

HEALTH AND HUMAN SERVICES COMMITTEE
September 19, 2023

Present: Lisa Virkler, Chair; Andrea Moroughan, Vice-Chair; Richard Chartrand; and Jessica Moser. Legislator Nellenback had to be excused.

Others: Legislators Larry Dolhof, Thomas Osborne and Ian Gilbert; County Manager, Ryan Piche; County Treasurer, Eric Virkler; Human Resources Director, Caitlyn Smith; and County Attorney, Joan McNichol.

Chair Legislator Virkler called the meeting to order at 1:52 p.m.

Legislator Virkler moved to accept the August 15, 2023 minutes, seconded by Legislator Moser, and carried.

Health System Finances – Jerry Cayer, LCHS CEO and Jeff Hellinger, LCHS CFO

Jerry Cayer began by stating that the listed presentation title of “Health System Finances” is a nice general reflection, most conversations he has with County Manager Ryan Piche are about money. Generally, he asks for money, Ryan acknowledges the request, and he still asks for it. This presentation is about and could be titled “Funds transfer – repayment of \$5,497,355.00 of \$6 million transferred in 2018 from Lewis County General Hospital to Lewis County in support of the LC-JCC Education Center, as reflected in Resolution No. 380-2018.” These funds will support the hospital’s reopening of its maternity services and the surgical pavilion and Med Surg/CCU revitalization capital projects.

This is not a request for new funding but asking for the 2018 funds to be transferred back to Lewis County Health System. The keywords being repayment of and that these funds will be used to support the reopening of maternity, which will likely need additional support in years one through three. Again, this is not a request for new funding but a request for repayment of funds. The items that will be discussed in the presentation are the Proposed Women’s Health Services Model; Financial Projections; and Surgical Pavilion.

Jeff Hellinger began by going over what the proposed Women’s Health Services Model would like with and without Maternity. To have a Women’s Health Clinic open 5 days a week there would need to be 3 full-time physicians; 2 full-time nurse practitioners; staff of LPN’s and Patient Access Clerks; and the staff would need to provide on-call coverage for Maternity. The Maternity Department would need 1 department manager; 2 RN staff members in the hospital 24 hours a day; and 1 full-time LPN.

The Women’s Health Services Clinic costs would be \$1,500,000 for 3 full-time physicians; \$300,000 for 2 full-time FNP’s; \$500,000 for 5 LPN’s, and \$350,000 for 4 Patient Access Clerks. The total payroll projection (salary and

benefits) would be \$2,650,000, with an operating expense of \$310,000 which brings the total expenses up to \$2,960,000. The Maternity Services would need training and education as the program starts back up with 1 full-time Nurse Manager, 19 RN positions for a total of 12 full-time, and 1 full-time LPN totaling \$2,200,000 in projected payroll, \$25,000 in operating expenses, which bring the total expenses up to \$2,225,000.

If the hospital were to go with just the Women's Health Services Clinic the staffing required would be 2 full-time physicians at a cost of \$1,000,000; 2 full-time FNP's at a cost of \$300,000; 4 LPN's at a cost of \$400,000; and 3 Patient Access Clerks at a cost of \$260,000. The projected payroll would be \$1,960,000 with operating expenses of \$200,000, which brings the total expenses to \$2,160,000.

Looking at the Financial Projections, with Maternity, the Clinic net revenue of \$1,301,700 is based on 10,542 visits; Maternity net revenue of \$570,000 is based on 60 deliveries; Operating Room net revenue of \$1,488,300 is based on 400 cases. The total Revenue would be \$3,360,000; total Expenses would be \$5,185,000; the total deficit would be \$1,825,000. Financial Projections, for the Clinic only, shows a net revenue of \$1,107,200 based on 8,967 visits; and Operating Room net revenue of \$1,488,300 based on 400 cases. The total Revenue would be \$2,595,500; total Expenses would be \$1,325,000; the total surplus would be \$1,270,500.

The Financial Impact of Women's Health Services with Maternity would be a deficit of \$1,825,000, but it likely would be operational only 8 months, due to a lag starting up, giving a deficit of \$1,220,000. Women's Health without Maternity would be a surplus of \$1,270,500 for a full year. The 2024 financial impact to the facility is \$2,490,500.00. The anticipated need is \$1,220,000 to cover the 2024 operating deficit produced by restarting Maternity services. In 2025 the hope is to have roughly 180 deliveries, instead of 60.

