



723 Memorial Street
Prosser, WA 99350
(509)786-2222

Director's Report to The Board of Commissioners
December 3, 2009

CEO

Julie Petersen, CPA

786-6695

2010 Operating Budget

The Proposed 2010 Operating Budget will be distributed at the Board meeting. I anticipate that a large portion of the December 3rd meeting will be consumed with discussion about budget. Our intention is to give the Board time to review the assumptions, options and results prior to the December meeting when we will be asking for adoption. The three variables we keep returning to are 1) Our ability to recapture surgical volumes, 2) Restoration of Disproportionate Share through the Safety Net Hospital Assessment, 3) Impact of Long Term Care and Swing Beds. We will be recommending the elimination of some services, the reduction in a number of labor hours and some other painful cost containment measures. The Board's tolerance for losses and inclination for optimism will be tested by the 2010 financial environment.

Basic Health Plan and Other State Issues

We have already seen the impact of declining disproportionate share funding on our bottom line. Beginning in January we expect to see large numbers of Basic Health Plan enrollees drop their coverage. Premiums for participation are set to increase significantly and providers of all types are anticipating that thousands of working poor will be unable to pay for continued coverage. The State manages its cost for the Basic Health Plan by capping enrollment. In 2010 the state will be enrolling 1 new participant for every 2 that drop out. It will not take long for this "cost cutting" policy to translate into uncompensated care. We will be working closely with YVFWC to maintain as much coverage for our patients as possible.

Declines in Surgical Business and Increases in Deliveries

We continue our work with the referring clinics to streamline and improve services. Kim Schultz has relocated the scheduling function to the clinic and the coding/billing position is going back into the clinic as well. We have seen an increase, both in surgical volumes and in clinic visits in recent weeks. Whether this is a result of an end of the year rush or represents sustainable increases is yet to be seen. Dr. Young will be returning at the beginning of January.

Leann points out below that Dr. Galbraith is here and getting busier every day.

Employee Recognition Programs:

Several years ago the Board authorized the 110% Employee Recognition Program. This is a quarterly recognition program that recognizes four individuals, one from management. 110% has worked very well but like any such program it periodically needs to be refreshed. Sharon Cloos, Jason Jones, Megan Ransom and I have been



723 Memorial Street
Prosser, WA 99350
(509)786-2222

working on some creative ways to recognize outstanding staff members. I have attached the two policies that describe the current program and will be briefly discussing plans for 2010.

Petition to Withdraw:

At this time it appears that a Public Hearing to Consider the Barker Ranch Petition to Withdraw will not be necessary. We notified that petitioning party that they would be required to post a bond for costs by November 12th per your instructions. As of today we have not received notice that such a bond has been obtained.

Area Newspapers

Jason and I are working on a series of weekly columns for publication in our local newspapers. The first article we have planned will address EMS one year after Proposition #1; how services have been impacted, consolidation of the stations and other efficiencies we have achieved. We welcome your ideas for other columns.

Physical Therapy and Rehabilitation Services Relocation

Done! *Open House and Provider Social at the new clinic December 2nd.*

Patient Care Services

Leann Anderson

786-6604

Transitional and Long-Term Care

Work is continuing in TLTC to streamline processes and move to industry standards. Haffenreffer and Associates completed their technical assistance and their report is attached. Overall, their findings show limited opportunity to decrease costs. We are making progress in the swing bed arena however, in that we currently have 3 swing bed patients and for much of the month had four. TLTC will be assuming care of the swing bed population beginning January 6th to make the greatest use of staff resources. This has been received very positively by the staff on TLTC and they are working hard to get processes in place to prepare for this change. Susan Mains is doing a phenomenal job as the Admissions Coordinator for the TLTC and swing bed patients.

Home Health Move

Home Health and EMS sharing space is becoming closer to reality. Maintenance has been busy painting and repairing areas in preparation for Home Health office needs. December 15 is the moving day!

Family Birthing Center

Dr. Galbraith is on board and working very hard. Staff is reporting that she is well received by patients; has a great practice style and is a welcomed addition to the unit. We are beginning to see some increase in our GYN surgeries as a consequence of her presence as well.

ED

Beginning January 18, Dr. Butvilas will be on board as our fourth ED provider. This creates the opportunity to create continuity and consistency in standards of practice to the



723 Memorial Street
Prosser, WA 99350
(509)786-2222

ED. Once he is here and comfortable; steps will begin to standardize expectations for customer service and develop and implement standards of practice. This will not only help to enhance quality and customer service, but assist in streamlining some of the throughput in the department. We will be involving Dr. Stevenson, RHQN provider consultant, to assist in some of the quality measures. The staff is excited and have been troopers in working with all the various locums we have had this past year.

