Bartlett Regional Hospital

DRAFT Minutes
STRATEGIC PLANNING MEETING
November 17, 2018 – 9:15 a.m.
Glacier Room – Travel Lodge

BOARD MEMBERS IN ATTENDANCE

Brenda Knapp, President
Robert Urata, MD, Vice-President
Lance Stevens, Secretary
Rosemary Hagevig
Bob Storer
Marshal Kendziorek
Linda Thomas
Mark Johnson

ALSO IN ATTENDANCE

Chuck Bill, CEO
Kevin Benson, CFO
Rose Lawhorne, Assistant CCO
Anita Moffitt, Executive Assistant
Mignon (Mimi) Benjamin, MD
David Sandberg
Billy Gardner, CCO
Bradley Grigg, CBHO
Theresa Shanley, MD, Chief of Staff
Nathan Peimann, MD
Alex Malter, MD
Michael Saltzman, MD (via telephone)

CALL TO ORDER – The Strategic Planning meeting was called to order at 9:17am by Chuck Bill, CEO

Mr. Bill introduced David Sandberg, owner of Focus and Execute. Mr. Sandberg is to assist in facilitating the strategic planning process and entering the goals into the Focus and Execute tool to be used to track our progress in achieving our goals in the coming year.

REVIEW MISSION, VISION, VALUES – Mr. Bill provided an overview of Bartlett's Mission, Vision and Values with an emphasis on values. It is a reminder of what Bartlett is all about.

UPDATE ON STATE AND NATIONAL HEALTHCARE EXPECTATIONS AFTER ELECTION- Mr. Bill provided an update on the key takeaways from a national perspective from the 2018 elections. There is not going to be a lot of significant changes to Medicare in the next year or two. The State's outcome is less clear and there is a need to be conservative in projections when considering what the State's impacts will be.

DISCUSSION OF VARIOUS SCENARIOS FOR THE FUTURE – A matrix of the major variables was reviewed for consideration when planning for the next 5 years. Mr. Bill highlighted what he feels are the three most likely scenarios:

- Best scenario - The Rural Demonstration Project continues, the state economy improves by 2% which would reflect on the commercial insurance improving, Medicaid and Medicare reimbursements remain flat. The Rural Demonstration Project is in the third of three, five year periods. BRH has 1.5 years left in this program that is worth about $3.7

Million per year to BRH. Mr. Bill has relayed the importance of this program through Jesse von Stein, Don Young's legislative assistant, and encourages Don Young to carry a bill that would make this program permanent. The American Hospital Association, Rural Division is also working to make this a permanent program.

- Most likely scenario - The Rural Demonstration Project continues, the state economy continues to slip slightly and is down by 2%, Medicaid reimbursements are reduced by 5% and Medicare reimbursements remain even.
- Worst scenario – The Rural Demonstration Project ends, the state economy is down by 2%, Medicaid reimbursements down by 5% and Medicare reimbursements down by 2%.

FINANCIAL IMPLICATIONS – In the scenarios listed above, Mr. Bill reported that the financial implications for reimbursements next year from our major payors would be:

- Best case scenario - BRH would see a gain of $1,338,000
- Most likely – there would be a decrease in $2,337,000
- Worst case – there would be a decrease of $6,391,000

Confirmation was given that these projections are for revenues only and do not include contractual allowances. Discussions were held about the need to create contingency plans for the different scenarios. The Board of Directors and Senior Leadership will work together to identify strategic goals. Senior Leadership and management will create the action plans needed to reach those goals. (In reviewing the calculations, Mr. Bill confirmed that contractual allowances were included in the calculations.)

REVIEW PRIOR PLAN – Mr. Sandberg provided a broad overview of the goals identified in prior years. Goals and action plans had been developed and tracked for each of the following categories: Quality, People, Services, Community Benefit/Collaborative Partnerships, Financial, Compliance and Facility. It must be determined if these goals are still relevant or if we now have different priorities.

APPLY MOSS ADAMS TOOL – A broad overview was given of services lines, their contribution margins and profit and losses. Contribution margins did not contain indirect expenses. Diagnostic Imaging, General Surgery and Laboratory services contribute the majority to BRH's bottom line. BRH's core mission needs to be identified as does what services we feel we need to provide and what we would need to do if we had to save millions of dollars. It was reported that a review of the revenue cycle had been done as recommended by Moss Adams and improvements have been made. Other recommendations of cutting things out and/or developing new service lines were discussed as were variables that affected the data obtained. Concerns were expressed about the shortage in wound care and rehab services. Mr. Bill noted that this tool will be used to look at data regularly moving forward.

SERVICE LINE DISCUSSIONS:

- **Crisis Intervention –** Mr. Grigg provided a draft timeline for moving ahead with the Crisis Stabilization Center based on the parameters given by the State when awarding grant funding. Operations dollars have been awarded much sooner than anticipated; $700,000 awarded to cover services provided to patients experiencing a behavioral health crises in the FY19, $800,000 for FY20. The $500,000 in Capital funds can roll over through FY21. CBJ and BRH will work collaboratively to develop an RFP for the project design of a Crisis Stabilization Center.

