

**MINUTES FROM THE SPECIAL WORKSHOP MEETING
MEMORIAL HOSPITAL OF SWEETWATER COUNTY
BOARD OF TRUSTEES**

May 21, 2020

The Board of Trustees of Memorial Hospital of Sweetwater County met in a special meeting via Zoom on May 21, 2020, at 9:00 AM with Mr. Taylor Jones, President, presiding.

CALL TO ORDER

Mr. Jones called the meeting to order and announced there was a quorum. The following Trustees were present online: Mr. Taylor Jones, Mr. Marty Kelsey, Mr. Richard Mathey and Dr. Barbara Sowada.

Excused: Mr. Ed Tardoni

Officially present: Ms. Irene Richardson, Chief Executive Officer

AGENDA

The motion to approve the agenda as presented was made by Mr. Mathey; second by Mr. Kelsey. Motion carried.

BUDGET WORKSHOP

Mr. Jones thanked everyone for their hard work on preparing for this finance workshop meeting. Ms. Richardson said the budget process is a long, detailed, very involved process. She thanked Ms. Tami Love - Chief Financial Officer, Ms. Jan Layne – Controller, and their staff for their work. She said this is not like any year because we have had the impact from Covid-19. Everything changed the last week in March. Ms. Richardson said we tried to be very conservative with this budget and adjust expenses if revenue does change. We were able to find out what other hospitals are doing around the state. We decided to do two different options for the Board to review. One is at pre-Covid projections with revenue and expenses thinking that by July things would get back to normal. Every year, we adjust our rates to keep up with inflation. The rate increase of 5% aggregate is consistent with prior years. Due to some of the adjustments we have had to make with expenses, neither option includes a recommendation for employee wage adjustment. The second budget is a 10% decrease in gross revenue due to the Covid impact. We are currently seeing revenue down approximately 20%. Our recommendation is the second budget option because we feel volume will be a gradual increase and we need to be cautious and conservative. Ms. Richardson asked the Board if they wanted to review both options or if just the recommendation. The Board agreed they wanted to review the recommended budget. Ms. Richardson reviewed the proposed budget in detail. Dr. Sowada asked if we have the number of Sweetwater County residents who have lost insurance. Ms. Richardson said we don't have an exact number but we have accounted for that in the budget. Mr. Kelsey said the red in revenue is a pretty sobering trend line. He said he doesn't have any answers but it scares him. Ms. Richardson agreed. Mr. Ron Cheese, Patient Financial Services Director, said he expects the hospital's self-pay population will grow. Ms. Richardson said Ms. Love submitted our budget request to the County as required. The County asked us to submit our request to them with a 10% decrease and we did that. We talked with our auditors and

discovered we can carry some of the \$6.4M received from the CARES Act over to next fiscal year. We are planning to carry over about \$1.8M. The Board discussed the plan and accounting practices. Ms. Richardson ensured them we will be sure we account the funds properly. Ms. Love said we are reconciling to lost revenue due to Covid and that is similar to deferred payments from Medicare. Ms. Richardson said she thinks we've done an excellent job keeping our staff intact throughout the Covid process. We propose no new FTE's or filling any vacant positions. She said we will look at our volume and adjust our staff accordingly to offset this decrease in revenue. Ms. Richardson said she thinks everyone has done an excellent job with decreasing agency staffing. Supplies are a variable expense based on volume. We are doing the best we can with shortages in the nation. We are ordering as much personal protective equipment (PPE) as we can to be prepared. We have experienced drug cost increases and blood expense increases due to a national shortage. Mr. Kelsey asked for the strategy for PPE for the long term. Ms. Richardson said the reason we stopped elective surgeries was due to a request from the Centers for Disease Control and Prevention (CDC) in an effort to have adequate PPE for a surge of Covid-related patients. We are ensuring we have the reserves in place so we can have non-FEMA (Federal Emergency Management Agency) PPE. Our plan is to always have enough on hand for procedures. We do have a plan and it is to be prepared to have enough non-FEMA PPE to do cases. We will of course follow all national directives. Ms. Richardson said we recommend we move forward with a new electronic health record (EHR). Our current Quadramed system is end-of-life, not functional, and is not going to be supported. The EHR falls in our priorities. Ms. Love said we are still looking at two different systems. The capital costs will be between \$4-6M. We will see a savings over time from what we are spending with our current system in about 10 years of about \$3.2M. For the first five years, both companies we are looking at are offering to finance for us. Mr. Kelsey asked for more detailed information. Ms. Love highlighted some differences between the two companies we are considering. Ms. Richardson said we have excluded all off-site travel in the recommended budget. After discussion by the Board, Ms. Richardson said we will add \$2M in the budget for capital. She said the goal is to not violate bond covenants. We have adjusted expenses to make sure we don't violate anything. Ms. Richardson said we will have to have some reductions with a 10% decrease in revenue. She said it comes down to managing this. Mr. Jones said our marketing has to be over the top. He said if people don't come through the door, it doesn't matter what budget we have. Dr. Sowada suggested some real effort to pull certain populations back in to the hospital. She mentioned Dr. Pedri and the Cancer Center. Ms. Richardson said in the Standard and Poor's call we were told to additionally focus on new services in addition to enhancing current services. Mr. Kelsey asked if we are spending our savings. Ms. Richardson said we will have to go into our reserves. Mr. Kelsey said we have a sobering situation and it makes him nervous going forward on how we will handle this without some changes to our expenditures. Mr. Kelsey said he likes this very conservative approach and thinks we need a plan on how to deal with expenses. Ms. Richardson said we were doing quite well through February and then this happened. We are doing our best to keep doors open and staff here to take care of patients. Mr. Jones said it is ironic how a healthcare crisis can bury a hospital financially. There was a discussion of employee health insurance expenses. Mr. Kelsey said the more the Board knows, the more we can make intelligent, informed decisions. Ms. Richardson said she would hate to disadvantage the staff with an increase at the same time as a wage freeze. She said she will talk with Ms. Amber Jones, Human Resources Director, regarding an evaluation study. Mr. Jones mentioned things the staff have been doing to help the hospital through this including taking extra PTO time. He said he has seen a lot of dedication and loyalty. Dr. Sowada said she thinks we are entering a new world with healthcare. She feels the goals Ms. Richardson set out a few months ago were good. She said it will take

awhile for this to shake out. By protecting the bond covenants and the staff, we are protecting the Hospital. Dr. Sowada said in the recent Quality Committee meeting, the staff said they were pleasantly surprised at how well they have been able to solve some difficult issues. Mr. Jones thanked everyone for their hard work. Ms. Love said the budget proposal will be presented to the Finance and Audit Committee May 27 and then to the full Board for approval at their June 3 meeting.

ADJOURNMENT

There being no further business to discuss, the meeting adjourned at 11:03 AM.

Mr. Taylor Jones, President

Attest:

Mr. Ed Tardoni, Secretary

Submitted by Marianne Sanders