Financial & Statistical

Tim Cooper

786-6605

Patient Financial Services

As of November 25th, 2009 Accounts Receivable has been reduced by \$1,077,142 since July 2009. We are sending out new statements via CPSI while correcting errors on our credit balance list. My main concern is with Private Pay accounts. Private Pay balances are 28% of the total A/R with \$1,160,377 is over 120 days old.

Revenue remains low.

Total Gross revenue was under budget by \$730,804 for the Month of November. I must say in the past two weeks we are seeing business picking back up. Sending Rita back to MASA, having Kim Shultz on board, working with Farmworkers on Charity and Payment policies have proven (I think) making a difference. Dr Gailbraith is a wonderful additional to the medical staff and we find she is very active. Kim reports that Dr. Rankin is smiling with the changes and has had a full schedule all this week. We expect Dr Young back to seeing patients by January 3rd, 2010.

IMPACT Mgt.

PMH plans on having IMPACT management back the week of January 18th, 2010 to do a Kaizen "LEAN" continuous process improvement on the flow of surgery patients from referral to final outcome. We added 5 new patients to the swing bed wing in November. This is a direct result of Kaizen. Remember one additional patient a month is worth \$216,000 annually. Surgeries were under budget by 30%, but I think they will be increasing soon. Year-to-date FTEs were under budget 3.59. Diagnostic Imaging remains constantly busy and emergency room visits were over budget by 80 visits.

Net income for the month was a loss of \$580,927

Community Relations

Jason Jones

786-6601

OB Joint Marketing:

The Grandview billboard has been updated...finally! Below is the new image drivers will see leaving Grandview towards Prosser. I am working with YVFWC to evaluate additional billboards.



PT on the Move!

As you know the new therapy clinic is open for business. We have a ribbon cutting scheduled for December 2nd at 11am with a Provider Social to follow later that evening (6pm – 8pm) Please feel free to come to either/both of these events and see the new clinic.

Customer Service

Over the past couple of weeks, the Leadership team has been working on a list of Customer Service Expectations. From Greetings to Communication, this list will provide specific baseline expectations for PMH employees. I am working on merging all the feedback and hope to share the list with you in the next board packet.



Information Technology

Wanda Roberts

788-6032

Dan spent the majority of his time working on the therapy move, e-mail encryption and PACS – he is currently on vacation in Mexico. The update below was provided by Wanda.

E-Mail Encryption



723 Memorial Street
Prosser, WA 99350
(509)786-2222

We recently reviewed the e-mail encryption firewall and had a demonstration period of 30 days, pending a decision as to whether or not to retain it. The decision was made to retain the e-mail encryption.

Physical Therapy Move

The network connection established at the Physical Therapy (PT) location on Chardonnay was completed. We lease fiber optic cable from Benton PUD for our current network connection with PT and the Chardonnay location is in the Benton Rural Electric Association area, therefore an agreement between the two entities was established.

Human Resources

Sharon Cloos

786-6680

Staffing Updates

We experienced a few staffing changes during November.

- We hired two FT regular status employees (CT Tech and Respiratory Therapist). These are replacements for regular status positions. We also hired four per diems.
- Five employee separated employment since our last report due to relocation, health and involuntary terminations. In addition, four per diem employees were removed from payroll.

110% Celebration: December 16

We will celebrate recipients of the 110% award at our quarterly luncheon on December 16th at noon in the Whitehead Conference Room. We would be delighted if you can join us for the festivities.

Ancillary Services

Liz MacIntosh

786-6621

Cardiopulmonary:

Rusti has been working clinical hours since the loss of one of the department's therapists. Verna Hickox, a new therapist, has been hired and has started her orientation to the department. This will continue through mid December and then she will be on her own - just in time for the Cardiopulmonary busy season.

Rusti will be working closely with the nursing staff from TLTC training them on the use of the CPAP, BIPAP, and Oximetry equipment that will be utilized on swing bed patients. TLTC staff will be responsible for the care of these patients starting in January. Respiratory care is a significant part of this process.

Diagnostic Imaging:

The search continues for a replacement Ultrasonographer. Susan Raia, an US agency technologist is currently doing an excellent job filling the position. Advertisements have been placed in national professional magazines, but to date only new graduates or vascular technologists have applied. The evening position for CT was filled by Alejandra



723 Memorial Street
Prosser, WA 99350
(509)786-2222

Radillo. She has finished her training and has started covering CT and X-ray on the evening shift.