  A discussion was held about relying on profitable service lines to offset the costs of those that lose money. Also discussed was the threat of competition in our profitable service lines. The need to be innovative in expanding services was stressed and a recommendation to talk about opening a diagnostic imaging center and a surgery center was made.

  Discussions resumed regarding the Crisis Stabilization Center. Concerns about staffing were addressed. An overview of a staffing analysis and projections of annual operations costs and revenues was provided by Mr. Grigg. It was noted that the grant does not require BRH to operate the center. Center location and program design options were discussed. Dr. Peimann commended the plan for filling the needs of the community and allowing a safe way to treat patients in crisis and to get them to the next level of care for support. Mr. Bill commended Mr. Grigg and Nathan Soboleff for the work put into the grant application which allowed Juneau to be awarded half of the $4 Million funding. Anchorage received the other half.

BREAK – There was a break in the meeting from 10:30 – 10:41 a.m.

- **Ophthalmology –** Mr. Bill reported that we are working on an agreement with an Ophthalmologist in Anchorage to provide services in Juneau 2 weeks per month. A proforma showing the impact of entering into an agreement with a half time ophthalmologist was reviewed. Mr. Bill recommended that BRH moves ahead with this service line and stated that it is a fairly reasonable assumption that shared space can be arranged with a local optometrist. It was noted that it might be difficult to build a local ophthalmological practice due to optometrists' established practice patterns of referring out ophthalmological services as well as our limitations by the equipment and experts we have on hand. It is, however, a great opportunity that will need a lot of media campaigning and reaching out to outlying communities to build this practice.
- **Robotic Surgery –** Mr. Bill reported that there has been a lot of interest expressed in robotics surgery, particularly gynecology and urology. Da Vinci representatives came onsite and provided a demonstration to interested surgeons and staff. Robotic technology

is very beneficial in improving the quality of patient care and in recruitment of surgeons. A five year robotic Return on Investment (ROI) proforma was reviewed. The initial expense is significant but it is anticipated that there would be a 3.3 year ROI. BRH has a third surgical suite that could be used to house this equipment. Life expectancy of equipment was discussed as well as which surgeons currently on staff would use it. It was reported that Dr. Newbury is having a very difficult time recruiting physicians to help in covering his caseloads. This puts us at risk of losing gynecological services. Dr. Saltzman expressed concerns about volumes being too low to maintain proficiency, lack of trained nursing staff and how funding this would impact the ability to purchase equipment needed to maintain day to day operations. He does not feel it is a good fit for Juneau. Discussion was held about the dual responsibility of the Board to protect the medical community while looking forward and taking steps to prepare for the future. When asked about a timeline, Mr. Bill reported that he would like to make a recommendation to the Finance Committee to move ahead with the purchase at December's meeting. A recommendation was made to have a feasibility study conducted followed up by conversations about the pros and cons of having one done. The purchase of robotics equipment will be discussed further at the December 5th Finance Committee meeting. Justifications for moving ahead and responses to concerns are to be presented.

CAMPUS PLANNING NEEDS – A master facility plan had been created in 2011 but had never been fully adopted. The plan is pretty solid and still usable with several updates. Considerations to include in campus planning are parking issues, where to house BOPS while the building is being demolished and the construction of the Crisis Stabilization Unit. Coordination with the rest of the campus needs planning. Staff will work with the planning committee to develop a more current, focused plan on campus development opportunities. Funds will need to be expended to obtain architectural and engineering quotes. The primary focus would be on what our perceived needs looking forward are and how we accommodate them on campus. The initial perceived need is the Crisis Stabilization Unit but there are also needs to be upgrades to certain parts of the hospital as well as replacement of the Medical Center building and the roof on the Medical Arts Building. Campus planning would include core samples from of the ground where BOPS and RRC are currently located. The Planning Committee has the authority to make a recommendation to the Board that funds are approved for revising the Master Facility Plan. Noted was a recommendation from CBJ's future debt capacity analysis that BRH not take on any more debt at this time due to the uncertainty of federal and state funding. Mr. Bill stated that conservative assumptions were made for the 5 year plan.

COMMENTS AND QUESTIONS – Mr. Bill thanked everyone for their commitments and observations. He will work with Mr. Sandberg to identify goals under the identified pillars. Those goals will be shared at the December Board of Directors meeting. He will then work with

managers to identify action plans to meet those goals. Those details will be presented to the Board in February.

Dr. Peimann encourages developing strong affiliations with big hospitals when considering opportunities to make BRH competitive. He also expressed the Emergency Department's support of the hospitalist program and his support of enhancing it by adding a part time critical care specialist. This would allow us to keep sicker patients in Juneau. He stated that wound care and outpatient services are great revenue opportunities as are infusion therapy services.

A recommendation was made that even though unsuccessful in the past, an attempt should be made to build a strong affiliation with SEARHC and try to get them to share their future plans.

Mr. Bill stated that we will move forward with the crisis stabilization grant. We need to explore facility planning options and whether we want to issue an RFP for running it. We need to define crisis stabilization with patients currently being served to establish the protocols. Something should be presented to Planning or Finance in January.

Ms. Knapp thanked everyone for their participation.

ADJOURNMENT – 12:15 p.m.