Bigfork Valley
Hospital • Clinics • Communities

Where Skill Meets Compassion

P.O. Box 258
Bigfork, Minnesota 56628
(218) 743-3177
www.BigforkValley.org

~Approved 7/28/2026~

Regular Board Meeting
Tuesday, June 30, 2026
9:00 a.m.
Board Room & Microsoft Teams

Board Members Present:
Greg Anselmo – Itasca County Unorganized
Clinton Cook – Bigfork Township
Kurt Fredrickson – Stokes Township
Carol Gilbertson – Itasca County At-Large
Dan Heinecke – City of Bigfork
Teresa Kittridge – Marcell Township
Sally Sedgwick – Wirt Township
Dan Sursely – City of Big Falls

Board Members Remote:
Heidi Watson – Koochiching County At-Large

Board Members Absent:
Greg Cook – Koochiching County Unorganized
Tom LaMont – City of Effie
Gordon Rahier – Pomroy Township
Larry Salmela – Carpenter Township

Staff Members Present:
Samantha Beckner, Nathan Hough, Renee Tower

Staff Members Remote:
Kyle Buckingham, Alex Cleath, Randy Collins, Sara Elioff, Josh Kinn, Mark Lyons, Heidi Powell

<u>Others:</u>
Dr. Ed Anderson, Ellen Bomstad, Bernie Hough, Darryn McGarvey, Christopher Virta

Remote Participation Statement
Board Member Heidi Watson participated in the meeting remotely pursuant to Minn. Stat. §13D.02 due to caregiving responsibilities for her vulnerable adult son.

Pursuant to Minn. Stat. § 13D.02, all votes taken during the meeting were conducted by roll call due to remote participation by a board member.

The meeting was called to order at 9:03 a.m. by Chair Clinton Cook and opened with a prayer.

A. **<u>Community Comments</u>** (3 minutes per speaker)
No community comments were received.

B. **<u>Approval of Consent Agenda</u>**

1. Agenda
2. Regular Board Meeting Minutes (May 26, 2026)
3. Medical Staff Meeting Minutes (May 12, 2026)
4. Credentialing

A **<u>motion</u>** to approve the consent agenda was made by Carol Gilbertson and seconded by Dan Heinecke.

A roll call vote was conducted:

- Greg Anselmo – Yea
- Clinton Cook – Yea
- Greg Cook – Absent
- Kurt Fredrickson – Yea
- Carol Gilbertson – Yea
- Dan Heinecke – Yea
- Teresa Kittridge – Yea
- Tom LaMont – Absent
- Gordon Rahier – Absent
- Larry Salmela – Absent
- Sally Sedgwick – Yea
- Dan Sursely – Yea

- Heidi Watson – Yea

Motion carried.

C. **Information, Discussion and/or Action**

1. **2025 Financial Audit Report**

Darryn McGarvey, CPA, of CliftonLarsonAllen LLP, presented an overview of the 2025 audit financial statements and audit results.

Mark Lyons reported that he is developing an internal cost report model.

Following discussion, a **motion** to accept the 2025 audited financial statements was made by Teresa Kittridge and seconded by Dan Sursely.

A roll call vote was conducted:

- Greg Anselmo – Yea
- Clinton Cook – Yea
- Greg Cook – Absent
- Kurt Fredrickson – Yea
- Carol Gilbertson – Yea
- Dan Heinecke – Yea
- Teresa Kittridge – Yea
- Tom LaMont – Absent
- Gordon Rahier – Absent
- Larry Salmela – Absent
- Sally Sedgwick – Yea
- Dan Sursely – Yea
- Heidi Watson – Yea

Motion carried.

2. **Finance Committee Report**

Mark Lyons reported that financial reporting continues to be affected by the implementation of the OCHIN Epic electronic medical record (EMR) system and the Multiview financial system.

He stated that there are ongoing inventory valuation issues within Multiview. Multiview is working to resolve the issues, and the matter has been escalated. In the meantime, inventory balances have been estimated to allow month-end processing to continue.

Mr. Lyons also reported that cash flow remains tight.

a. <u>Financials</u>
May financial statements were not available due to the implementation of the new electronic medical record (EMR) system and the Multiview financial system.

b. <u>Accounts Payable</u>
A **<u>motion</u>** to approve the May 2026 accounts payable was made by Carol Gilbertson and seconded by Teresa Kittridge.

