

Willapa Harbor Hospital
Minutes of the Governing Board
Cedar Room
March 24, 2026

Board Members Present: Kathy Spoor, Jeff Nevitt, Toni Williams, Steve Holland

Others Present: Matthew Kempton, CEO, Kimberly Polanco, CFO, Chelsea MacIntyre, CNO, Renee Clements, COO, Steven Hill, DO, CMO, Dawn Pearson, Executive Assistant

Board Members Absent: Gary Schwiesow

Others Absent:

Guests: None

Audience: Sherri McDonald via Teams

I. Call to Order:

The meeting was called to order at 5:30 pm by Kathy Spoor

Pledge of Allegiance

Additions to the Agenda: None

Public Comment: Sherri McDonald asked what the April 10th Special Meeting is for.

Kathy Spoor answered that the April 10th Special Meeting will include a session with Joe Kunkle from The Healthcare Collaborative and possibly Anderson Dabrowski Architects to review the final report from the healthcare architect's site visit conducted at the end of January, followed by a workshop on strategic planning goals.

Approval of February 24th, 2026, Regular Board Meeting minutes: Jeff Nevitt made a motion to approve February 24th, 2026, Regular Board Meeting minutes as written. Steve Holland 2nd the motion, all in favor, motion carried.

Consent Agenda

Toni Williams made a motion to approve the February consent agenda. Jeff Nevitt 2nd the motion, all in favor, motion carried.

Vouchers/Warrants:	February	\$1,608,752.73
Payroll/Payable:	February	\$ 843,955.31
Write-offs: Bad Debt	February	\$ 82,066.53

II. New Business

➤ **Quality**

- Quality Plan Review
 - Renee Reviewed the Quality Plan
 - A Patient Family Advisory Committee is being formed and needs 1 board member to be a part of the committee.

- Toni Williams Volunteered to Serve on this Committee.

- Annual Quality Plan Approval

Steve Holland made a motion to approve the Annual Quality Plan. Toni Williams 2nd the motion, all in favor, motion carried.

➤ **Community Engagement**

- The board also discussed increasing community engagement by attending local city council and county commissioners meetings.
 - A worksheet was created outlining the dates and times of community meetings, allowing board members to sign up for the meetings that they can attend. It also includes spaces to record three key talking points from each meeting for discussion.

III. Continued Business

➤ **2026 Operational Goals**

- Matt went over the revised 2026 Operational Goals. The board liked the changes that were made based on their comments from the February board meeting.

Jeff Nevitt made a motion to approve the 2026 Operational Goals. Toni Williams 2nd the motion, all in favor, motion carried.

- A public facing dashboard was presented with easy to read red, yellow and green color coding next to each goal. It was suggested that this is shared with the public quarterly. This will keep the community informed about what we're striving towards and what progress is being made.

It was suggested that this is made more digestible to the public by either removing the acronyms and using plain language or explaining what they mean.

➤ **Capital Requests**

- There are no capital requests, but Kimberly gave an update on the USDA grant for \$1,015,000 with the detailed information on the Imaging Expansion/Radiology Equipment that will be purchased with these funds.
 - Our application has been approved.
 - We are waiting for confirmation that the funds are being released.
 - A press release to the public will be sent out once the funds are released.

IV. Reports and Presentations:

CEO Report – Matt Kempton

Recognition & Gratitude

I want to recognize Phyllis Anderson, who works in our dietary department. She is routinely one of the most recognized employees every month by employees from every department as well as

by patients. She is always smiling, positive and lifts our spirits. She impacts the culture of our organization every day through her hard work and positive attitude. Thank you, Phyllis!

Facility Master Planning

Joe Kunkle from the Healthcare Collaborative Group will be at our half-day board work shop on April 10th to present Anderson Debrowski's facility assessment. We will discuss all potential options of how we can make the most efficient use of our current location to provide more access to care while maintaining compliance with healthcare facility building codes & regulations. All viable options will be presented at future community meetings for further input, discussion and development.

Leadership Development Institute & Employee Forums

We hosted Arel Moodie, for a half day leadership development workshop on March 4th. He presented on adult development theory. He demonstrated how a better understanding of the stages of development could give us greater insight and perspective as leaders. These stages of development are tied to framework for improved communication that will help us understand the perspectives and motivations of our team members – fostering greater unity, and enhanced collaboration across departments.

