

SOUTHWEST HEALTH SYSTEM, INC.
BOARD OF DIRECTORS MINUTES
March 27, 2024
KIVA Room – 5:00pm

Quorum:

Also in Attendance:

| | | |
|----------------------------|--|---|
| Shirley Jones, Chairperson | Joe Theine, SHS CEO | Brandon Johnson, MCHD Board Chair |
| Susan Hodgdon, Vice-Chair | Rob Owens, SHS Plant Ops Director | Laurie Breedlove, CHC VP of Human Resources |
| Dan Valverde, Scty/Treas | Shelle Diehm, Finance Director | Travis Parker, CHRO |
| Evelyn Quigley, Director | Adam Conley, SHS CFO | Leah Wright, SHS Med Staff? |
| Jim Rogers, Director | Caitlin DeCrow, SHS Compliance Officer | John Leavitt, Principal of The Colorado Network |
| Eric Croke, Director | Lisa Gates, CNO | Angelina Salazar, WHA |
| Jay Wood, Director | Maddie Wright, SHS Quality Director | Bill Stroop, Community member |
| | Brian Doerr, VP of IT CHC | Joe Thomason, SVP Operations for CHC |
| | | |

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| Call to order | SHS Chairperson Shirley Jones called the meeting to order at 5:01pm. | | |
| Changes or additions to the agenda | | It was moved and seconded to approve the addition to the agenda of “Capital Infrastructure Committee Recommendation for Roof” under Board Business. MOTION: Eric Croke SECOND: Susan Hodgdon Motion carried. | |
| Public Comment | No public comment. | | |
| Board Education <ul style="list-style-type: none"> • Change Healthcare Status Report by Brian Doerr with Community Hospital Corporation | VP of Information Services Brian Doerr reviewed the enclosed presentation with the Board regarding the Change Healthcare Cyber Security Breach which began in February. Change Healthcare acts as a clearinghouse for healthcare providers and third-party payors through Cerner and Athena for SHS. 119 systems through Change Healthcare were affected. Mr. Doerr reviewed the individual and global impact and how healthcare providers such as SHS and insurance companies are | Change Healthcare has 60 days to report a breach of information per the State of Colorado. To date, no announcement or communication has been received by Change Healthcare to SHS or Cerner. The FBI and Office of Civil Rights have opened investigations into privacy concerns of the | |

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| <p>Managed Care Program Report by John Leavitt of The Colorado Network</p> | <p>working claims. Across CHC-owned and managed systems, communications on what is and is not working is being communicated.</p> <p>Cerner and Athena have identified alternate clearinghouses to submit claims, the current hold up has to do with enrolling all providers for all services with these new payors, which can take months to accomplish, especially with so many providers all doing the same thing.</p> <p>Change Healthcare is now coming back online and now that alternate routes to submit claims have been implemented, it is unlikely that providers will go back to using Change as it would require re-enrollment. There are strategies being developed to try to make sure this does not happen again.</p> <p>John Leavitt of the Colorado Network, which is SHS’s external managed care contractor, reviewed the basic history and progression of insurance programs and managed care programs under Medicare. Managed Care programs vary and there is very little education to the patients/Medicare enrollees. They basically all function as an HMO at this point.</p> | <p>data housed by Change Healthcare, a subsidiary of United Healthcare.</p> <p>Questions and discussion around security were reviewed. There is a balance between security and usability.</p> <p>It was recommended that SHS develop a Medicare Advantage strategy to avoid reactive responses to proposals and develop KPI’s specific to SHS’s goals. This will include a specific set of criteria to contract with SHS.</p> | |
| <p>MCHD Report</p> | <p>MCHD Chairperson Brandon Johnson advised that the MCHD Board approved the Centmark Roofing Contractor, funding from Capital Infrastructure funding up to \$560,000 (which includes a 10% contingency.)</p> <p>Additionally, they have sent out a “request for proposal” for an Owner’s Representative for the project.</p> | | |
| <p>CHC Report</p> | <p>CHC SVP Operations Joe Thomason reviewed the enclosed report and invited the SHS Board to the Community Hospital Corporation Annual Conference April 30th through May 2nd in Frisco, Texas.</p> | <p>Any board members interested in attending should reach out to Joe and Bridgett to set up travel arrangements and register.</p> | |
| <p>Foundation Report</p> | <p>Evelyn Quigley, Board member and SHS Board representative on the Foundation Board reported on the status of an EMS request in total \$107,000. Half of the funding for this equipment is paid for through CDPHE (Colorado Dept. of Public Health and Environment); the remaining amount of \$54,000 the</p> | <p>The appropriate process for Board approval is that this be reviewed and presented to the Finance Committee to then recommend to the full board. Time is of the essence as the equipment must be purchased and in service</p> | <p>The item will be added to the Finance</p> |

