

**KANE COUNTY HUMAN RESOURCES SPECIAL SERVICE DISTRICT
DBA KANE COUNTY HOSPITAL
REGULAR BOARD MEETING**

Date: September 1, 2020

Place: KANE COUNTY HOSPITAL BOARD CONFERENCE ROOM
355 NORTH MAIN STREET
KANAB, UTAH 84741

TIME: 7:02 p.m.

Members present

Ben Beckstead, Chairperson; Jeff Mosdell Vice-Chairperson; Chad Szymanski, Ed Browning, Carol Sullivan, Karen Alvey

Ex-Officio Member

Administrator Sherrie Pandya; Dr. Bryson Hollingshead DO

Staff Present

Stephen Howells, CFO; Kim Nuttall, HR; Leesa Mutchie, HIM Clerk

Guests Present

Brent Chamberlain, County Commission; Jeff Johnson, WIPFLI; Robert 'Bob' Johnson

Mr. Beckstead welcomed everyone to the meeting.

Mr. Beckstead stated that Mr. Robert 'Bob' Johnson was the only applicant for the open Board Member position to replace Jim Matson for his remaining term. Mr. Johnson introduced himself; he has been retired for the past three years but prior to that he was the Superintendent for the schools for 19 years. He has spent most of his life involved in public education. Mr. Johnson said although he doesn't know much about the Hospital, he is very interested in helping out, and is willing to learn and serve. Mr. Beckstead believes that he will be a great asset to the Board due to his history with administration.

Mr. Mosdell moved to approve of Mr. Robert 'Bob' Johnson as the new Board Member to fill Jim Matson's remaining term, with a second by Ms. Alvey. All in favor motion carried.

Mr. Johnson was sworn in by Mr. Beckstead.

Ms. Sullivan moved to approve the Board Meeting minutes for August 4, 2020 with a second by Mr. Browning. All in favor motion carried.

Mr. Jeff Johnson from WIPFLI presented the results of the 2019 audit. From a financial standpoint, Mr. Johnson said the Hospital has grown quite a bit, as this is the second full year that the Hospital has been operating Stonehenge. Stonehenge makes up approximately 80% of overall revenue, which has created some accounting challenges as far as working with a management company, and working through the new processes. According to Mr. Johnson, it is WIPFLI's responsibility to give an opinion on the financial statements. There was one new accounting policy that was adopted by the

district and it relates to governmental accounting standards which is basically just accounting for interest costs incurred before the end of construction period. What this means is prior to this accounting standard, any interest costs during the construction period gets capitalized or added to the cost of the assets. In this year going forward, interest costs are being reported as an interest expense, versus being capitalized, or being added to the construction costs.

There are certain estimates that are included in the financial statements, and most of the sensitive financial statement estimates are related to contractual adjustments, bad debt allowance, or charity care debt, etc. For example, for every \$100 you bill for, you don't receive \$100 back, but more like 50-60% of that. Mr. Johnson stated that third-party payer settlements relates to cost reports including Medicare and Medicaid DSH payments.

Mr. Johnson said WIPFLI is responsible for providing a summary for any auditing adjustments that they identify during the audit. The significant audit adjustments they found were the increase in estimated third party payer settlements, and the reconciliation of the long-term care facility operations. The two significant deficiencies found in the audit were the footnotes for the audit, and the increased revenue from Stonehenge. There were three internal control issues that were found. One was budgetary compliance. Basically, a budget needs to be approved by the county or state, and if you spend over the expense, it becomes a finding in the financial statements. This again, is related to Stonehenge, because they are operated by Kane County Hospital. Other issues are more along the lines of governance issues and making sure that the Board Members are receiving appropriate training. There was an incident where a budget adoption was not advertised early enough.

As for the financial analysis, Mr. Johnson pointed out that Stonehenge has greatly affected the Hospitals operating revenue. In 2017 the revenue was \$11 million, which jumped up to \$41 million, and \$42 million for 2018 and 2019 respectively. The auditors like to look at financial flexibility, which is the ability to achieve good performance, and to be profitable. The Hospital's debt-service coverage ratio is very favorable. 2017 the Hospital basically had no debt, then in 2018 the Hospital had around \$5 million in debt. 2019 there was about \$17 million, but Mr. Johnson expects that to drop a little more as payments are made towards principle. That debt is due to the CIB loan. The Hospital has a really strong ratio of debt to capitalization, which measures how much leverage the Hospital has. The lower the number, the less leveraged the Hospital is.