A roll call vote was conducted:

- Greg Anselmo – Yea
- Clinton Cook – Yea
- Greg Cook – Absent
- Kurt Fredrickson – Yea
- Carol Gilbertson – Yea
- Dan Heinecke – Yea
- Teresa Kittridge – Yea
- Tom LaMont – Absent
- Gordon Rahier – Absent
- Larry Salmela – Absent
- Sally Sedgwick – Yea
- Dan Sursely – Yea
- Heidi Watson – Yea

Motion carried.

Greg Anselmo exited the meeting at 10:07 a.m.

Nathan Hough reviewed the Accounts Payable Summary Aged Reconciliation Report dated June 23, 2026, noting a total outstanding balance of $1,857,192.14, including $578,292.05 outstanding more than 90 days.

Mr. Hough reported that Medicare reimbursement payments continue to lag behind prior-year levels, impacting the organization's cash flow. He also provided updates on anticipated funding, including a $200,000 Blandin Foundation operational grant, a $250,000 distribution from Sisu, and the expected receipt of approximately $1.5 million in Employee Retention Credit (ERC) funds.

Mr. Hough reported that approximately $346,000 is owed to Medicare related to the Medicare cost report and has not yet been paid.

Questions submitted by a board member were reviewed. At the Board's request, the questions and Mr. Hough's written responses are attached as Attachment A and incorporated into these minutes by reference.

Mr. Hough also reported that the facility's air handling units are nearing the end of their lives.

c. **Executive Limitations Policy Section 3.6 – Governance Committee Review and Clarification Recommendation**

The Board considered the Finance Committee's recommendation from its May 21, 2026 meeting that the Governance Committee review and clarify the language in Executive Limitations Policy Section 3.6, Financial Condition and Activities.

A **motion** to direct the Governance Committee to review the Executive Limitations Policy was made by Kurt Fredrickson and seconded by Dan Heinecke.

A roll call vote was conducted:

- Greg Anselmo – Absent
- Clinton Cook – Yea
- Greg Cook – Absent
- Kurt Fredrickson – Yea
- Carol Gilbertson – Yea
- Dan Heinecke – Yea

- Teresa Kittridge – Yea
- Tom LaMont – Absent
- Gordon Rahier – Absent
- Larry Salmela – Absent
- Sally Sedgwick – Yea
- Dan Sursely – Yea
- Heidi Watson – Yea

Motion carried.

The Governance Committee meeting was scheduled for Tuesday, July 21 at 9:00 a.m.

3. Line of Credit Update

Nathan Hough reported that $700,000 had been drawn from the organization's $1 million line of credit.

4. Baird Investments

Mr. Hough discussed the organization's investment balances and potential future cash flow needs. He reported that approximately $1.1 million had been withdrawn from the Baird investment accounts to fund the initial costs associated with the electronic medical record (EMR) implementation, and that $350,000 had since been reinvested.

Mr. Hough reported that $1.6 million must remain invested as collateral for the line of credit. He further stated that Mark Lyons is working with CliftonLarsonAllen (CLA) to evaluate debt covenant requirements and determine the minimum investment balance necessary to maintain compliance should additional withdrawals become necessary.

5. CEO Report

Nathan Hough provided the following updates:

EMS Services

- EMS completed 29 ambulance runs in May.
- An application for part-time Advanced Life Support (ALS) licensure was submitted to the Minnesota Department of Health

in early June. Mr. Hough reported that the state typically processes applications within 30 to 60 days.

340B Program

- Management is exploring opportunities to expand the benefits of the 340B Program for patients, Bigfork Valley Pharmacy, and Scenic Rivers Health Services. Mr. Hough reported that staff recently met with a former 340B auditor and consultant to discuss potential opportunities for expanding outpatient utilization of the program. A follow-up visit is being planned to further evaluate recommendations.

Rural Health Transformation Funds

- Applications were submitted for Rural Health Transformation funding to support:
    - Electronic medical record (EMR) enhancements.
    - An orthopedic surgical robot.
- A discussion with the Minnesota Department of Health regarding the applications was scheduled for July 2, 2026.

