



**Board of Commissioners
Work Session Minutes
January 2, 2019**

The regular meeting of the Board of Commissioners of Olympic Medical Center was called to order at 12:30 pm by Board Secretary John Nutter in Linkletter Hall, and was opened with the pledge of allegiance. Also in attendance were Commissioners Thom Hightower, Jean Hordyk, Jim Leskinovitch, John Miles, MD, (via telephone) and Tom Oblak; CEO Eric Lewis; CNO/COO Lorraine Wall, RN; CMO/Safety Officer Scott Kennedy, MD; OMP CPO Joshua Jones, MD; CFO Darryl Wolfe; CHRO/General Counsel Jennifer Burkhardt; Risk and Compliance Officer Donna Davison; staff; public participants and Executive Assistant Gay Lynn Iseri. Commissioner John Beitzel was excused.

ELECTION OF 2019 BOARD OFFICERS

2019 Board President

MOTION: Commissioner Jim Leskinovitch nominated Board Secretary John Nutter for 2019 Board President. ***Motion carried unanimously.***

2019 Board Secretary

MOTION: Commissioner Tom Oblak nominated Commissioner Jean Hordyk for 2019 Board Secretary. ***Motion carried unanimously.***

Employee Recognition – Jennifer Burkhardt, Chief Human Resource Officer/Legal Counsel and Heather Delplain, HR Manager

The following employees were recognized for the successful implementation of Talent Central: Robin Trent, HR Business Systems Analyst, Megan Finnie, HR Business Partner, Tammy Heuter, HR Business Partner, Charisma Luke, HR Operations Supervisor, Samantha Jacobson, OMP Operations Manager, Melissa Saksa, HR Business Partner, Katie Goytowski, HR Business Partner (absent), and Adam Purcell, HR Executive Assistant.

OPERATIONS AND ADVOCACY UPDATE – ERIC LEWIS, CHIEF EXECUTIVE OFFICER

One of the most important things OMC will do this year is update the strategic plan. Most of the work will be done this spring, and it will be presented in June for consideration. Also in 2020, the Community Needs Assessment will be updated, and the 2020 Transformation Plan will consider large scale issues that would impact OMC a million dollar positive, or move quality, safety, or patient experience forward. Financial stability is needed with a 2-3% margin to pay

for capital, debt and construction. The Cancer Center project will cost \$4.4 million and should be complete by end of 2019. The Central Sterile Processing Project will cost \$4 million and will begin the end of 2019.

Challenges with Medicare and Medicaid reimbursement continue to be an issue for OMC. These government payors comprise 84% of our patient care and reimburse less than cost of care. Medicaid reimburses 75% of the cost of care due to excess regulation in Washington DC and Olympia with many unfunded mandates in the past decade. Legislative advocacy will be key for OMC's success in 2019.

Olympic Medical Center currently has over 1,500 employees, with approximately 100 open positions posted. Workforce development continues to be challenging. Half the employees hired relocate here. Housing shortages also have created issues.

Commissioner Leskinovitch inquired about the new CMS requirement for all hospitals to publish a list of charges. Mr. Lewis noted OMC has already complied with this requirement and a list of charges is available on the website. A market charge analysis is also included indicating OMC is at the bottom quartile of the region for charges. In addition, hospital quality measures are also noted on the webpage. OMC is well positioned to adhere to the law.

Mr. Lewis discussed the American Hospital Association document called 'Enough is Enough' that was distributed to the board. Since the fully funded expansion of care occurred in 2010, another \$218 billion of cuts have been mandated on hospitals. These cuts include the 3-day window, Medicare bad debt, hospice transfer policy, post-acute care, site neutral, Medicaid DSH, sequestration and MS-DRG cuts. This amount does not include the newest 60% cut. The impact regarding inpatient stays effects 67% of inpatients who are on Medicare. The Medicare margin in 2004 was zero, in 2018, the margin was -11% on average. This trend is not sustainable. Also in 2011, 27% of hospitals had negative margins, and by 2025, it is estimated that 40-50% of hospitals could have negative margins.

It was announced that OMC received another clean opinion of the 2017 Washington State audit with no findings or no recommendations for improvement. This includes being compliant with our own policies and procedures. OMC has received no findings since 1999.

Advocacy efforts will be critical in 2019. At the federal level, the Democrats will take over the House of Representatives. CMS continues to be very aggressive making changes administratively. The 340b Drug Discount Program is under attack with some effort to reduce the program. OMC took the AHA pledge after board approval to show hospital commitment to good stewardship to protect funds saved by this program. OMC will advocate to reverse the CMS site neutral decision and is concerned about further cuts. Home Health has had many reductions in rural areas with the reduction of 60 day to 30 day episodes, and add-ons for physical therapy. Residency program reimbursement is currently zero and a bill needs to be passed to allow us to get paid for the program.

A Federal judge in Texas recently declared the Affordable Care Act unconstitutional. Discontinuing the program would eliminate coverage for thirty million people nationwide including one million people in Washington State, and ten thousand people in Clallam County. The case may end up in the Supreme Court after an appeal was filed and a stay was issued. Also at the Federal level it was ruled that CMS exceeded statutory authority regarding the 30% 340b cut. This ruling doesn't impact OMC directly, but if reversed it would be a positive message. CMS has authority to make changes, but only in a budget neutral way.

At the State level, the two year budget session starts January 14 and ends April 28. Medicaid reimbursement is biggest issue for OMC. A budget proviso increased reimbursement to 150% bringing it to 70% of costs. The goal is to have another two year budget proviso passed to make this permanent with a bill. More funding is needed for hard to discharge patients who have nowhere else to go. The Washington State Hospital Association focus is the mental health delivery system, and the Governor's funding proposal to transform the delivery system was just approved. Policy issues still remain due to unfunded mandates. The Board Advocacy Committee will meet with State Legislators on January 11 regarding the upcoming session.

CONFLICT OF INTEREST – DONNA DAVISON, RISK AND COMPLIANCE OFFICER

To promote ethical business practices, the Board was asked to review the Conflict of Interest policy and submit signed forms by the end of January. All employees with manager titles and above are required to sign these forms. Ms. Davison was thanked for her hard work in the Compliance area at OMC this year.

There being no further business, the meeting was finally adjourned at 1:11 pm.


APPROVED AND ADOPTED this 16th day of January, 2019.

ATTEST:



Secretary

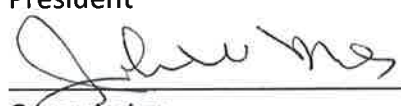
Commissioner



Commissioner




President



Commissioner



Commissioner



Commissioner