



**COOK COUNTY HOSPITAL DISTRICT  
BOARD MINUTES FOR MAY 18, 2023**

**Call to Order** – Kay Olson called the meeting of the Cook County Hospital District Board of Directors to order on May 18, 2023 at 9:02 a.m. in the Board Room and via Zoom.

**Adjourn to Closed Session** – Randy Wiitala made a motion to adjourn into closed session pursuant to Minn. Stat. §144.581, subd. 5 which permits closure to discuss marketing activity and contracts related to the Hospital’s competitive position with other health care providers that offer similar services; and Closed Session pursuant to Minn. Stat. §145.64 subd. 1(d) to discuss decisions, recommendations, deliberations or documentation of a Review Organization. Steve Frykman seconded the motion and the motion carried unanimously.

**Closed Session Summary** - The Quality Improvement/Peer Review Report from April 19, 2023; Continuous Quality Improvement/Peer Review Committee Plan; Medical Staff Report from April 19, 2023; and Credentials Committee Report from May 17, 2023 were discussed. The transition for physician care for inpatient/swing bed hospital services was also discussed.

**Reconvene** - The North Shore Health Board reconvened in regular session at 9:30 a.m.

**Roll Call**

**Members Present:** Steve Frykman, Kay Olson, Randy Wiitala and Patty Winchell-Dahl

**Members Absent:** Mary Sanders

**Others Present:** Kimber Wraalstad; Doug Montgomery; Greg Ruberg; Kurt Farchmin, MD (p); David Mills; Kelly Swearingen (p); Tyler Johnson (p); Doug Sanders (p)

**Approval of Agenda:** Patty Winchell-Dahl made a motion to accept the meeting agenda as presented; it was seconded by Steve Frykman. The motion carried unanimously.

**Public Comments:** None.

**Approval of Minutes for April 20, 2023** – Randy Wiitala made a motion to approve the minutes from the April 20, 2023 meeting as presented and the motion was seconded by Steve Frykman. The motion carried unanimously.

## Updates:

- a. **Clinic Board:** Kate Surbaugh's email regarding the activities at Sawtooth Mountain Clinic (SMC) was reviewed. SMC has hired a new physician who will join SMC in September 2023. The updated SMC masking policy reflects the latest changes in guidelines and the policy closely mirrors the NSH policy. Masking is voluntary in most cases except when patients or staff are experiencing acute respiratory symptoms. Education regarding the unwinding of public health emergency protocols is being provided for patients, SMC staff, and other health care entities. This includes changes in insurance coverage for COVID-19 treatments and telehealth and the upcoming Medicaid redetermination process. SMC is returning to regular outreach screenings for blood pressures and blood sugars. The new screening dates will be published regularly on their website and in local media.
- b. **County Board:** Commissioner Mills discussed the Capital Improvement Plan; it is becoming less vague but there are still opportunities to share information with the Commissioners. The decision regarding the proposed merger between the EDA and HRA was reviewed. The Legislative session and the Association of Minnesota Counties District meeting was discussed. The apartment complex, Sawtooth Flats, is continuing to move forward. Commissioner Mills shared that during the Public Health and Human Service (PHHS) Board meeting, hours were added to the State Health Improvement Plan (SHIP) Coordinator position for region-wide lactation systems training. Grant funds are being used to support the position and there was a spirited conversation at the (PHHS) Board meeting about the use of grant funds to establish and maintain such a program.
- c. **Board Members:** The Board Members discussed using zoom or other virtual technology to attend Board meetings. With the end of the Public Health Emergency, the North Shore Health Board meetings will now be held in person. After three years of the pandemic, the ability to have the option to attend meetings in a virtual format has proven to be valuable. It was suggested that discussions be held with our Legislators to encourage legislation to allow this flexibility for meeting attendance.