Employee Retention Credit (ERC)

- The organization continues to anticipate receipt of Employee Retention Credit (ERC) funds within approximately 60 days.

Mr. Hough noted that a thank-you letter from the University of Minnesota recognizing the organization's work with students was included in the Board packet.

Mr. Hough also reported that the nursing home census was 25 residents. Jillian Haataja has been appointed interim director of nursing for long-term care while continuing some of her responsibilities at the Villa. The arrangement will be evaluated after a 90-day trial period.

6. **Hospital District Board Election/Filing Dates**

The Board reviewed the candidate filing period for the following four-year terms:

- Carpenter Township

- City of Big Falls
- City of Bigfork
- Itasca County At-Large
- Koochiching County At-Large
- Marcell Township
- Pomroy Township

The filing period opens Tuesday, July 14, 2026, and closes at 5:00 p.m. Tuesday, July 28, 2026.

Individuals residing in a city or township must file an Affidavit of Candidacy with their city or township clerk. Individuals residing in unorganized territory must file with the appropriate county auditor.

The election will be held Tuesday, Nov. 3, 2026.

7. **Annual Meeting Committee Report**

Dan Sursely reported on the Annual Meeting Committee meeting held June 2, 2026.

Mr. Hough recommended that the Hospital District not hold an annual meeting in 2026.

A **motion** to cancel the 2026 annual meeting was made by Sally Sedgwick and seconded by Kurt Fredrickson.

A roll call vote was conducted:

- Greg Anselmo – Absent
- Clinton Cook – Yea
- Greg Cook – Absent
- Kurt Fredrickson – Yea
- Carol Gilbertson – Yea
- Dan Heinecke – Yea
- Teresa Kittridge – Yea
- Tom LaMont – Absent
- Gordon Rahier – Absent
- Larry Salmela – Absent
- Sally Sedgwick – Yea
- Dan Sursely – Yea

- Heidi Watson – Yea

Motion carried.

8. **Employee Appreciation**
The Board recognized the following employees for exceptional performance: Linda Penn, Xavier Griffith, George Rahier, and Jailyn Cleath. Each employee will receive a $25 appreciation gift certificate.

A **motion** to approve the employee appreciation nominations was made by Sally Sedgwick and seconded by Teresa Kittridge.

A roll call vote was conducted:
- Greg Anselmo – Absent
- Clinton Cook – Yea
- Greg Cook – Absent
- Kurt Fredrickson – Yea
- Carol Gilbertson – Yea
- Dan Heinecke – Yea
- Teresa Kittridge – Yea
- Tom LaMont – Absent
- Gordon Rahier – Absent
- Larry Salmela – Absent
- Sally Sedgwick – Yea
- Dan Sursely – Yea
- Heidi Watson – Yea

Motion carried.

9. **Board Meeting Agenda Topics for Next Month**
The Board requested that the 2027 tax levy be included on the July Board meeting agenda.

10. **Open Discussion**
The Board discussed the auditor's finding included in the 2025 audited financial statements regarding a material weakness in internal control over financial reporting and audit-detected misstatements.

A Finance Committee meeting was scheduled for Friday, July 24, 2026, at noon.

With no further business to come before the Board, a **motion** to adjourn was made by Kurt Fredrickson and seconded by Sally Sedgwick.

A roll call vote was conducted:

- Greg Anselmo – Absent
- Clinton Cook – Yea
- Greg Cook – Absent
- Kurt Fredrickson – Yea
- Carol Gilbertson – Yea
- Dan Heinecke – Yea
- Teresa Kittridge – Yea
- Tom LaMont – Absent
- Gordon Rahier – Absent
- Larry Salmela – Absent
- Sally Sedgwick – Yea
- Dan Sursely – Yea
- Heidi Watson – Yea

Motion carried.

The meeting adjourned at 10:56 a.m.

Minutes respectfully submitted by:
Renee Tower
Executive Administrative Assistant

Attachment A
Questions Submitted by a Board Member and Written Responses from CEO Nathan Hough
Regular Board Meeting – June 30, 2026

1. Accounts payable have increased from $1,521,902.60 in May to 1,857,192.14 considering the following: Medicare over payment, AR day increasing and projected to increase more, drop in our cash/cash equivalences* by approx. 1.7 million what should I say to my constituents?
   Please feel free to convey the following to your constituents.

