



Thursday June 19th, 2024, at 8:00am

## BOARD OF DIRECTORS SPECIAL DISCUSSION MINUTES

Virtual Attendance Option Available

Attendees: Jeff Lang, CEO; Colleen Todd, BOD Chair; Dr. James Sinnott, BOD Vice Chair; Dan Mast, BOD Sec/Treasurer; Mark Libby, BOD Member; Linda Maxon, CDO; Terri Brandt-Correia, CNO;  
By Virtual: Shala Kudlac, General Counsel

1. Call to Order at: 8:03am
2. Jeff provided a brief overview of mergers and acquisitions from 2020 to present, focusing on recent Oregon activity.
3. Optum has been active in our area, they acquired Oregon Medical Group in 2020 - 120 providers - 32 departed in 2 years & 50 overall.
  - a. OHSU and Mid Columbia Medical Center mergers discussed.
4. BAH financial issues have seen facility lose \$100M in two years
5. NBMC is also having financial challenges. Jeff expects NBMC will have a crisis toward the end of the summer.
  - i. There was conversation amongst the Board related to the effects on the provider community when practices are purchased by an outside entity – significant provider turn-over usually occurs.
6. Jeff provided an overview of the likely results of a merger. Generally, care improves in the acquired facility due to more robust quality programs in larger entities. Efficiency in operating expenses typically occurs/ Access to care usually improves as the larger system is able to provide needed resources. Not all bad but involves change.
7. **Questions for Discussion:**
  - a. How will BAH's transition likely affect BAH and the Coos Bay/North Bend provider community?
    - i. Short term – not much change will occur short term. The group believes there would be a “wait and see” approach in the beginning.
      1. There was significant discussion related to how would the outside entity view the 3 CAH's in the area.
    - ii. There was discussion related to the causes of BAH's losing \$100M over the past two years and CVH's ability to sustain a favorable operating picture into the future.
    - iii. NBMC's financial struggles and the likelihood of their future affiliation was discussed. A risk to CVH would be the acquisition of NBMC by the same entity that purchases BAH.
    - iv. Dr. Sinnott would assume that some of the NBMC providers would be resistant to change and Bay Clinic might be a place they would jump to.
    - v. Dan commented that PeaceHealth acquiring BAH might be good for CVH as they are empathetic to rural areas.
    - vi. There was discussion related to the partnership with CV Health and the SCOA partnership. How would a new BAH system respond to that

- partnership. Everyone agreed the new system would compete for orthopedics in the community.
- vii. NBMC's financial health was discussed. Jeff believes NBMC will come to a crisis in the next 6 to 12 months.
  - viii. Dr. Sinnott asks about feedback on surgical procedures. All seem positive from public comments received.
  - ix. There was discussion on the positives and negatives of potential BAH partners. Consensus of the group was that it would be best if BAH's partner was an Oregon based network.
- b. How does BAH's transition affect NBMC and what is the likely future of NBMC? Jeff asked if we would have providers leave the county with this change.
- i. Dr. Sinnott stated that if it's just BAH then not too much attrition, but if they acquire NBMC then providers would be upset with all the changes and will see no other options but to leave.
  - ii. Terri wondered about the security of the non-clinical employment at BAH.
  - iii. Linda remarked that new medical grads don't want to start their own practice, they want to join a system.
  - iv. Dan questioned that in the communities where there has been a merger, can nearby small rural hospitals survive. Jeff thinks the challenges stay the same. A strong central hospital could remove care gaps and potentially feed smaller hospitals with swing-bed, infusion and other services that benefit the CAH model. They also may be very skilled at keeping all revenue within the system.
- c. What are the opportunities for CVH associated with BAH's pending affiliation?
- i. Orthopedics and an same day care. Having a strong primary care network is key to success.
  - ii. Linda states that it's all in the planning and we can do the things that we do well, where we can excel in services for our patients and make them feel safe. Knowing our book of business is important. Patients will feel taken care of here and providers want to work in a synergistic environment.
  - iii. Dr. Sinnott remarked that CV Hospital and CV Health should proceed forward with strategic growth plans related to primary care and orthopedics. It is important to gain a foothold prior to BAH stabilizing following their merger.
  - iv. Jeff and Linda noted that recruitment is going well.
  - v. Linda notes that Outpatient Physical Therapy, Workman's Comp and immediate care would be helpful.
- d. Jeff asked if partnerships might be acceptable from other facilities should we explore that or be conservative? Everyone agreed an aggressive, conservative approach right now should be the course of action.
- e. General Gut feeling – Good or Bad for us?
- i. BAH must be merged to survive so whether it is good or bad doesn't matter, it must happen. It's a bit of both.

- ii. There was a feeling that BAH had so much money for so long and now they are at risk. If that can happen to them it can happen to anyone.
  - iii. Concern was expressed about the type of entity that will come in, will it come in and cut jobs? What will be the new entities approach regarding the area CAH's?.
  - iv. Dr. Sinnott stated that if the new partner doesn't have a strong ownership/control model for primary care providers and if brings in better hospital and specialty care systems it could be good for us. We need to move rapidly to forge a strong relationship with CV Health and what they are doing with orthopedics.
- f. Jeff is worried about Advanced Health and SWOIPA being controlled by outside entity.

8. **Next Regular CVH BOD Meeting: Thursday, June 27th, 2024, at 7:30 AM**

9. Adjourn Board Meeting at 9:24am

Respectfully submitted:



Dan Mast, Secretary/Treasurer

Attested to:



Colleen Todd, Chairman