Old Business

Ms. Sullivan asked why there is no EMS Committee on the agenda, as Ms. Pandya said it would be. Ms. Pandya said that the committee has not met yet, and that WIPFLI is doing an evaluation to find out some more information to take back to the committee. Once this is done Ms. Pandya will present the information to the Board. Mr. Beckstead said the purpose of the WIPFLI analysis is to help guide them as they look at the EMS issues and decide where it is going to be the most financially viable and will help determine if the Hospital should continue overseeing the EMS, or if a separate SSD would be more cost efficient. Mr. Chamberlain said it is a good idea to get statistics and data gathered before anything is decided upon. Currently there is an issue with coverage in Alton, which Ms. Pandya said is no longer running. The primary person who was on most of the daytime runs had moved to Kanab, so he is no longer able to run for Alton ambulance.

County Commission Business

Mr. Brent Chamberlain mentioned that the Board Members will need to send in their state required training certificates. Mr. Beckstead said to add that to the agenda next month. He said that the Board Members can bring a device and they can all do the training together to be sure everyone completes it.

Medical Staff Report

Dr. Hollingshead presented Dr. Shawn Rowland for courtesy privileges. Shawn is a recent grad who is interested in helping out in the ER. He was approved in Medical Staff meeting yesterday to cover the ER.

Mr. Mosdell moved to approve credentialing for Dr. Shawn Rowland as approved by the Medical Staff with a second by Ms. Sullivan. All in favor motion carried.

Nursing Department Report

Ms. Baer was not in attendance but Ms. Pandya reported on her behalf. There are 2 RN's currently out on maternity leave. In August there were 11 new COVID cases, but in total the Hospital has tested 78 positive patients. There has been some confusion on how the numbers are reported. When a patient comes in, wherever their legal address on their driver's license is, that is where that number reports to. If a patient from Fredonia comes in and tests positive, the number will go to Coconino County, not Kane County. Ms. Pandya stated that there has been a drop in not only positive cases, but testing in general. It's unknown why there haven't been as many but she believes many who are falling ill are staying home and self-quarantining. When a patient does test positive, the state calls them and asks them many questions regarding who they have been around, where they have visited, etc. Many people don't want to deal with all of the questions so some may not be wanting to test.

The nurses have been working on the new ER flow. The Nurses are fully staffed right now. There has been a third RN on in order to be prepared for a rush of patients, but no rush has occurred so Ms. Baer is going to remove them and have them do the 11am-11pm shift.

Auxiliary Business, Human Resources and Public Relations Report

Ms. Nuttall reported that the thrift store will open back up next Tuesday. They will be limiting to 10 customers in the building at a time, no children allowed and masks required. The volunteers are nervous about those who refuse to wear a mask. Ms. Nuttall said to avoid any confrontation and to call the police if anything happens. They will also be doing temperature checks for the volunteers, and have a hand wash station available. Many families rely on the thrift store, especially for school shopping so many items were donated to the legion who were hosting a yard sale.

Web Report: Ms. Nuttall has posted an ad for CNA's. The SSL for the hospital's webpage had expired so someone else bought out the hospital's .net domain. The Hospital owned all three: .net, .com, and .org. Ms. Nuttall had talked to Mike, who oversees the Hospital's webpage and asked if he can change the logo. He said that can take some time, as the image is embedded in the site.

New hires: No new hires.

Legal/Compliance:

HR/Payroll: Ms. Nuttall has been looking at the 457B. The other company she is looking at, John Hancock, has better rates. Currently the Hospital has a match of 5% for employees. Ms. Nuttall stated that the Hospital isn't likely to participate in the Cares Act, as she believes that the employee's funds should be used for its designated purpose, which is retirement. Mr. Beckstead agrees, that the Cares Act is not beneficial to anyone.

Ms. Alvey asked if Lance Allan is still interested in working here. Ms. Pandya said he is going to be coming down in October for an interview. She would like some of the Board Members to meet him and possibly go to a luncheon or dinner together. Ms. Alvey also asked whether Shawn Rowland, who was approved for credentials earlier in the meeting, is a Revere employee. Ms. Pandya said no, she found him herself and the Hospital will be paying him directly. Ms. Pandya also may have one other physician from Las Vegas that is interested.

Ms. Nuttall has also been looking into a different time clock system. The current one has been having issues speaking to one another which makes things difficult. She has been looking at something that is just one entire system instead of two. The one she has been looking at keeps everything electronically, including write-ups, kudos, and reviews. It is expensive but it would make things much smoother for her. Mr. Beckstead recommended ADP, which is a payroll service.

There was some discussion on hiring an administrative assistant, Ms. Nuttall will look into what that position requires and make up an ad.

Finance:

Mr. Howells reported for July. Inpatient revenue was higher, and salaries were high due to there being extra staffing to prepare for a COVID surge. A lot of PPE (personal protection equipment) was ordered as well. There have been a few things ordered, such as cleaners. Housekeeping has been stocking up on cleaning supplies, which have had an increase in price.