   The MC overpayment was mainly due to misinformation provided to the CLA model during FY 2025. The model forecasts where the organization stands with the cost report and reimbursement expectation and is used to make decisions for the facility. The misinformation impacted BVH in an overpayment of $459,390 as swing bed days were reported to CLA at approximately 100 days less than was on the PS&R (Provider Statistical and Reimbursement) *used for final filing. As a result, we are required to repay the overpayment. (email from CLA)*

   AR day increase is expected and was conveyed by Multiview and OCHIN that we should expect some immediate and/or extended delays in receiving funds related to the services billed. We helped to resolve this to some extent by continuing to work bills out of Tegria for service provided pre-go live.

   The bulk of the change in cash/cash equivalence was related to the reclassification of funds after the 2024 audit. We can see that as one of the first steps of this is reflected in the April 2025 Finance Committee report that just under $1.2 mil was reclassified from Cash/Cash equivalents to Non depreciable Capital Assets.

   a. What are the strategies to stop the losses?
      - *Limit spending to patient care related items*
      - *Each order/purchase is now being approved by Admin, Etc.*

   b. Are we receiving calls from our service providers related to non-payment?
      Yes

   c. What is our strategy to pay these outstanding debts?
      Strategy- continue to watch spending and use funds received to make payments-MC funds slow in payment, ERC, grants, SISU payout, RHTF.

   d. Are we juggling our payments to meet our payroll obligations?
      Yes, last payroll we did reach into the LOC to ensure obligations were met.

2. The first (ERC) employee retention grant funds have been allocated to? Are we still projected to receive funds from the employee retention credits? If so when?
   $350K to Baird, $594K to OCHIN, remained to operational expenses.
   Should receive the final ERC check within 60 days.

3. What is driving the swing bed rate decrease from **$7,200** to **$6,132** per day? (As noted in audited financials)
   Efficiency- more patient days with not a matching increase in expenses.

   a. We are increasing expenses based on financial documents. How did these increases benefits this sector.
      Need more clarity-if in relation to SB/Med Surg service section, yes.
      Applicable expenses of EMR implementation and OCHIN expenses will be applied, and we are alert to reallocate expenses to most appropriate area.

4. How did our expenses increase from 2024 to 2025 as noted on page 11 a of approximately 2 million dollars benefit our cost report? Which sector? Please explain the impact.
   The bulk of this change is in Salaries and Benefits with increased employed staff and some increase in drugs and supplies.

   Employed FTEs have increased with Third-Party services and Traveler's decreasing. While this was happening, we have added several new specialty Providers/Services, which cost are reported on the same line as the Third-Party services and Travel staff costs are reported. As a result, we saw little change in the Purchased Service expense line with the increase in salary and benefit line with the increase in the number of benefits eligible employees.

   Additionally, we have seen an increase in our cost of being self-insured. The 2023 PEPM (Per Employee Per Month) was $1556, last year reported PEPM was $1955 and it has continued to increase through the FY 2025 and was reported on Jan 1, 2026 to $2,959.

   With the new Specialty Services, we have also seen an increase in volumes and diversity of scripts filled in Bigfork Retail Pharmacy.

5. What are the drivers behind employee costs increases? Please list.
   Change in FTEs vs Travelers and BVH Self-insured for health insurance– utilization of Health Insurance, additional staff hours and the extra hours with OCHIN training are the biggest factors. With that, these were forecast and budgeted and we have been doing well on the controllable expenses per budget. Last year we finished within 1% of budget in salaries.

6. It is noted in the medical staff meetings that Therapy and Chiropractic services are anticipating a decrease in admissions? How will this impact our financial position and/or potential cost report decreases?
   Rehab and Chrio was scheduled light for the first couple days after the go live date. Were back up to regular production availability within that first week of go live. Don't anticipate a detrimental impact on the cost report. This scheduling change for go live is considered standard practice for OP services during implementation.

*Page 12 of Audited financials year ending December 31 and 2024 as noted by CLA. Notes $1,646,469 2025 and $3,328,545 2024.