To: Board of Hospital Commissioners
From: Eric Moll
Date: October 24, 2023
Subject: Consent Agenda

Consent agenda for Tuesday, October 24, 2023

Approval of the Bills:

General Fund 2242186-2242786, 243432 – 2239276, 100030 – 100031 $7,491,746.87

Employee Medical 20150 – 20152 $ 521,862.38

Mason General Hospital write offs for the month of August 2023 in the amount of $745,582.92 and September 2023 in the amount of $836,026.11

Mason Clinic Eye Care, Orthopedics, Pediatrics, Women's Health, Podiatry General Surgery write offs for the month of August 2023 in the amount of $52,741.26 and September 2023 in the amount $44,219.94.

Mason General Hospital Family Health Clinic, Olympic Physicians, Shelton Family Medicine write offs for the month of August 2023 in the amount of $59,541.73 and September 2023 in the amount of $45,284.10.

Hoodsport Clinic write offs for the month of August 2023 in the amount of $2,517.28 and September 2023 in the amount of $1,566.33.

Walk-In Clinic write offs for the month of August 2023 in the amount of $32,713.10 and September 2023 in the amount $28,890.81.

Miscellaneous

CEO
Physician Assistant Outreach Program:

PHD2 of Mason County has a 3-year contract with North Mason Fire District to provide $150,000 per year to support the PA Outreach Program.

The Rural Health Collaborative Chair:

The TRC Board has elected me as Chair for next year. As shared previously, I look forward to supporting the vision for securing the health of our WA rural communities. More specifically, I am passionate about ensuring that rural hospitals are paid fairly. Brad Becker is a critical player in this agenda for leveraging our ability to negotiate payer contracts as a collaborative.

WSHA Media Briefing on the current state of Hospital finances:

WSHA had a media briefing on Oct. 11th emphasizing the following points:

Key Financial Survey Findings & Topline Messages:

- In 2022, operating losses were $2.1 billion. In the first half of 2023, the pace of losses slowed, which is good, but they remained significant, which is challenging, particularly when layered on last year's losses.
- **The total operating losses were nearly $750 million.** This represents a -4.6% operating margin, which is better than last year's -8% margin, however it remains unsustainable.
- **Only 12 hospitals or health systems had a positive operating margin**, and these are rural critical access hospitals. **Mason Health was one of these 12 hospitals.**
- Several factors contributed to the lessening of the total losses, including cuts in services, reductions in the use of traveler/temporary staff, increased revenue primarily due to more patients receiving care such as surgeries, and improvement in investment income.
- **When non-operating revenue is included, statewide total losses dropped to -$159 million or a -1% margin.** Non-operating revenue includes investment income and some funds that supported the covid response, including FEMA funding.
- Not having a major covid surge so far in 2023 also contributed to the increases in revenue for hospitals. In 2022, we saw reductions in surgeries and delayed care as staff resources were moved to Covid care or staff were out due to Covid.
- Reductions in reliance on high-cost staffing agencies also helped reduce losses. However, staffing remains a significant concern in our state.
- We are grateful to the Washington State legislature for passing the Hospital Safety Net Assessment. The program provides a major increase in Medicaid payments. But the increases aren't in effect yet. If approved by the federal government, hospitals should start seeing payments in April of 2024.
- Hospitals are continuing to rely on income from investments, spending of already depleted reserves, or cutting services and staff to make up the difference.
- **17 hospitals have less than three months of operating costs held in reserve.** According to bond rating agencies, in order to have a good financial rating, hospitals should have 200 days (about 6 ½ months) of cash in savings.
- Without a positive margin and the ability to build reserves, hospitals struggle to:
    - Keep inpatient beds open – an already limited resource in Washington state, which has the fifth-lowest number of inpatient beds per capita in the country.
    - Increase wages to recruit and retain staff.
    - Reinvest in equipment, facilities or new services needed by the community. This could be as basic as a new roof or an updated heating system.
    - Maintain critical community health services that do not generate revenue and are not core to the acute hospital care mission.
    - Pay principal on debt.

- **Ongoing large financial losses will result in less access to health care for patients.** A current example is the loss of OB services in multiple communities in our state, and other OB programs considering closure.
- Ultimately, continuation of these losses threatens hospitals with bankruptcy/closure, which is devastating for a community.

Cost drivers for hospitals include:

- Rapidly increasing costs for staff. You have seen media coverage of significant raises for hospital staff. Hospitals increased employee compensation by an average of 8% per employee.
- While the cost of agency staff has declined by $300 million, hospitals increased wages and benefits to employees by $700 million over the first six months in 2023. This will be $1.4 billion over the year, with many contracts still in negotiation.
- Generous leave laws that have staff calling out and needing to be covered, often at the last minute, also contribute to staffing costs.
- Hospitals are also affected by the high inflation we are all experiencing. Drug, energy and supply costs are increasing faster than payment rates. Hospitals have seen costs for these goods increase by nearly 10%.
- More complex patients whose care costs are much higher than reimbursement are also an important cost driver.
- Hospitals continue to serve a large and increasing number of patients ready for discharge who are not able to secure placement in nursing homes, adult family homes, or other post-acute care facilities. Hospitals get paid very little or nothing to care for these patients once their acute care issue is resolved. Additionally, hospitals lose revenue from patients whose care is delayed because the beds are full.

COO

Dr. Samar Hassouneh, OBGYN joined Mason Health on Monday the 23rd. Dr. Hassouneh has held a variety of positions including General Practitioner and Hospitalist, some of which were filled in locums assignments. The Women's Health practice is in a state of transition with Dr. Blood's last day in the clinic having been October 12. We have been and will continue to fill both clinic and call shifts with locums providers for the next few months.

We have provided employment offers to the two Primary Care Residents having visited on October 6th. They were both very well received by everyone that had the opportunity to interact with them. They want to be in a rural environment to practice and our location checks a lot of boxes for them personally.

Budget Amendment

Recommendation to increase the 2023 Capital Budget $55,941for the replacement of the two Nova Blood Gas medical devices used in Respiratory Therapy. Both current devices are near their end of life and need to be replaced March of 2024. Because IT will need 3 to 6 months to complete the interface, we recommend replacing these devices now.

Credential

Initial Applications:

Samar Hassouneh, MD	OB/gyn	Consulting/Provisional