Committee Reports

Marketing Committee

Ms. Pandya said the construction project should be finished by the end of September, so she was wondering if the Board is still interested in doing some type of open-house, and whether it should be virtual. Ms. Alvey doesn't think an open house is a good idea, given the circumstances surrounding COVID 19 and social distancing. Ms. Pandya likes the idea of a virtual tour, but a lot of the population wouldn't be reached. Mr. Beckstead suggested a flyer be sent out in the mail, with some kind of link or QR code taking them to a virtual tour. People need to know the changes that have been made in the ER, and how it's more private and safer for people. It is also a good opportunity to inform the public of the new equipment, CRNA's, and ambulance, among many other things. Ms. Alvey suggested doing something at the Kanab Center, with TV monitors showing the virtual tour. The Kanab Center is big enough that people could still be able to socially distance. Mr. Beckstead asked when the flu-shootout is, and maybe the two could correlate. Ms. Pandya said this year's flu shootout is going to be a drive-in type at the middle school. There could be monitors with a virtual tour playing as people wait in line.

Planning Committee

Ms. Sullivan said the planning committee met today and discussed how Iron Rock is not done with the 5-lot plat map. Ms. Pandya has a virtual meeting with CIB tomorrow. CIB is okay with the Hospital exceeding funds from the remodel project, knowing the difference can be paid. As for the front corner lot, Ms. Pandya said that area will be smoothed out, and have some alfalfa and greenery planted. There will be four corner watering systems on the lot. This will help keep the area looking nice, and easy to maintain.

Strategic Planning Committee

The equipment purchasing will be discussed more in the Administrators Report.

Administration Recommendations and Report

Action Items

Ms. Pandya has included the bids on the colonoscope, gastroscope, (EGD scope) and the autoclave for the OR which was discussed at the last meeting. Total cost for the four scopes is \$157,008.75. The autoclave cost is \$43,135.

Ms. Sullivan moved to approve the purchasing of the four scopes and autoclave with a second by Mr. Mosdell. All in favor motion carried.

Discussion items

Ms. Pandya mentioned that she is on the September CIB meeting agenda for the change of scope request. She has submitted the concept sketch and preliminary bids. There was some concern by the CIB Board over the bid amount being higher than the remaining funds. The CIB Board wanted final costs and a completion date on the current project to assure that it was completely funded and not going to be short changed because of the new additional scope. Ms. Pandya was able to get an estimated fee from Arch Nexus for \$41,000 for the building design plus expenses. Ms. Pandya wanted Big-D to do the construction on the EMS building, but with Iron Rock not getting the plat map done, it's pushing back the start date. She is unsure if Big-D will be here when construction begins on the building.

Ms. Pandya received the ambulance grant in the amount of \$51,840.

Ms. Pandya mentioned the new price transparency requirement. The requirement is that information about charges and contractual rates related to those charges are posted in a machine-readable file and consumer-friendly file. There are 70 required services that all hospitals will need to post prices for if they are offered at their facility. In addition to the required services, we are required to post 230 (300 total) of our most utilized services. Ms. Pandya included a couple of examples of the files from CMS in the board packet. In the consumer-friendly file, the CPT (current procedural terminology) code for the service must have a price per charge per payor. The consumer can then pick their health plan, see what services they are getting, and have a summarized out-of-pocket cost for their individual plan. There must also be a column for self-pay discounts if the patient is uninsured.

Mr. Beckstead said he thought it was against policy to post any self-pay discounts. Ms. Pandya said there is, and she needs to look closer at that. The requirement needs to be sort of a calculator for the patient that is using it, so it has to be somewhat interactive. Ms. Pandya said this needs to be in place by January 1, 2021. If not, there is a penalty of \$300 per day or \$109,000 for the year which will increase each year if non-compliant. Ms. Alvey asked again whether this would be a good opportunity to look more into an administrative assistant, which was talked about earlier in the meeting. It would be good to get someone in who has experience in charts, and how insurance billing works. Mr. Beckstead supports a full-time employee coming on board to help with this, as he doesn't want Ms. Pandya or Mr. Howells to get too overworked.

FYI

Ms. Pandya said that Jared Szymanski who is the lab director is leaving the pathology group he is at and starting up his own, and he has asked to keep the Kanab lab under him, but the group has also stated that they want the contract. Ms. Pandya suggested putting out an RFP (request for proposal) so that there are no issues. Currently, the Hospital pays \$500 per month, which is a great deal, and she doesn't think any bids will be anywhere near that amount.

Mr. Johnson moved to approve an RFP for pathologist with a second by Ms. Alvey. All in favor motion carried.

Ms. Alvey moved to adjourn the meeting at 9:26 p.m. at Kane County Hospital Conference Room, 355 North Main Street, Kanab, UT 84741 with a second by Ms. Sullivan. All in favor motion carried.

Mr. Ben Beckstead, Chairperson

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