I conducted Quarter 1 Employee Forums March 9 – March 13th. Employee recognitions were shared from quarter 1 along with patient comments by service line, patient experience scores, organization stats, organization financials, and other upcoming noteworthy information (such as CT replacement and the facility planning board workshop). There were a few notable comments from ER staff about the poor heating in the Emergency Room. This has been an issue throughout the facility for many years. We recently had a boiler go down and we will be replacing it. However, the 74 yr old building and how it integrates with the 26 yr old ER prevents adequate heating of the ER as well as other areas of the facility. A simple solution would be space heaters, however, hospital building regulations prevent their use. This makes caring for patients in the ER difficult for our staff when the temperature outside drops below 35 degrees.

Willapa Medical Clinic

Karime Bolivar, MD signed her employment agreement and will be joining our team! Her official start date is September 28th. She will be a new primary care provider at WMC 2-3 weeks every month with 1-2 weeks every month of hospitalist physician coverage. She will complete her residency at UW in June.

CFO Report – Kimberly Polanco

February Financial Status

Willapa Harbor Hospital reports a Total Net Loss of (\$267,628) for the month, and a YTD loss of (\$286,647). This reflects both the core operation of providing healthcare services and other financial activities. The Total Margin for February was (9%), and (4.6%) year to date. Days cash on hand decreased from 72 in January to 66 in February due to a Medicare claims processing delay described separately below.

February operations resulted in an operating loss of (\$354,996) for the month and an operating loss of (\$437,589) YTD. The Operating Margin for February was (12%), and (7%) year to date. Non-operating revenue includes \$63,332 for the month and \$126,664 for the year from levied property taxes as community support for the hospital. Cash reserve investments have generated interest income of \$24,278 YTD.

Expenses

February expenses were \$3,204,995, 0.8% over budget for the month, \$250,805 or 3.9% under budget YTD, and 9.8% higher than the same time period in the prior year.

Patient Service Revenue

February Patient Revenue was \$4,464,874, 12.7% under budget and 5.8% lower than February 2025. YTD Patient Revenue is \$9,224,905, 9.8% under budget and 5% under February YTD 2024. Net Patient Revenue YTD is under budget (\$615,279), or 9.6%.

The payer mix in February was 34% Medicare, 19% Medicare Advantage, 19% Medicaid, 21% Commercial, 5% Tricare/VA, and 2% Self Pay.

The payer mix YTD February is 33% Medicare, 18% Medicare Advantage, 21% Medicaid, 20% Commercial, 6% Tricare/VA, and 2% Self Pay.

Revenue deductions in February were 37%, and 37% YTD compared to a budget of 37%. Safety Net Assessment Funds supplementing low Medicaid reimbursement are included in the monthly financials reducing revenue deductions by \$199,500 YTD.

Charity care was \$72,916 and \$168,901 for the year, over budget by \$15,260 YTD.

Accounts Receivable

Patient service revenue collections were \$2,014,025 in February, 22% lower than the previous year average of \$2.6 million. Patient service revenue collections YTD are \$4,030,102, lower than the same time period in 2024 by 21% or \$1,081,471. Net Days in AR increased from 41 in January to 54 in February also as a result of the Medicare claims processing delay.

Medicare Claims Processing Delay

Since early January, we have been experiencing a significant and unexpected disruption in Medicare payments tied to a CMS transmittal that changed how Medicare Administrative Contractors (MACs –Noridian in our case) apply an existing rule. CMS Transmittal 13041 was issued to the MACs in January 2025. This change affects how Medicare pays Critical Access Hospitals (CAHs) for certain professional services under what is called “Method II” billing. Historically, Medicare has paid these claims without issue for many years. However, at the start of 2026, Medicare began returning these claims to us instead of paying them, due to a new interpretation of the rule that was not communicated to hospitals in advance.

As a result, our Medicare payments for the first 68 days of 2026 are 46% lower than the same period last year. This decline is not due to patient volume or any change in our billing practices.

It is due to Medicare holding claims while they process new administrative requirements that were never previously enforced. These processing delays are occurring nationwide and may take a few months to resolve. In the meantime, our days cash on hand are declining gradually, creating growing concern about our short-term financial stability.

When this issue first appeared, it looked like a routine claims problem which happens occasionally and is usually resolved quickly. Only after the volume of returned claims increased did it become clear that Medicare had changed how it was applying this rule, and that the impact would be far broader than initially understood. Because Medicare did not issue any operational guidance, notices, or transition instructions, hospitals had no way to anticipate this change or prepare for it. Other rural hospitals in Washington are reporting similar disruptions.