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| | <p>Foundation has received pledges in excess of the \$54,000 needed.</p> <p>Ms. Quigley recommends the board approve this request. The equipment must be purchased by SHS; the amount requested exceeds CEO signing authority without board approval.</p> <p>It was noted that the process by which these requests have been reviewed over the years through the Foundation has varied.</p> | <p>prior to 6/1/24 in order for CDPHE grant to be paid; lead time for the equipment may make hitting these timelines while waiting for April board and finance committee meeting challenging.</p> | <p>Committee meeting agenda in April.</p> |
| Quality Report | <p>The board was introduced to Maddie Wright, SHS Quality Director. She develops the reports and information which Lisa Gates, SHS CNO has been reporting to the Board.</p> <p>Ms. Gates reviewed the enclosed report and noted that the February statistics can be affected due to the Change Healthcare incident affects coding, which is where some of these numbers come from. The statistics and their meaning were reviewed briefly.</p> | | |
| Finance Report | <p>SHS Finance Contractor Shelle Diehm reviewed the enclosed Financial Report for February. Operating performance, volumes, utilizations were discussed.</p> <p>YTD EBIDA is \$429,000.</p> <p>The income statement and balance sheet were reviewed, and additional discussions regarding the specific issues SHS is experiencing in cash flow and days unbilled were discussed.</p> <p>Days unbilled for the end of February was 15. We normally run at 3-5 days unbilled. SHS has applied for Medicare advanced payment as well as funds from Change Healthcare. Much of the process is manual and when funds come in, it is also unknown where to post the funds as the payments are not necessarily received with an explanation of benefits, so staff are having to process each individually.</p> | | |
| Capital Infrastructure Committee Report | <p>Eric Croke, SHS Board representative on the Capital Infrastructure Committee advised that 4 bids were received (enclosed summary reviewed). The best option was clearly CentiMark Roofing. They have so far had excellent reviews.</p> <p>The proposal for \$507,000 includes replacement of end cap of parapet walls. Mr. Croke also recommended that should SHS Board approve, a 10% contingency be added for a total of</p> | | |

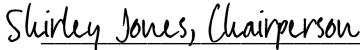
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| | <p>\$560,000 as MCHD did. CentiMark does large projects for many hospitals in and near Colorado. They are an HPG vendor, which contributed to the discounted rate offered to SHS. All other bids were much higher. An annual preventative roofing maintenance check is also included in the bid from CentiMark. It was also noted that SHS did submit a grant to both Senator Hickenlooper and Bennett’s office for Congressionally-Directed Spending in 2025 from the list of priority projects toward the SHS infrastructure, specifically, the Med Gas replacement and emergency fuel oil replacement. Mr. Theine advised that while it is not expected that this necessarily be awarded, it at least begins the conversation for future requests.</p> | | |
| <p>Compliance Report by Caitlin DeCrow, SHS Compliance Officer</p> | <p>SHS Compliance Officer Caitlin DeCrow reviewed the enclosed Compliance Work Plan (under Consent Agenda) as well as the Code of Conduct. These have been updated with a change to CEO on the Code of Conduct and the work plan based on Compliance Committee review and recommendations.</p> | | |
| <p>Provider Recruiting, Contracting and Retention Committee, Dr. Jenny Gero</p> | <p>SMG Medical Director and Committee Chair reviewed the enclosed report with the Board. The committee was stood up at their first meeting since 2015 this month. Education for the committee as well as structure and intent were outlined. Those in the committee have been directed to send their recommendations for focus to Ms. Gero for future meeting agenda development and committee focus.</p> | | |
| <p>Nominating Committee Report by Dan Valverde, Committee Chair</p> | <p>Mr. Valverde reported that at the current time, there is no business to conduct until early summer; no vacancies on the board are expected until later this year. Mr. Valverde advised that Friends of the Hospital are assisting in promoting board positions in the community. More to follow after the summer meeting is held.</p> | | |
| <p>CHA Meeting Report by Evelyn Quigley and Jim Rogers</p> | <p>Both Ms. Quigley and Mr. Rogers advised that the meeting was educational and helpful to their new board role. At the end of the conference, they met with legislators to discuss the challenges regarding rural healthcare.</p> | <p>Mr. Theine recommended that the board consider developing a governance budget and board planning.</p> | |

