



ESTES PARK HEALTH

ESTES PARK HEALTH BOARD OF DIRECTORS'

Special Tele Town Hall Board Meeting Minutes – October 7, 2020

Board Members in Attendance

Dr. David Batey, Chair
Ms. Diane Munro, Secretary
Mr. William Pinkham, Member-at-Large
Dr. Steve Alper, Director Elect

Board Members Absent

Ms. Sandy Begley, Vice Chair

Senior Leadership and Other EPH Attendees

Mr. Vern Carda, CEO
Mr. Tim Cashman, CFO
Ms. Pat Samples, CNO
Mr. Gary Hall, CIO (via webinar)
Michelle Gordon, Director of Nursing Living Center (via webinar)
Diane Darmody, Interim Director Surgical Services (via webinar)
Don Shelley, Information Technology (via webinar)
Karlye Pope, Director Acute Care Services (via webinar)
Dr. Juli Schneider, Physician Clinic (via webinar)
Heather Bird, Patient Financial Services (via webinar)
Kevin Mullin, Executive Director Estes Park Health Foundation (via webinar)

Community Attendees (via webinar)

Bob Liddell, Julie Lee, Daniel Sewell, Philip Zwart, Deborah Blackman, Judith Schaffer, Randy Brigham, Charles Ronald, Jessica Jenkins, Rod Unruh, Monica Sigler, Eric Owen, Andrea Rangel, Carla Ellis, John Phipps, John Murphy, Areewan George, Philip and Tara Moenning, Drew Webb, Wendy Rigby, Tara Schulze, Claire Kreider, Candace Johnson, Gerald Mayo, Barbara Keilty, Barb Gebhardt, Michael Keilty, Ron Keas, Shirley Barrow, David Standerfer, Judith Beechy, Jim and Gail Cozette, Cynthia Sisson, Roger and Susan Toy, Cindy Leaycraft, LoAnne Forschmiedt, Sharon Coleman, Virginia Likeness, Barbara Bailey, David Brewer, Nancy Dietz, Larry Leaming and Deb Kubichek

1. Call to Order

The Special Tele-Townhall Board meeting was called to order at 6:05 p.m. by Dr. Batey, Chairman of the Board of Directors; there was a quorum present. Notice of the Special Board meeting was posted in accordance with the SUNSHINE Law Regulation.

2. Tele-Townhall

Overview

20 minute presentation followed by 100 minute discussion

Agenda

1. Introductions, Q & A, Comments, 4 min/person
2. EPH's 2020 & 2021 Financial Challenges
3. EPH's Phase I and Phase II Expense Reduction Plans
4. Urgency of EPHLC's Financial Losses
5. Estes Valley Skilled Nursing Facility Financial Challenges
6. EPHLC's Current Admissions Process
7. Financial "Deep Dive" Meeting on Wed Sept 30
8. Discussion, Questions, Comments
9. Summary, Next Steps, Adjourn



1. Introductions,

Procedures for Q&A, Comments,

4 min/person



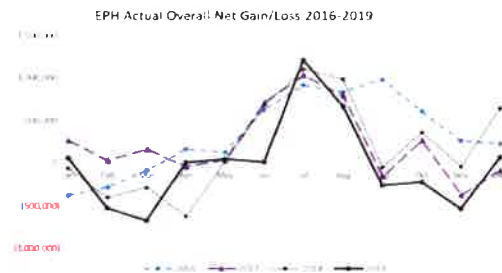
2. EPH's 2020 & 2021 Financial Challenges

1. EPH is facing significant, urgent financial losses in 2020 in the range of \$7 million to \$8 million
2. Without immediate expense reductions, EPH is facing losses in the range of \$7.5 million in 2021 and beyond
3. Expected financial losses in 2020 and 2021 require examination of all possible expense reduction options
4. **Significant, urgent action is needed to reduce expenses to ensure Estes Park Health's survival beyond mid-2021**



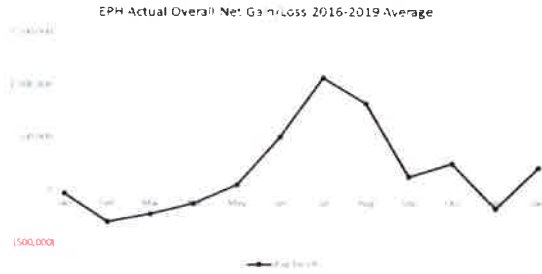
2. EPH's 2020 & 2021 Financial Challenges

Note seasonality in EPH 2016 to 2019 Overall Gain/Loss



2. EPH's 2020 & 2021 Financial Challenges

Seasonality is easier to see in average of 2016 to 2019



2. EPH's 2020 & 2021 Financial Challenges

2020 EPH Overall Net Gain/Loss Actual vs Budget:
 Pandemic Impact = \$5.2 million actual loss vs budget to August



3. EPH's Phase I & Phase II Expense Reduction Plans

1. June 1, 2020 start of Phase I Expense Reduction
 Some Examples:
 2. Compensation reduction for all employees including Senior Leadership Team, Department Leaders, Physicians
 3. Stop vacation accumulation for all employees
 4. Major reductions in contract labor, department expenses
 5. Phase I expense reduction in range of \$1 million in 2020