We have already submitted all required updates to Medicare and did so immediately in early January, but these updates remain pending due to significant backlogs at Noridian. We have reached out to WSHA to request their assistance in advocating for expedited processing or conditional processing while provider enrollments are updated. WSHA has responded and relayed our situation and request to Medicare.

This situation was entirely avoidable, and we are working to ensure that state and federal partners understand the seriousness of the impact on rural hospitals like ours. We are acting early on this to avoid reaching a crisis point with cash flow.

These Medicare payments are not lost. They are still owed to the hospital and are sitting in accounts receivable on the balance sheet. The issue is timing. Medicare is holding these claims until they finish processing the administrative requirements for each provider. The cash will eventually arrive, but the delay is creating a short-term cash flow concern that we need to manage carefully.

We will continue to keep the board informed as we pursue both advocacy and contingency planning to protect the hospital's financial position while this issue is resolved.

USDA Rural Development – Community Facilities Grant

The funding application has been approved by the USDA Rural Development National Office for the CT and other imaging equipment. Final paperwork including the Letter of Conditions is being finalized in March with equipment procurement beginning soon.

Rural Healthcare Transformation Program

We continue to work with The Rural Collaborative and WSHA exploring opportunities to strengthen payer contracts, revenue cycle efficiency, and strengthen healthcare delivery. Funding decisions should be made within the next month or two and we will share additional information as it becomes available.

Other Grants

WHH applied for the 2026 Distressed Hospital Grant to assist in supplementing the 2025 loss and operational challenges in 2026.

CNO Report – Chelsea MacIntyre

Wins -

- Excited to share that I have been appointed to the Pacific County Health and Human Services Advisory Board.

Recognition -

- To Sandra and Marshall, for handling recent downtimes with grace and excellent communication. Their collaboration and excellent communication made challenging times more manageable for everyone.

Projects -

- Vocera
 - Clinical build is now complete. Jim is hard at work on the IT build.
 - New wireless access points are in progress as well as a determination of where those will be most optimally placed to ensure system success.
 - Integration with our VOIP phone system is also in progress.
- Behavioral Health/Recovery Navigator Program/Designated Crisis Responder/Crisis System
 - Collaborating with the Pacific County Health Dept to improve systems of care for patients with suicide attempts and those with substance use disorders.
 - The collaboration to improve reporting is in progress and going well.
 - We are collaborating to explore how we can save lives by improving naloxone saturation in our community.
- Hospital Staffing Committee
 - Working with HR on process improvements around meal/rest breaks.
 - 2026 Hospital Staffing Plan is finalized and has been submitted to the Department of Health.
 - Our RNs have optimized a break scheduling tool that will be going live in April.
- IV Therapy and Swing Bed
 - We are continuing to see growth in our referrals to our swing bed program. We have set increased targets for 2026.
 - Dawn has generously helped created some marketing materials for this program. The program also has seen some recent growth in word-of-mouth referrals, which has been wonderful.
- Wound Care
 - In the beginning stages of considering implementation of a more robust wound care program at WHH.
- Infection Control and Employee Health
 - We are conducting audits on employee files, especially in light of rising measles cases.

- We have a weekly evaluation of risk of local, regional and statewide data that is shared with us from the Health Dept. We use this in combination with our internal data to stratify risk and determine precaution levels that optimize safety.
- Serving on the Rural Collaborative Ethics Committee
- Newspaper Column
- Chairing the Rural Collaborative Chief Nurse Executive Committee.
 - In 2026, co-chairing with my friend and colleague Curtis Shumate from Whidbey Health.
- Education
 - Have been gathering information on the Rural Nursing Education Program and hope to potentially become a Community Partner.
 - We intend to file an application to this program by the 3/23 deadline.

Quality -

- We are working together as an executive and leadership team to develop and implement our 2026 quality goals.

Service -

- We have been using our swing bed program to be able to provide a lot of end-of-life care recently. Supporting patients and their families in this way is so important.

Gratitude -

- I am very grateful to everyone who helped me get through a recent bout of illness. Thanks to all the leaders who helped me and also to Dr. Busey for his excellent care!

COO Report – Renee Clements

Recognition - Charles Cessolini, Terra Cable, Stefanie Ekman, Megan Clevenger, Tish Cashell- Revenue Cycle process improvement surrounding Prior authorization and teamwork r/t increased volumes and billable services.