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| Western Healthcare Alliance, Angelina Salazar CEO | Western Healthcare Alliance (WHA) CEO Angelina Salazar reviewed the many services the WHA provides to western slope hospitals and health systems. SHS has been a part of WHA since they opened. SHS is part-owner of A1 collection/ AR Services through WHA. Ms. Salazar will be providing a training on-site for SHS Leaders/Directors Thursday and Friday this week. Mr. Theine noted that Leadership development was a main focus for 2024. | The WHA Summit is on July 17 th and 18 th , another collaborative and training opportunity should any of the board members be interested. | |
| Strategic Planning Report, CEO Joe Theine | Mr. Theine provided a powerpoint presentation as well as the enclosed report updating the board on recruiting plan status, retention rates, and capital expenses. There was discussion on the capital purchases list and how that ties in with fundraising efforts. As these are prioritized, the results will be presented to the Board. | | |
| Consent Agenda | The board reviewed the enclosed consent agenda. February 28, 2024 Regular Meeting Minutes February 2024 Financials CHC Invoices – March 2024-06 Bond Borrower Resolution HR Policy Extended Illness Bank 2024 Compliance Work Plan Code of Conduct Policy | It was moved and seconded to approve the consent agenda with all enclosed action as presented: February 28, 2024 Regular Meeting Minutes February 2024 Financials CHC Invoices – March 2024-06 Bond Borrower Resolution HR Policy Extended Illness Bank 2024 Compliance Work Plan Code of Conduct Policy MOTION: Dan Valverde SECOND: Susan Hodgdon Motion carried. | |
| Business Planning | Mr. Theine reviewed the enclosed timeline for the 2025 Budget calendar as well as the planning cycle for the business plan. | | |
| Capital Infrastructure Roofing Proposal | | It was moved and seconded to approve contracting with Centimark to provide Roofing repair as described for \$507,000, plus 10% contingency for total of \$560,000 with funds, as available with Days Cash on Hand requirements, in Capital Infrastructure account held in trust by Zions Bancorp, NA. | |

