

STEELE MEMORIAL MEDICAL CENTER

203 S. DAISY ST. ~ SALMON, IDAHO 83467 ~ (208)756-5600 ~ FAX (208) 756-4169

BOARD OF DIRECTOR'S SPECIAL BOARD MEETING

May 6, 2019

MINUTES

MEMBERS PRESENT: David Weston, Vice Chair
Kristin Troy, Secretary/Treasurer
Sherry Taylor
Linda Price
Rebecca Hilgendorf
Ingrid Fulstone
James Peterson, CFO
Lisa Loughran, CNO
Ex Officio:
Rick Snyder, Lemhi County Commissioner – Voting Member
Jeanie Gentry, CEO

ABSENT: Dennis Lile, Chair
Gregory Behm, MD

OTHERS PRESENT:

Ken Ward, QHR, AVP	Jenny Tracy
Kim Stanger, Attorney at Law, Holland & Hart	Clare York, PA-C
Dan Hammond, QHR via conference phone	Ashley Hilliker, PA-C
Wendy Chesley, Quality/Risk Management Director	Paul Moody
Jean Anders, SMMC Foundation	Joe Krakker, DO
Libby Brittain	Suzanne Nebeker, NP
Alesha Barney	Richard Natelson, MD
Heather Whitson	Samuel Gardner, DO
Brett Barsalou, Lemhi County Commissioner	Kirstie Burch
Adam Deutchman, MD	Sheila Hodges
Tina Still	Mark Oliverson, DDS
Linda Taylor	Ryan Larson
Robert Stoddard	Linda Powell, MD
Don Jakovac	Shawn Huston
Stephanie Orr	

Minutes recorded by Judy Washbon, Executive Assistant

CALL TO ORDER: The meeting was called to order at 05:07 p.m. by David Weston, Vice Chair.

BOARD WORK

SESSION DISCUSSION: J. Gentry began the discussions on the Board work session meeting. This will be the first of multiple meetings to begin discussions on possibilities and opportunities for the future of SMMC.

Financial Summary

J. Gentry presented a power point on an SMMC Financial summary. Highlights and discussions reviewed were:

- Have been Top 20 and Top 100 CAH;
- Extremely high quality metrics;
- Successful provider & staff recruitment;
- Revenues vs. Expenses discussed;
- Discussed the bottom line – there is a negative bottom line with EBITDA;
- Discussed what has changed:
 - Turnover resulted in high agency/locums costs past couple of years
 - Had to fix outdated pay ranges
 - ER Contract w/ Providence changed 30% 2018
 - Surgery volume stable, but mix worse
 - Inpatient mix more swing, more Medicare
 - Resulted in lower Medicare reimbursement
 - New building payments, depreciation, etc.;
- Discussed cash, how it is used and spent;
- What can we do as a County Hospital to help our situation?
- What are the pros and cons of these options?
- What is the process we would go through to pursue any of these options?

J. Gentry noted that our hospital is not alone and many other hospitals in Idaho are facing the same concerns. K. Ward noted we typically break even with Medicare and lose money with Medicaid. Continued discussion followed.

Presentation

K. Stanger, hospital counsel delivered a power point presentation. Highlights and discussion topics reviewed were:

- It was noted SMMC is the most isolated hospital in the lower 48;
- Strategic options were reviewed and what can be done from a legal standpoint;
- Discussed pros and cons of:
 - County Hospitals;
 - Hospital Districts;
 - 501(c)(3) tax exempt Hospitals;
 - Private For Profit Hospitals;
 - Consolidating or Annexing;
 - Lease, Sale or Conveyance of Hospital
- Discussed Consolidating or Annexing;
- Discussed Lease, Sale or Conveyance of Hospital;
- Discussed Joint Venture or Affiliation;
- Discussed Additional Considerations:
 - Current obligations, liabilities, etc.;
 - Current bond covenants;
 - Current payer contracts;

Continued discussions followed.

Board Q&A

Board Q&A session followed. K. Stanger noted J. Gentry reported the desire is to remain independent. Explore options to keep us independent, and then explore ideas of affiliations. The main concern is to not wait several years until help is needed, rather proactive now and begin reaching out to other systems for information on partnerships and affiliations. It was reiterated that the sky is not falling; we want to be pro-active to begin turning the bottom line around; Discussions continued on tax routes, revenues, hiring of new providers, 340b

program and processes for sustainability. K. Stanger noted the trend in Idaho has been towards consolidation. Discussions continued.

The next work session meeting will be scheduled for June or July. D. Hammond from QHR will be in attendance and presenting. The Board welcomes all community involvement. Please free to send comments or suggestions to J. Gentry or Board members. J. Gentry thanked all for coming.

Meeting was adjourned at 6:35 p.m.