Cardiopulmonary

- RT procedures-164 performed 54 projected; 303% above budget
- EKGs Outpatient/ER/Medical-185/175 106% of budget
- Cardiac Rehab- 15/36 41% of budget. Process improvements in place.
- Cardiology visits at RHC- 82/60=136% of budget
- Echocardiograms-33 performed of 30 projected. 110% of budget.

Radiology

- Diagnostic Expansion Project pending. Confirmation received from USDA of receipt of scope and deliverable application for funds.
- All Radiology Ancillary exams down the month of February notable reduction in Primary care and ER orders for February.
 - CT: 209/247 85% of budget
 - Nuclear Medicine: 15/21= 71% of budgeted volumes-(2) days with complications with new vendor. New unit now stabilized.

- MRI: 39/50= 78% of budget-
- Ultrasound: 108/133 =81% of budget
- Mammography 50/58 86% of budget

Lab - 6402/6500=98.5% of budgeted volumes. Middleware Data and Microbiology Analyzer install

Diabetes/Dietitian Programs -

ADCES/DEAP accreditation approved! Subcommittee works to prepare for billable visits. This will continue to be a community service offering regardless of ability to pay.

Quality/Risk/Informatics -

- March 2026-March 2027 Quality Plan completed. Board approval requested tonight.
- Quarterly WHH evaluation of goals-report in April for Q1, 2026
- Complaints: One (1) February= resolved. Zero public records request.
- P&P and Document Management software change-Power DMS project continues.
- Zero Adverse Events
- Q1, 2026- CI team onboarded with orientation to (4) providers, (7) employees, offboarded (10) combination staff.

Facilities/Emergency Preparedness

- Completed works in February:
 - Draft Facility Dashboard of completed works 2025/2026. See attached.
 - Domestic water tank final installation activities completed 02.16.2026
 - Eye Wash station/sink installation in Surgery/CS complete-new lighting and stainless-steel sheeting pending with this project.
 - Old Haz Mat trailer AWPMD disposal process completed. Trailer to Royal Heights.
 - Win-Grant opportunity: Grant submission completed to Dept. Of Commerce for Clean Bill/Energy of aged facility, assist with Documentation compliance to meet energy efficiency compliance codes. Expected award \$37,000.00
 - Security/Safety Analysis by vendor Convergent to assess feasibility and capacity of options for facility security enhancements.
 - Fuel scrubbing removing water in fuel tanks
 - Plumbing repair for cold water in two rooms of hospital
- Pending:
 - Parking space analysis-quotes 15 new parking spaces.
 - IT server room- Fire Mitigation plan
 - Anderson Architects-Architecture walk through, MEP analysis and draft report prepared for Joe Kunkel of The Health Collaborative Group.
 - New lighting and stainless-steel sheeting are pending with this project.
 - Floor repair-Lab; new Microbiology Analyzer space reconstruction.
 - Plumbing repair for cold water in two rooms of hospital
 - Pending Dept. Of Commerce award notice for Clean Energy.
 - Dept. of Ecology Dangerous Waste acts compliance activities.

- Fire Sprinkler Riser Placard-being issued. No reverse engineering required as originally suggested by JCI.

Thankful - For an engaged Leadership Team of eight (8) in my Functional Operations Structure, along with my Exec. Team. Teamwork which is one of our Values, is exhibited daily amongst each other and we would not be successful without this lived principle.

Grateful - Springtime and the promise of a new day! Ready for garden, flowers and sunshine.

CMO Report – Steven Hill, DO

Staffing –

- **Willapa Harbor Hospital Hospitalist coverage**
 - RPG continuing with 14 out of 28 and myself covering the other 14
- **Emergency Room**
 - Physicians in ER who work regularly - Rookstool, Bhullar, Souza
Leaving April 2026 - Smith and Kuypers
 - 4 per diem who work intermittently (Dueber, Wilson, Kim, Frakes)
 - Currently onboarding 2 independent part time and 2 locums
- **Office at Willapa Medical Clinic**
 - Dr Busey and Dr Hill each work 4 days per week (Mon-Thurs).
 - Jennifer Kuken, ARNP works 4 days weekly (Tue-Fri).
 - Jeremy Quinn, PA works 4 days weekly
 - Ayan Omar, ARNP works Mon-Thurs (locums).
- **General Medical Staff issues**

No issues at this time.

V. Appointments/Reappointments

None

VI. Executive Session: None

VII. Adjournment: Meeting adjourned at 7:26 pm

Submitted: 

Toni Williams, Secretary to the Board