## Board Presentation - 2022 Financial Audit – Tyler Johnson, CliftonLarsonAllen

Mr. Johnson, Principal with CliftonLarsonAllen (CLA) presented the 2022 Audit results via Zoom. Mr. Johnson shared CLA's Audit Opinion: The financial statements present fairly, in all material respects, the financial position of Cook County Hospital District d/b/a North Shore Health as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. The results of CLA Professional Services were reviewed:

- Significant Transactions – During 2022, North Shore Health has the following significant transactions:
  - PERA Updates and Changes
  - GASB – 87 Leases
- Audit Adjustments – There were no auditor proposed adjustments. Several client-proposed adjustments subsequent to CLA receiving the trial balance.
- Subsequent Events – No subsequent events identified.
- Internal Controls – No material weaknesses were noted. NSH Finance Team very well prepared and cooperative.

- Required Communications –
  - Responsibility under Generally Accepted Auditing Standards.
  - Planned Scope and Timing of the Audit.
  - Other Information in Documents Containing the Audited Financial Statements.
  - Significant Accounting Policies.
  - Significant Accounting Estimates.
  - Significant Financial Statement Disclosures.
  - Supplemental Information.
  - Management Representation Letter.
  - Other
    - No difficulties were encountered in performing the audit.
- Financial Ratios – Mr. Johnson presented several graphs showing industry benchmark data. The ratios (Operating Margin, Total Margin, Operating EBIDA, Days Cash on Hand, Net Days in Accounts Receivable, Percentage of A/R over 90 Days Old, Bad Debt and Charity Care as a Percent of Gross Patient Service Revenue, Debt Service Coverage, Debt to Capitalization, and Average Age of Plant) were shown comparing North Shore Health (with and without GASB 68) with CLA Small Size CAH Clients and Minnesota Critical Access Hospitals.
- Industry Trends – Mr. Johnson shared six industry trends and possible responses by health care organizations.

Mr. Johnson thanked Doug Montgomery and Kelly Swearingen for their assistance during the audit. The financial audit reinforces that the monthly financial statements are accurately presented and are able to be relied upon when making strategic decisions.

**Financial Reports:** Mr. Montgomery presented the April 2023 financial statements. The Statement of Net Position was reviewed together with the cash/cash equivalent and Days Cash on Hand were highlighted. Gross Patient Service Revenue for the month of \$1.7M is 5.05% more than budget. Inpatient, Swing Bed, Home Care and Care Center revenue is less than budget. However, Outpatient revenue of \$1.3M is \$157K or 13.3% more than budget. Total Operating Revenue for the month of \$1.5M is 2.67% more than budget. Total Operating Expenses of \$1.8M are 2.06% more than budget. Pharmacy drugs continue to be higher than budget but correlates with the increase in outpatient revenue. The Net Loss from Operations for March 2023 of \$303K is \$2,600 less than budget. Mr. Montgomery noted that we are in the process of analyzing the financial impact of the Sawtooth Mountain Clinic decision regarding inpatient coverage at the hospital. Once completed, this analysis will be incorporated into this forecast. Patty Winchell-Dahl made a motion to accept the April 2023 financial statements. The motion was seconded by Randy Wiitala and the motion carried unanimously.

**Old Business:**

- a) **Other:** None.

**New Business:**

- a) **Accept 2022 Financial Audit:** Randy Wiitala made a motion to accept the 2022 Audited Financial Report for North Shore Health. The motion was seconded by Patty Winchell-Dahl and the motion carried unanimously.
- b) **Medical Staff Bylaws Revisions:** Ms. Wraalstad reviewed the changes proposed to the Medical Staff Bylaws. Much of the revisions were made to allow for the Emergency Department Physicians to serve as Active Medical Staff. The revised

Bylaws were adopted by the Medical Staff at their May 17, 2022 meeting and were recommended for approval. Randy Wiitala made a motion to accept the Medical Staff Bylaw Revisions as presented. The motion was seconded by Steve Frykman and the motion carried unanimously.

- c) Unbudgeted Capital Purchase – Hot Water Heaters Replacement:** Beginning late 2022/early 2023, irregular error codes were experienced with the hot water heaters. After servicing the existing water heaters, it was discovered that the combustion side of the internal heat exchangers were severely restricted causing incomplete combustion. Bock water heater unit #3 (Hospital backup) is completely inoperable. Bock water heater units #1 (Laundry) and #2 (Hospital and Laundry backup) continue to have error codes and are a high concern for failure. These units are currently seven years old and Bock expects a useful life of these units to be five years. After consulting with UHL (a company that installs and services boilers and building mechanical systems), it is recommended to install AO Smith (best in class) brand water heaters to replace the failed Bock water heaters at a cost of \$117,022. This project is not included in the 2023 Capital Budget and will be an unbudgeted expense. Patty Winchell-Dahl made a motion to approve the unbudgeted capital purchase to replace three water heaters at a cost not to exceed \$117,022. The motion was seconded by Randy Wiitala and the motion carried unanimously.