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| | | MOTION: Jim Rogers SECOND: Susan Hodgdon Motion carried. | | | | | | | | | | | | | | | | | | | |
| Break for Dinner | All were excused except those remaining for Executive Session | | | | | | | | | | | | | | | | | | | | |
| Adjourn to Executive Session | | The Board adjourned to Executive Session at 8:35pm. | | | | | | | | | | | | | | | | | | | |
| Return to Regular Session | | The Board returned to Regular Session at 9:11pm. | | | | | | | | | | | | | | | | | | | |
| Action Items | <p>MEC Chair/Vice Chair Recommendation</p> <table border="1" data-bbox="575 565 1251 1123"> <thead> <tr> <th data-bbox="575 565 785 597">Background</th> <th data-bbox="785 565 1073 597">Name</th> <th data-bbox="1073 565 1251 597">Appointment</th> </tr> </thead> <tbody> <tr> <td data-bbox="575 597 785 764">Initial Appointment</td> <td data-bbox="785 597 1073 764">Timothy Bender, MD Radiology Assoc. of Durango Daniel Mower, CRNA Novus Anesthesia</td> <td data-bbox="1073 597 1251 764">Active Staff APP Staff</td> </tr> <tr> <td data-bbox="575 764 785 927">Reappointment</td> <td data-bbox="785 764 1073 927">Laura Chase, CRNA Pamela Clark, FNPBS Nicholas Preston, CFNP Matthew Thompson, MD</td> <td data-bbox="1073 764 1251 927">APP Staff APP Staff APP Staff Active Staff</td> </tr> <tr> <td data-bbox="575 927 785 992">Resignations</td> <td data-bbox="785 927 1073 992">Jenny Lovett, NP Robin Richard, MD</td> <td data-bbox="1073 927 1251 992">APP Staff Active Staff</td> </tr> <tr> <th data-bbox="575 992 785 1024">Background</th> <th colspan="2" data-bbox="785 992 1251 1024">Policy References</th> </tr> <tr> <td data-bbox="575 1024 785 1123">Podiatry Privileges</td> <td colspan="2" data-bbox="785 1024 1251 1123">Amer Coll of Foot & Ankle Position Statement; SHS Podiatry Privilege Form Core Levels</td> </tr> </tbody> </table> <p data-bbox="575 1252 1037 1308">Slate of Contracts: Chris Jetter, DPM Employment Agreement</p> | Background | Name | Appointment | Initial Appointment | Timothy Bender, MD Radiology Assoc. of Durango Daniel Mower, CRNA Novus Anesthesia | Active Staff APP Staff | Reappointment | Laura Chase, CRNA Pamela Clark, FNPBS Nicholas Preston, CFNP Matthew Thompson, MD | APP Staff APP Staff APP Staff Active Staff | Resignations | Jenny Lovett, NP Robin Richard, MD | APP Staff Active Staff | Background | Policy References | | Podiatry Privileges | Amer Coll of Foot & Ankle Position Statement; SHS Podiatry Privilege Form Core Levels | | <p>It was moved and seconded to approve the MEC Chair/Vice Chair of Dr. Randy Davidson as Chair and Moriah Tarpey, MD as Vice-Chair recommendation by the Medical Executive Committee. MOTION: Dan Valverde SECOND: Susan Hodgdon Motion carried.</p> <p>It was moved and seconded to approve the initial appointments as presented and recommended by the Medical Executive Committee. MOTION: Jim Rogers SECOND: Dan Valverde Motion carried.</p> <p>It was moved and seconded to approve the Reappointments as presented and recommended by the Medical Executive Committee MOTION: Jim Rogers SECOND: Eric Croke Motion carried.</p> <p>It was moved and seconded to approve the Podiatry Privileges as presented and recommended by the Medical Executive Committee. MOTION: Dan Valverde</p> | |
| Background | Name | Appointment | | | | | | | | | | | | | | | | | | | |
| Initial Appointment | Timothy Bender, MD Radiology Assoc. of Durango Daniel Mower, CRNA Novus Anesthesia | Active Staff APP Staff | | | | | | | | | | | | | | | | | | | |
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| | Hall Render Engagement for Outside Counsel | <p>SECOND: Evelyn Quigley Motion carried.</p> <p>It was moved and seconded to approve the employment agreement for Chris Jetter, DPM as presented. MOTION: Eric Croke SECOND: Susan Hodgdon Motion carried.</p> <p>It was moved and seconded to ratify the Engagement Letter signed by SHS CEO Joe Theine. MOTION: Jay Wood SECOND: Evelyn Quigley Motion carried.</p> | |
| Adjourn Regular Meeting | | The meeting was adjourned at 9:14pm. | |
| | The SHS Board remained with Laurie Breedlove and Joe Thomason for a special executive session. | | |

Respectfully submitted:

Docusign

 Shirley Jones, Chairperson

Signed by:


 Dan Valverde, Secretary/Treasurer