Significant progress has been made toward the installation of the PACS. All modality instrumentation has been integrated and can communicate with the system. A rough draft of the workflow has been submitted to Fuji; once this is refined, final installation can begin. Aurora is planning to attend training in January to learn how to work with the system and troubleshoot any problems.

Laboratory:

I have agreed to assume direct supervision of the laboratory while maintaining oversight of Cardiopulmonary and Diagnostic Imaging. This will entail redefining my roles in both areas, but the Ancillary Supervisors are very strong leaders and the laboratory has a staff that is willing to assist where needed. The transition is worth a try.

Our current hematology instrumentation will lose technical support in June. For this reason, the system will need to be replaced early in 2010. Two systems are under consideration, an LH750 from Beckman Coulter and the XT2000 from Sysmex. The hope is to take advantage of a year end "deal" but install around the end of the first quarter.

Support Services

Steve Broussard

786-6659

ED/PR Addition and Renovation Project

Phase 1 work in new addition is approximately 95% complete. Phase 1A (move Patient Registration) is long behind us now and Phase 2 is in full swing. This phase of the work involves the Patient Registration, Triage Room and ED Waiting room area. Work completed to date includes:

- o Demolition of the old Patient Registration, Social Services and Triage areas,
- o Breaching the exterior wall that separated the new ED Waiting room from the hospital building
- o Removal and relocation of a portion of a masonry sheer wall
- o Installation of new fire alarm panel
- o Electrical systems rough in
- o New wall framing and sheet rock installation

Exterior work is 97% complete at this time. This work included:

- o Installation of landscaping and irrigation system
- o Reconfiguration of main entrance driveway and sidewalks
- o Masonry sealing
- o Site clean up



723 Memorial Street
Prosser, WA 99350
(509)786-2222

Phase 2 work is expected to be complete in mid December with Phase 2A to follow. This phase involves remodeling of the women's public restroom to create two unisex restrooms.

Alternate 2 – Replace ceramic floor tile in main lobby. Contractors have discovered that the 1.5" grout bed under the existing ceramic tile floor is unstable and may need to be removed and replaced before new tile can be installed. This is an unanticipated condition and may add extra days and costs to the project. The general contractor and project architects are working together on a cost effective solution at this time.

Physical Therapy & Rehab Relocation Project

Even though moving day was on Friday the 13th, the Physical Therapy & Rehab relocation went very well. The old building was emptied out with in 6 hours and the majority of the set up work in the new building was completed by the end of the day. Thanks and kudos goes out to the Therapy, Maintenance and IT Departments for an impressive display of teamwork that made the transition a rousing success!

Home Health Relocation to EMS Station

Preparations for this move are nearly complete. Rooms (previously exam and procedure rooms) that will house Home Health staff have received a fresh coat of paint and minor alterations that will allow offices to be set up. The building has been cabled for data and phones system access in key areas. A fiber connection between the hospital and EMS building was recently completed. This will allow the EMS and Home Health Departments to have direct access to our data and phone systems. This move is planned for mid-December.

OB Department Renovation Project

Planning is complete and this project is currently out to bid. The schedule moving forward looks like this:

- 11/20 – Print and send plans to plan centers
- 11/23 – Bid period begins
- 11/28 – Advertisement #1 (PMH)
- 12/05 – Advertisement #2 (PMH)
- 12/07 – Mandatory pre-bid conference (Vineyard)
- 12/14 – Public bid opening (Vineyard)
- TBD – BOC approval
- TBD – Pre-construction meeting
- TBD – Begin construction

Project duration has been set at 120 calendar days.

PMH Foundation

Fred E. Lamb

788-6030



723 Memorial Street
Prosser, WA 99350
(509)786-2222

Our grant request of \$250,000 with the Murdoc Foundations went to their Board of Directors and their final decision was to **not** fund our request. They were only able to fund 30-40% of the accepted grant applications and they did not fund any new organizations this year. It truly was only because of a lack of available monies that we didn't get funded. Our grant representative said we had everything right; Board & Commissioner support, multiple funding streams and over 50% of the funds needed pledged from within our own community.

We have submitted grant requests to MDU (Cascade Natural Gas), CenturyLink (Embarq), are still working with USDA and the Three Rivers Community Foundation. I have a large number of presentations that we are still waiting on their responses.

Almost all of the meetings with the School Dist for their employee's have been completed.

Through Nov 25th we have received pledges and commitments totaling 1,874,394.04 or 88% of the goal of 2,150,808.

We need \$276,413.96 by Dec. 31st to complete our goal. I am 100% confident we will achieve success.