**d) Other:** None

#### **Management Report:**

The Management Report for May 2023 included in the Board materials was reviewed.

As of May 12, 2023, there have been one thousand six hundred sixty-four (1,664) confirmed cases of COVID-19 affiliated with Cook County. The Public Health Emergency (PHE) formally ended on Thursday, May 11, 2023. The Centers for Medicare and Medicaid Services (CMS) published an update regarding the end of the PHE and impacts on regulatory blanket waivers and interim final rules. On Monday, May 8, the CDC updated Interim Infection Prevention and Control Recommendations for Healthcare Personnel during the Coronavirus Disease 2019 Pandemic. The specific sections updated included the recommendations for universal source control and admission testing and added an appendix section to help organizations determine when to implement broader use of source control, i.e. masks. CMS then released an update essentially adopting the CDC guidance. The Minnesota Department of Health (MDH) conducted a special COVID-19 call providing direction that is in alignment with CDC guidelines. However, there were no metrics or metric thresholds provided for the use of source control. The CDC will no longer have access to data required to calculate community transmission rates that has been used to determine when to implement universal source control and there is no specific metric that replaces the community transmission metric. MDH directed organizations to conduct a risk assessment and develop facility/community specific data and metrics to make decisions. Troy Batchelor, Hospital Director of Nursing and Jason Yugas, Infection Control Coordinator, are quickly completing a risk assessment and identifying relevant local data so decisions about masks can be made and announced within the next week.

North Shore Health has signed a contract with Horizon Virtual, a Minnesota company that provides Internal Medicine Hospitalist services. Several facilities in western Minnesota

are using Horizon Virtual services and highly recommended their company. Horizon Virtual will be available 24 hours per day to admit observation, inpatient and swing bed patients. In addition they will provide support to those providers, likely the Emergency Department Physicians, who round and discharge to the level requested. The equipment and cart that will enable the virtual visits have been ordered by Horizon Virtual and are expected to arrive within the next three weeks. With this step accomplished, detailed protocols and processes are being developed to support this change. Plans to test the new system in June before the official "go live" are being developed. Additional applications for the Chief Financial Officer position have been received. A HIPAA breach was identified and an investigation ensued. Notifications have been sent to the individuals affected. This incident did not involve social security numbers, financial or payment account information. Upon conclusion of our investigation, the involved workforce member was determined to have violated the hospital policies with respect to patient privacy and appropriate conduct and was terminated. A report has also been submitted to the Office of Civil Rights as required by the HIPAA Privacy rule. While this unfortunate situation happened, it is reassuring to know that the audit protocols in place worked and allowed North Shore Health to identify and address the breach. Representatives from the North Shore Health Board and the Collaboration Committee for Sawtooth Mountain Clinic had an opportunity to meet. Included in the discussion was identifying opportunities for future collaboration which is of interest to the North Shore Health Board. In addition, it is possible that work with Darrold Bertsch, a facilitator with both critical access hospital and federally qualified health center experience, could enhance future discussions. With less than two weeks remaining before the required Legislature adjournment date of May 22, LeadingAge Minnesota and the Minnesota Hospital Association continue to advocate, both in support and opposition, to provisions in bills that will directly impact our ability to ensure access and care for patients and residents when and where they need it. The 2023 Summer Trustee Conference will be held on July 13 – 15, 2023 at the Arrowwood Resort in Alexandria, MN. Those interested in attending the conference should give their registration forms to Kimber Wraalstad by May 25, 2023.

**Adjourn:**

A motion to adjourn the meeting was made by Randy Wiitala and seconded by Patty Winchell-Dahl. The motion carried unanimously. The next regular meeting will be held on June 29, 2023.

The regular meeting adjourned at 12:31 p.m.

  
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Chair

  
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Clerk