Mr. Cayer reported on the Surgical Pavilion and LCGH Modernization Initiative which is anticipated to be completed by March 8, 2024. The Bond, which the Board of Legislators supported, was for \$32,000,000.00. Based on the original bid the total costs for the 5 main contracts were \$25,590,985.00 and the expenses such as Engineering, Design, Project Management, Contingency, etc. made up the rest, bringing the total cost to \$32,000,000.00. During the course of this project there have been change orders such as additional rock to be removed, replacing a water line, fuel line, road entrance, guard rails, generator hook-up, and the redesign of the 1st floor Surgical Pavilion. All those change orders to date have added an additional \$1,350,239.99 to the project, bringing the total cost to \$33,350,239.99. There will be some credits but those haven't been calculated yet.

Mr. Cayer pointed out that fundamentally the hospital and county are part of the same organization. If the repayment doesn't happen there is money in their reserves that can be utilized at the end of the day. A few years ago, the hospital made a pledge to keep their Fund Balance at a certain level, which they have

maintained. The original MOU stated that the hospital would be credited \$250,000 each year for administrative costs from the County. Each year the methodology is brought up and should be changed according to the hospital. The \$250,000 credit was going to be how the county slowly paid down the funding borrowed from the hospital. There was discussion on the IGT funding and how it works.

Mr. Hellinger touched on the interest that could have been earned on the funds that were given to the County back in 2018, which would have been roughly \$250,000.00. Mr. Cayer stated that the Hospital Board of Managers agreed that they wanted to work on re-opening the Maternity Ward, which was what he thought the County also wanted. Maternity will likely always lose money due to the number of deliveries being low and the payer basis. There are other services in the hospital that can subsidize the services that lose money. Legislator Moroughan voiced her concerns that there might not be enough staff to make Maternity work, Mr. Cayer responded that there have been positions filled and there seems to be higher participation from students in health care training courses.

Legislator Virkler questioned that in 2024 according to the figures given, the hospital could safely delivery 60 babies being subsidized at \$30,000.00 each. In her opinion only 60 deliveries are not safe, it would have to be around 250 delivers to be considered safe. She questioned if there would be a safe number of delivers that the hospital could get to that wouldn't need to be subsidized, Mr. Cayer responded that prior to the pandemic they were delivering 180 babies safely and at that time it was a service that would lose money. Legislator Virkler wondered if there is an appetite in the community to continue having these services being subsidizing at such a large amount, she didn't know the answer.

Ryan mentioned that as the number of deliveries rises the subsidy begins to drop significantly. Mr. Cayer was under the impression that the county was supporting the reopening of Maternity and if that is not the case anymore he would need to know as it will affect the budget building process.

The following draft resolutions were reviewed:

1. Appropriating funds due to additional State aid in Community Services account lines from 5.4% COLA effective on 4/1/2022, 4% COLA effective 4/1/2023, a one-time payment for Supported Housing and a stipend increase, and a one-time payment for School Based Clinic enhancement.

AYE 4 NAY 0

2. Authorizing renewal agreement between Lewis County Community Services and Rubenzahl, Knudsen & Associates for CPL 730 psychological services at a rate of \$150.00 per hour for psychological exams and \$175.00 per hour for court testimony for the period of January 1, 2024 through December 31, 2025.

AYE 4 NAY 0

3. Transferring funds in Workforce Innovation and Opportunity Act account lines in the amount of \$8,500.00 from Dislocated Worker program to the Adult Program per the Notice of Obligational Authority PY22-5.
AYE 4 NAY 0
4. Appropriating funds in Workforce Innovation and Opportunity Act account lines in the amount of \$37,705.08 for the Youth program per the Notice of Obligational Authority PY23-1.
AYE 4 NAY 0
5. Appropriating funds in the Workforce Innovation and Opportunity Act account lines in the amount of \$42,701.14 for the Adult and Dislocated Workers programs per the Notice of Obligational Authority PY23-2.
AYE 4 NAY 0

There being no other business to come before the committee, Legislator Virkler moved to adjourn at 2:34 p.m., seconded by Legislator Moroughan and carried.

Respectfully submitted,
Cassandra Moser, Clerk of the Board