard goal for 2021 is developed based on our 2020 actual performance, with an expectation of improvement on each metric. We shared these documents with the Joint Conference Committee and asked them for suggestions and/or other measures. We would also like the entire Board to review these documents and let us know if you would like to see changes. Like the Board Work Plan, these documents will be in all future Board Packets and reviewed with the Board on a quarterly basis. In addition, these documents will be distributed throughout the hospital and clinics and will enable everyone to determine with a quick glance, how Prosser Memorial Health is performing.

5. Board Recognition

Historically, PMH has recognized our employees every five years for their years of service, which is an excellent program. This year, I would also like to begin recognizing our Board of Commissioners for their years of service. These individuals dedicate hundreds of hours to PMH each year and get little thanks. This year, we would like to recognize two Commissioners for

their dedication to our community and PMH. First, Glenn Bestebreuer has now been on the PMH Board for 10 years and Dr. Stephen Kenny has been on the Board for 36 years. Both gentlemen have served as Board officers and have worked diligently over the years to ensure that PMH works to improve the health of the communities we serve. Please join me in thanking Glenn and Steve for their dedication to Prosser Memorial Health!

6. Board Officers

Per the Prosser Memorial Health Bylaws, the Board of Commissioners is required to annually elect officers for the coming year. The Board is required to hold an election each January and elect a President, Vice President and Secretary. The 2020 PMH Board Officers were President - Steve Kenny, Ph.D.; Vice President - Keith Sattler; and Secretary - Glenn Bestebreuer. The term of these offices is one year and there are no term limits thus there is no requirement for changes to be made to the current officers. This will be an action item on the January Board meeting agenda.

7. Board Self-Evaluation

In December, the Board was asked to complete a Board Self-Evaluation, which is an activity the Board completes every year. All seven Commissioners completed the survey and the results are in the Board Packet (**Attachment AA**). The results show both the results from this year and prior years. The results will be discussed with the Board in the Executive Session of the January Board meeting. Based on the survey results and discussion, a Board Action Plan will be developed and presented to the Board for approval in February. The 2020 Board Action Plan, complete with actions taken, is included in your packet for your review (**Attachment BB**).

8. Board Regulatory Requirements

As required by PMH Board Policy and Washington State Law, Board of Commissioners are required to complete two forms each year. First, the PMH Conflict of Interest form (**Attachment CC**) and second, the Washington State F-1 Personal Financial Affairs Statement (**Attachment DD**). Please complete these forms and return them to Carol at the January meeting and/or return the F-1 directly to the State. Thank you!

9. 2021 Quality Assurance and Risk Management Program Plans

The PMH 2021 Quality Assurance (**Attachment EE**) and Risk Management Program (**Attachment FF**) Plans will be presented to the Board for approval at the January Board meeting. These Program Plans outline how, in 2021, PMH will maintain and enhance our quality performance and reduce our risk by developing and maintaining a culture of continuous improvement and safety. There have been no substantive changes to the Program Plans from last year.

10. Astria Health

We recently learned that Astria Health has exited their Chapter 11 Bankruptcy through a \$74,750,000 loan from MultiCare Health System (**Attachment GG**). MultiCare is a small system primarily located in the Seattle and Spokane areas. The terms of the loan are not known, nor is

it known what control (e.g. name) MultiCare will have over Astria. It is rumored that MultiCare is primarily interested in moving into the Yakima market.

11. Board Education

Just a quick reminder that if you are interested in virtually participating in the AHA Annual Rural Healthcare Leadership Conference on February 17th – 18th please contact Carol to sign up. In addition, the Administrative Team will be participating in the Conference from the Vineyard Conference Room and Board members are welcome to join us. This is the largest rural healthcare conference in the country and addresses many issues rural hospitals are facing today and includes many top health care speakers.

12. Associations

PMH is a member of several Washington hospital groups including the Association of Washington Public Hospital Districts (AWPHD) and the Washington Rural Health Collaborative (WRHC). These organizations advocate on behalf of rural hospitals and assist them in finding cost effective solutions to common challenges faced by most rural hospitals. I have included the annual report from the AWPHD (**Attachment HH**) and an update on our change to Class B membership in the WRHC (**Attachment II**). We look forward to working with both of these organizations in 2021.

13. January Board Work and Regular Sessions

The January Board Work Session will be used for a virtual presentation of our Employee and Medical Staff Engagement survey results by Quinton Barrett from People Element. We will also receive a replacement facility update regarding the design of the building from Kurt Broeckelmann and an update and discussion of our first draft budget for the project by Owner's Representative Paul Kramer. Paul will also review our CPARB-PRC and CON situations. I will briefly review the Replacement Facility Vision and our progress through Schematic Design. The Work Session can also be used to answer any questions the Board has regarding the three capital acquisitions proposed (two ultrasound units and Virtual Desktop Infrastructure). The January Board meeting will be used to take formal action on the capital acquisition results; and the 2021 Quality Assurance and Risk Management Program Plans. The Board will also elect officers for 2021 and discuss the Board Self-Evaluation results in Executive Session.

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.