3. EPH's Phase I & Phase II Expense Reduction Plans

1. Phase II planning started in September 2020
2. Evaluate all personnel and services to accomplish additional \$6.5 million expense reduction for 2021
3. Phase II expense reductions needed to ensure EPH survival beyond mid-2021
4. Among other EPH services, EPHLC expected annual loss of \$1.4 million is being assessed



4. Urgency of EPHLC Financial Losses

1. With 28 residents, EPHLC's annual expected \$1.4 M loss means our community pays a \$50,000 subsidy for each resident to cover the loss
2. EPHLC's annual expected \$1.4 M loss translates to a loss of about \$117,000 per month
3. EPHLC's annual losses are expected to continue and are likely to increase in the future



5. Estes Park Skilled Nursing Facility Financial Challenges

1. Financially Sustainable Facility Size and Occupancy
 - 1.1 EPHLC capacity of 38 residents is too small to be independently financially sustainable
 - 1.2 EPHLC recent history resident numbers in mid-30's, currently in 20's. Not financially sustainable levels
 - 1.3 Filled capacity of 48 residents would be financially break-even, but break-even is not sustainable



5. Estes Park Skilled Nursing Facility Financial Challenges

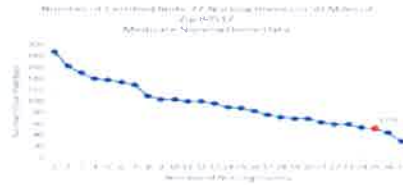
- 1.4 Expanding EPHLC capacity from 38 to 48 would cost an estimated \$1 million per bed, \$10 million total
- 1.5 Capacity of 60 to 80 residents is a nationally sustainable model, especially as a part of a Continuing Care Retirement Community.
- 1.6 Expanding EPHLC capacity to 60 to 80 would cost estimated \$22 million to \$48 million
- 1.7 Expanding EPHLC capacity does not guarantee residents would fill the capacity

13



5. Estes Park Skilled Nursing Facility Financial Challenges

- 1.8 How does EPHLC 52 licensed bed capacity compare to 26 other skilled nursing facilities within 50 miles?



14



5. Estes Park Skilled Nursing Facility Financial Challenges

- 2. Sustainable Staffing
 - 2.1 Nationally, recruiting and retaining staff is a challenge
 - 2.2 Personnel costs are a significant EPHLC expense
 - 2.3 Elevated staff turnover increases costs, may impact quality
 - 2.4 If offer above-market compensation, may improve recruiting and retention, but expenses increase

15



5. Estes Park Skilled Nursing Facility Financial Challenges

- 3. Sustainable, Competitive Appearance and Programs
 - 3.1 Current facility would need significant renovation to be competitive in appearance and capacity
 - 3.2 Current facility would need reconfiguration to offer contemporary programming (ex: Memory Programs) and require hiring specialized staff
 - 3.3 Upgrading appearance, space reconfiguration, hiring more staff would require significant financial investment

16



5. Estes Park Skilled Nursing Facility Financial Challenges

- 4. Continuing Trend – Increasing costs, Decreasing reimbursements
- 5. Can Estes Valley residents fill 48, 60, 80 beds in a skilled nursing facility?
 - 5.1 Currently about 2/3 EPHLC residents' Power of Attorney are not in Estes Park, so may not support EPHLC with taxes
 - 5.2 Would Estes Park residents donate funding to or vote to pay taxes to support care for those outside the district?

17



5. Estes Park Skilled Nursing Facility Financial Challenges

Summary

Significant, urgent action is needed to reduce expenses to ensure Estes Park Health's survival beyond mid-2021.

Among many other Phase II expense reduction evaluations, with an expected annual loss of \$1.4 million, the Estes Park Health Living Center is being assessed for its immediate and long-term financial viability

18



6. EPHLC's Current Admissions Process

7. Financial "Deep Dive" Study Session on Wed September 30, 2020

Attendees: (10 in-room, others by gotowebinar)

6 - Community: Cindy Laycraft, John Phipps, Shelly Powers,
Karen Sackett, Wendy Schuett, Barry Stein

2 - EPH: Vern Carda, Tim Cashman

4 - EPH Board: Steve Alper, David Batey, Sandy Begley,
Diane Muno

Topics: National Trends for Critical Access Hospitals and
Skilled Nursing Facilities, Q&A on EPH and EPHLC finances

Invitation to work together on alternative plans for EPHLC
Request review of EPHLC admissions procedures



Questions and Comments:

