Community Meeting Summaries, Ocean Beach Hospital and Medical Clinics, July 2012

A series of community meetings were held throughout the Hospital District during the month of July, 2012. Newspaper advertisements were placed for 4 consecutive weeks, advertising the meetings and encouraging public attendance. The meetings were held on July 5th at Ocean Park Fire Hall, July 18th at Naselle Fire Hall, and July 19th at the hospital.

Meeting Content

The meeting format was the same at each event. Terry Finklein, interim CEO, along with board commissioners presented information to community members about the following topics: an overview of the hospital and clinics, current financial position of the district, strategic issues for the next 12 months, and collaborative efforts with Columbia Memorial Hospital, PeaceHealth, and OHSU. Each event was casual in nature, where community members had the opportunity to ask for clarification and have an open question and answer session about any topics or issues of their own interests or concerns.

Key initiatives reviewed included: establishing a stable and consistent, high quality management (CEO), improved communications, both internal and external, upgrading IT systems, retiring aged accounts payable, and evaluating service line collaboration opportunities with health delivery partners.

Terry also reviewed financials covering operational margins, and describing his work in cutting costs during his tenure so far. He described his reduction of aged accounts payable by half, and sees the need to further reduce expenditures and/or increase revenues by approximately $50,000 per month to continue on an upwardly healthy financial trend.

A review of the PeaceHealth system and it's affiliations with other hospitals, locations, and statistics was given by Terry. Collaborative opportunities described included: management services, PeaceHealth's alignment with our own values, clinical integration and service line development – including collaborating with Columbia Memorial when appropriate/desired, and a strategic affiliation that could potentially lead to a long term range of options. A management agreement and initial collaboration would clearly delineate to Ocean Beach Hospital if the arrangement and relationship was positive and potentially worth investigating a deeper and fuller collaboration in a future time. Terry emphasized that at this time we are not selling assets or become a PeaceHealth hospital, we are merely aligning, or collaborating with them, and have a task force of Terry, Darren Thorsen and Nancy Campiche working on this agreement action.

Questions and Comments from Meetings

July 5th, Ocean Park – Terry Finklein, Alan Johnson, Nancy Gorshe, Nancy Campiche

A community member pointed out that many people in Ocean Park have trouble getting an appointment at the clinic in Ilwaco. Terry discussed our same-day appointments, but acknowledged the need, untimely, for "urgent care." He pointed out the need to recruit primary care providers for this service, and that PeaceHealth SW Medical center has a Family Practice residency program that we could potentially tap into.

Another community member pointed out that Terry's financials didn't show increased revenue. Terry replied he did that for a conservative reason, on purpose, but did go on to describe Dr. Duret's increased number of surgeries since he's come aboard, and a new Ophthalmologist, Dr. Brink. He further described his requirement that all new service proposals are accompanied by a business plan which

would show net expenses and the expected margin, and require monitoring at 3,6, and 12 months. He said that sometimes a loss on services may occur, if it meets a mission, but we need to know we're taking a loss before doing it.

Another community member asked the board what they specifically will do to monitor the situation so they don't get into this predicament of a deficit again. Alan Johnson said that an independent outside audit is helpful and they plan to employ those, and Nancy Gorshe said that we need to move forward and have measurements to assess each department and be more involved. She reported that they are still in a learning and defining mode about what's critical to measure. She said that Terry has been working with them, but they need to ask questions when they don't understand. Nancy Campiche said that Quality Management oversight will help too, and we need to monitor our CEO and have board education. Terry said that the Strategic Planning and Finance Committees are important, but that our Quality is also being focused on, just not reported as much. We're trying to be as open to the public as possible with articles and meetings, but sometimes the financial questions and information. Terry also pointed out that if PeaceHealth provides our management it's their excellent reputation on the line as well, and they will help us not fail again.

Another community member asked how would day-to-day implementation of the PH agreement work. Terry said it's still to be determined, but envisions that we would be "aligning" and locally adopt processes and procedures if they already have them working and in place; that reinventing the wheel is not necessary, and that we'd have a CEO here and in place with us all the time, reporting to our board, but also would be reporting to a CEO at PH, and responsible to them. PH would be their employer, but they'd work for us.

Another member wondered if PH knew about public boards and how they worked. Terry said that PH does know that, and is in fact aligning with a public hospital in the San Juans right now.

Another community member wondered if other small hospitals were in the same boat as we were. Terry said not just small ones, large as well, and that not everyone will survive. We need to reinvent ourselves and services in order to be viable and stable. Nancy Campiche said she was initially very reticent to think about aligning with a larger hospital, but has become since convinced it's the way to save us and grow.

Another member asked if the community knows how good the hospital "really is" because she's always had good experiences there. Nancy Gorshe said that she's been studying migration uses, when people pass us by, and hopes that we and others will spread the word that we ARE good. But we as a hospital also have to be quick on responses to complaints and be concrete with our solutions and ask our community to join us in spreading the good information about our services, and also thinks that we need to "earn" that from our community as well. Terry said all the community members he speaks to are very supportive of the hospital but many leave for care. He describes a "credibility gap." He says we need to demonstrate our competency and help by making it easy for the public to have the healthcare baton passed when needed. Nancy Campiche notes that we really have improved over time, and described a friend of hers who's life we saved and quickly transferred, we need to continue excellence and value our mission. Alan Johnson pointed out our 24/7 ER is unique in small area, many might just have a nurse at night.

