



COOK COUNTY HOSPITAL DISTRICT
BOARD MINUTES FOR MAY 23, 2024

Call to Order – Kay Olson called the meeting of the Cook County Hospital District Board of Directors to order on May 23, 2024 at 9:03 a.m. in the Board Room of North Shore Health.

Adjourn to Closed Session – Steve Frykman made a motion to recess into closed session permitted pursuant to Minn. Stat. §145.64 subd. 1(d) to discuss decisions, recommendations, deliberations or documentation of a Review Organization; pursuant to Minn. Stat. § 13D.05, subd. 2 to discuss not public medical data. Mary Sanders seconded the motion and the motion carried unanimously.

Closed Session Summary - The Quality Improvement/Peer Review Report from April 17, 2024, the Medical Staff Report from April 17, 2024 and the May 16, 2024 Credentials Committee Report were discussed.

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

Roll Call

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

Members Absent:

Others Present: Kimber Wraalstad, Troy Batchelor, Lori Ericson, Jason Yuhas, Michele Silence, Kelly Swearingen, Greg Ruberg, Tyler Johnson, Stacey Johnson and Kirsten Wisniewski.

Board Presentation - 2023 Financial Audit – Tyler Johnson, CliftonLarsonAllen

Tyler Johnson, Principal with CliftonLarsonAllen (CLA) presented the 2023 Audit results. 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, 2023 and 2022 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 2023, North Shore Health has the following significant transactions:
 - PERA Updates and Changes
 - GASB – 96 SBITAS
- 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.
- Difficulties Encountered – 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 disagreements with management regarding accounting, reporting, or other matters
 - No other findings or issues were discussed with, or communicated to, management
- Financial Ratios – Mr. Johnson presented several graphs showing industry benchmark data. The ratios (Operating Margin, Total Margin, 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 CLA is monitoring:
 - Health Care Consolidation, Deals
 - Labor Market
 - Margin Compression
 - Rising Role of Medicare Advantage
 - Capitol Hill/Regulatory/Election Year
 - Artificial Intelligence

Mr. Johnson thanked Lori Ericson 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.

Accept 2023 Financial Audit: Patty Winchell-Dahl made a motion to accept the 2023 Audited Financial Report for North Shore Health. The motion was seconded by Randy Wiitala and the motion carried unanimously. Mr. Wiitala thanked Ms. Ericson and Ms. Swearingen for their work on the audit and the monthly financial statements.

Public Comments: Ms. Swearingen shared her appreciation for the care she recently received as a patient at North Shore Health.

Approval of Minutes for April 18, 2024 – Mary Sanders made a motion to approve the minutes from the April 18, 2024 meeting as presented and the motion was seconded by Steve Frykman. The motion carried unanimously.

Updates:

- a. **Clinic Board:** Kate Surbaugh was unable to attend the meeting, therefore she shared a written summary of activities at Sawtooth Mountain Clinic (SMC). SMC has reduced the Behavioral Health waitlist. Ms. Surbaugh also shared that SMC received a Sexual and Reproductive Health Services Grant.
- b. **County Board:** Commissioner Stacey Johnson shared that while she appreciates the information shared at the North Shore Health Board meetings, she suggested that a Board member attend the Public Health and Human Services Advisory Committee rather than having a County Commissioner attend the North Shore Health Board meeting.
- c. **Board Members:** Mr. Frykman shared the he has recently had two constituents contact him with their appreciation for services received by North Shore Health. Mr. Wiitala and Ms. Winchell-Dahl commented they have also recently had constituents share positive comments about the services they received at North Shore Health.

Financial Reports: Ms. Ericson presented the April 2024 financial statements. There was a Loss from Operations for the month of \$490K, compared to the budgeted Loss from Operations of \$463K. The Statements of Net Position, Statements of Revenue and Expenses and Change in Net Position were reviewed. Gross Patient Service Revenue of \$1.774M for the month of April was 5.18% less than budget. Outpatient Revenues were above budget with Inpatient, Swing Bed, Care Center and Home Care being under budget. Contractual Adjustments were \$255K compared to the budget of \$290K. Total Operating Revenue for the month was \$1.532M, 3.68% less than budget. Total Operating Expenses of \$2.022M were 1.58% less than budget. The days cash on hand, debt service coverage ratio, current ratio and payer mix were reviewed by Ms. Ericson. Steve Frykman made a motion to accept the April 2024 financial statements. The motion was seconded by Mary Sanders and the motion carried unanimously.

Old Business:

- a) **Organization Review Update:** The report and analysis from the culture and gaps survey completed by Dr. Bill Auxier and the AUXIER Group has been received and a meeting is being arranged to review the results. Eric Shell from Stroudwater completed his onsite work to update the Strategic, Financial and Operational Assessment. Mr. Wiitala commented he appreciated the discussion he had with Mr. Shell.
- b) **Other:** None.

New Business:

- a) **Accept 2023 Financial Audit:** The action to accept the audit report was done immediately following the audit report.

b) North Shore Living Operational Review: Ms. Wraalstad shared detailed information regarding North Shore Living's staffing details (FTEs, staffing plan, 5 Star staffing comparison) and reimbursement/cost reporting process. It was noted the information was provided to share the following:

- the process is continuous;
- the reimbursement process is heavily regulated;
- the process is powered by people, both receiving and providing care; the process is complex;
- the more information that is captured, the more complete pictures/details, the better the opportunity to appropriately maximize positive outcomes both for resident care and reimbursement; and
- our small size and cost structure result in financial losses.

c) Other: None.

Management Report:

The Management Report for May 2024 included in the Board materials was reviewed. North Shore Health was selected as the winner of the 2024 Minnesota Hospital Association's (MHA) Antibiotic Stewardship award. This award recognizes the excellent work done by Jason Yuhas, Katherine Taylor, DeeDee LaRock-Muggley, Dr. Terrill and Dr. Severnak. North Shore Health has once again received a Top 20 Best Practices in Patient Satisfaction designation from the National Rural Health Association (NRHA). This means that North Shore Health was ranked in the Top 20 for patient satisfaction among all critical access hospitals in the U.S. Troy Batchelor participated in the gpTRAC (the Great Plains Telehealth Resource and Assistance Center) conference, "TeleHealth Everywhere 2024". He highlighted North Shore Health's Virtual Hospitalist Program at the "Splash Session". The poster used to share information about our program was shared with the Board. The promotion of Flavia Alvarez Maldonado as the new Dietary Manager for North Shore Health was announced. The letter written by Kelly Swearingen to the members of the Senate Tax Committee was shared. Ms. Swearingen spoke about the proposed elimination of Revenue Recapture for government-owned hospitals. This proposed legislation was not adopted. The April 2024 Newsletter from Wilderness Health was shared recognizing Andrea Brobst, Robert McGregor and Jason Yuhas for receiving their Silver Quality Fellowship certification.

Adjourn:

A motion to adjourn the meeting was made by Patty Winchell-Dahl and seconded by Randy Wiitala. The motion carried unanimously. The next regular meeting will be held on June 20, 2024 at the Grand Portage Lodge and Casino in Grand Portage, MN.

The regular meeting adjourned at 11:41 a.m.


Chair


Clerk