- Q. Have you had a relative in the LC or a friend who you have visited in the LC on a regular basis?
- A. Board members responded with their personnel experiences with skilled nursing facilities.
- C. It is the Board's mission to make sure that EPH effectively serves the needs of the entire community, not just the LC.
- C. If the hospital was managed appropriately, the LC would not be facing potential closure. It should be given to a non-profit to run, as it would be successful.
- Q. How many 5-star facilities are there within a 50-mile radius?
- A. Several facilities exist that are highly rated. A list of facilities will be provided to those who participated in the Townhall.
- Q. Why not close one of the hallways in the LC, which would result in lower staffing?
- A. Making the LC smaller will not make it profitable. Additionally, there is not an opportunity to reduce staff any further.
- Q. Is the degrading financial situation because EPH informed people of the potential closure, which caused the reduction in census?
- A. The virus had an impact on the census reduction, however there were declines in admissions prior to the virus.
- Q. The Medicare rating is the lowest in a 50-mile range. Is this self-inflicted?
- A. The Medicare.gov ratings posted were from the fall and winter of last year, before the virus and discussion of closing the LC were a consideration. Our goal is to provide the best possible care we can to residents and earn the best star rating potential possible.
- Q. Did anyone from EPH connect with Innovage and what was the result of that discussion?
- A. No contact has been made.
- C. As we all know, EPH is in a special district and is a taxpayer funded facility. The LC is the primary reason why so many in the community have wanted to keep EPH. There does not seem to be a reason to keep a special district arrangement with EPH should the LC close.
- Q. Will there be any assurance that EPH will not force displacement of the residents during the pandemic?

- A. For any transition of residents to occur, a thorough discharge planning process will be used. This process will involve the resident as well as the resident's family members. If the pandemic is still on-going and EPH can't place residents, that will dictate whether we can transition patients. The pandemic could last a long time, so EPH cannot provide any assurance that residents will not be transitioned prior to the end of the pandemic.
- C. EPH keeps referring to the LC as a skilled nursing facility, but isn't it a long-term care facility?
- A. EPH views the LC as a skilled nursing facility but will refer to the license for clarification.
- C. EPH has provided the same information at each Tele-townhall. There has been no information presented on what other reductions are being considered.
- A. EPH is engaged in the 2021 budget cycle. A 20% decline is anticipated and that is what is driving the estimated loss for 2021. All service lines are being reviewed. We are currently in Phase 2 of the mitigation plan for cost reductions, but we are not prepared to release all the details at this time. We have a series of meetings scheduled with department leaders, staff members and physicians in order to complete the plan by December for Board review, approval and implementation.
- Q. When Good Sam was built, was the agreement that they would move residents from their assisted living section to the LC when appropriate? Now they are informing individuals that they need to hire home health for family members.
- A. There was never an agreement in place with Good Sam for referrals to the LC. EPH did engage with Good Sam to assist EPH in managing the LC but decided to end the agreement in April 2020.
- C. Over 600 small Critical Access Hospitals (CAH) closed in the last 10 years so EPH needs to do everything possible to keep this facility open.
- Q. Are other facilities accepting patients?
- A. There is no guarantee that any facility will take patients. Each facility will have a process policy and procedure to accept patients.
- C. The Board should review the 09.09.20 Tele-Townhall meeting recording, as Dr. Batey stated that no patients would be moved before January or February 2021.
- Q. How large was the waiting list prior to Covid?
- A. There was no waiting list. Since the reopening from Covid, the LC has admitted 3 patients.
- Q. How many have we turned away this month?
- A. We do not maintain any type of log. Patients seek long term care on an as needed basis. Therefore, it would be a rare occasion that a patient would place themselves on a long-term care facility waiting list. One patient was turned away due to a clinical issue and another was due to Medicaid pending.
- C. The same financials have been presented at all the meetings and the \$14.5M from stimulus/grants is never included. These funds need to be discussed.
- C. No positive alternatives have been presented from the Board or the senior team. The Board is putting more pressure on the family members by not voting on the issue. Resolve the issue so the families can move forward.
- C. Keep the LC open until mid-next year.
- Q. EPH previously offered Certified Nursing Assistant (CNA) classes. Would a CNA class help with labor expenses at EPH?
- A. EPH previously had a CNA training program, but it did not gain any traction.
- C. The residents of the LC are frail, and some will not survive the trauma of a move. EPH's reputation will decline within the community should this closure occur.
- A. Any move will be conducted with absolute compassion and humanity and a thorough process involving each resident and family members.

- C. Some residents or family members do not live here anymore, but friends locally are considered their family members and visit often.
- Q. How many nursing homes did Mr. Carda close when he was employed at Sanford Health?
- A. Zero nursing homes were closed while employed at Sanford Health.
- Q. EPH pays outrageous wages for travelers. Why not recruit more nurses, pay them higher wages and eliminate the travelers?
- A. Many facilities have tried accelerated wage scales with varied success. Additionally, increased wages result in increased expenses.

3. Adjournment

The meeting was adjourned at 7:50 p.m.



David M. Batey, Chair
Estes Park Health Board of Directors