Terry asked the group what information they'd like to see from the hospital. One person said she's sorry more people didn't come to this meeting. Alan Johnson emphasized we're not closing the Naselle clinic.

A member brought up doctor turnover, and Nancy Campiche described the need to recruit the family not just the doctor. Terry described the days of a doctor setting up shop and staying in one area for life

are really over, that new and younger generation of doctors desire a family life and we need to focus on attracting primary care: women, pediatrics, or hospitalists.

July 18th, Naselle – Terry Finklein, Nancy Campiche, Darren Thorsen, Alan Johnson

An community member asked what is "cost plus" with regards to a contract for a CEO with PH. Terry answered that it's the cost of the CEO plus administrative fees, for example travel, or other indirects.

A member asked do we have a plan to increase revenue in outpatient services, given that Terry described those, along with Primary care, as our important revenue streams (as opposed to living and dying by our surgery department). Terry said we do need to look at where our strengths are: state of the art lab and radiology, and market those. Nancy described that Phillips upgraded our hospital at remodel time, to make us a showpiece. Terry described we want to provide Cardiology in collaboration with CMH as well as SWMC who are also strong in those services.

A member asked why we didn't go with Providence. Terry said primarily timing, but also his experience of Providence referring back to their larger hospitals for specializations versus the PH track record of growing local specialized services in alignment with smaller hospital affiliations.

A member said our billing department really needs work. Many others agreed. Terry and all board members agreed as well that it's an area to be worked on, but that it has been much improved in the last several months.

A member pointed out that when she lived in Seattle none of the larger hospitals could compare to the quality of service she gets at OBH.

Another member asked if we'd do more reductions. Terry said he'd rather surgically look at efficiencies, and that he cut deeply to begin with. He knows he needs to reduce expense and/or increase revenue by 50K per month at this time, and is closely monitoring "FTE creep" to disallow adding back in expenses.

Another asked where do we want to cut servies. Terry said that we have to look at mission driving services, and then cost. If we might, through collaboration send off a service, we need to look at that – costs such as volumes, revenues, associated expenses, staffing, training, facility impact and added expenses are all factors). He's also looking at contracts closely.

The point of the ambulance in Naselle going to CMH was brought up by Terry and Alan – Doug the EMT at Naselle said they have to go where the patient or patient's representative tells them to go.

Another asked would PH diminish local management or services, long term, here. Terry said no, actually it should increase them, and even offer mentorship or career pathways, and while it may limit what we need right now (a CFO) the alignment with PH would be supportive of our local management.

Another asked when will we get to 0$ aged AP. Terry said he hopes very soon but is cautious about over-spending the Medicaid cost report funds, so as to allow a reserve if we have to pay back some next year.

Terry further spoke of IT issues, and the dilemma of ARRA funds for upgrades, but the catch 22 of needing to front the funds to outlay for the initial expense, which we don't have.

Another asked about Terry's take on Federal Healthcare Reform. Terry gave his opinion that it leaves a lot to be solved on the backs of the providers, and that the states themselves don't even know what they will do if it is rejected.

It was asked if we have a radiologist, and Terry described our new contract with digital radiology, and further discussed tele-medicine and the stroke-bot and our STEMI alignment with St. Vincents.

An audience member said she loves the weekly articles from Terry.

Ilwaco, Ocean Beach Hospital, July 19th – Terry Finklein, Nancy Campiche, Darren Thorsen, Alan Johnson

One community member showed up, who was also an employee. This was a casual conversation, more focused on internal communications but also was the same content presented in a similar format for the employee as the other 2 events.

Terry solicited the employee's opinion to see if staff felt more informed and communicated with. The employee felt that perhaps some improvement had been noted, but it had been such an ingrained culture and long-term period of no real communication that it will take a long time to change. Terry asked if he had ideas, but he did not.

Later, Terry asked if perhaps a monthly union shop-meeting with Terry and the shop stewards might help. The employee thought so.

The employee described trying to bring change and efficiency ideas forth during prior administrations, when their department observed significant deficit spending and the ability to engage in cost-saving measures, but that they were not listened to, and saw no action upon their suggestions.

The employee noted that they (employees) could see this (the current financial failure situation) coming, noting decreasing patients and complaints about billing cycles. Conversely, the employee reports a great deal of community support now, and that people say we need our hospital, even people over here.

The employee asked if Terry had spoken to vendors. Terry said all the time, he never shirks a call, and sent out 173 vendor letters. We've never been to collections or had legal action in this time of financial dire straits.

The employee asked about the amount of the Medicare cost report, and if Terry still plans to hold back some funds. Terry said about 800K, and he does have a plan if he can get the banks to agree, to borrow funds to pay all aged AP, but also have revolving amount to allow for a reserve if we have to pay back a lot next year. Terry does not want to leave a legacy of a deficit to be paid back after straightening the ship and righting our course.

Terry says he wants to hear from employees, and asked if board round tables would help – the board offered to do them again. The employee said that it was intimidating for employees when administration would be there with notepads taking notes when the board was there, because they felt there'd be retaliation.

Terry discussed that the upcoming union negotiations may take longer than usual because he sees a need for discussing some key contract issues, and that could take awhile.