Petersburg Borough
Petersburg Medical Center

Meeting Minutes
Hospital Board
Regular Meeting

12 South Nordic Drive
Petersburg, AK 99833

Thursday, May 29, 2025	5:30 PM	Assembly Chambers

1. Call to Order/Roll Call

Board President Cook called the meeting to order at 5:30pm.

Board President Cook conducted Roll Call:

PRESENT
Board President Jerod Cook
Board Vice President Cindi Lagoudakis
Board Secretary Marlene Cushing
Board Member Heather Conn
Board Member Joe Stratman
Board Member Jim Roberts

ABSENT
Board Member Kimberley Simbahon

2. Approval of the Agenda

Motion made by Board Member Lagoudakis to approve the agenda with the addition of the water system isolation and RPZ assembly replacement discussion. Seconded by Board Member Conn. Voting Yea: Board President Cook, Board Member Conn, Board Secretary Cushing, Board Vice President Lagoudakis, Board Member Stratman, and Board Member Roberts.

3. Approval of Board Minutes

A. Approval of April 24, 2025, Hospital Board Minutes.

Motion made by Board Member Stratman to approve April 24, 2025, Hospital Board Minutes, Seconded by Board Member Conn. Voting Yea: Board President Cook, Board Member Conn, Board Secretary Cushing, Board Vice President Lagoudakis, Board Member Stratman, and Board Member Roberts.

4. Visitor Comments

Roy Rountree expressed his appreciation for being included in the meetings and shared that he enjoys the discussions. He stated that he is available to answer any questions related to the WERC building and conveyed his enthusiasm about the ongoing progress of the project.

5. Board Member Comments

None.

6. Committee Reports

A. Resource

Board Vice President Cindi Lagoudakis reported:

The hospital's Form 990 tax return has been filed. It was prepared by a CPA firm based in Ketchikan and is quite detailed, spanning over 70 pages. The return incorporates data from our most recent audit. As a 501(c)(3) organization, we are required to include certain disclosures, including salary and other financial information. Board members are welcome to review the document in detail if interested.

In reviewing the financial statements for the past month, we noted that nearly all key volume indicators have increased—except for lab tests. As discussed in the previous meeting, this decline is attributed to the absence of a health fair this year, which typically boosts lab volumes. Despite that, revenue is up significantly, driven primarily by higher inpatient volumes. The 340B program also continues to positively impact our financial performance.

Joel recognized the hospital's business office for their outstanding work managing accounts receivable. April marked the highest monthly revenue in the past 10–11 months. Accounts payable are within a reasonable range, invoices are being paid promptly, and cash flow remains strong. Notably, our days in AR continue to decline.

The hospital currently has excess funds in the bank, and the committee discussed the possibility of transferring some of these funds into short-term investments that can be accessed quickly if needed.

We have finalized purchase orders for furniture for the WERC building, with payouts expected in June. The committee also discussed updates in the grant landscape, including ongoing coordination with the Borough to secure funding for future projects.

Other topics discussed included: Industry benchmarks for typical costs and salaries compared to PMC, rising utility costs, PMC's timeline for assuming responsibility of the WERC building from the contractor, and how depreciation of the WERC building and the MRI will positively impact future cost reports.

The FY26 budget is still in progress. Jason will be on-site in June for a detailed budget review session, and the budget is expected to be presented for board approval that same month.

B. LTC

Board Secretary Marlene Cushing reported:

Several key action items have recently been addressed in Long Term Care. One priority is the replacement of the fall prevention system, which is essential for residents with limited mobility, balance issues, or cognitive impairments. A new system has been identified and will be ordered and installed soon.

Ongoing sewer line inspections and repairs are in progress, and further updates will be provided as work continues.

The team is also focusing on addressing polypharmacy, a term used to describe the use of multiple medications, which is common among elderly residents. Many individuals in long-term care are prescribed numerous medications—some of which may no longer be necessary or could be interacting negatively with others. Efforts are underway to review and reduce unnecessary medications and to implement policies that ensure regular medication monitoring and oversight.

The psychiatrist who has been providing services via telehealth will be visiting in person and will meet with several residents during his visit.

There are currently 14 residents in Long Term Care. Many of them require one-on-one staffing for part or most of the day, which led to the hiring of an additional nurse aide to ensure adequate care and coverage.

A new emergency call system is being implemented, designed to quickly coordinate with the local police department in the event of a safety threat or urgent situation.

Additionally, the team has successfully onboarded a Physical Therapy Technician who is now actively working with residents to enhance mobility and support other physical rehabilitation needs—a long-standing goal that has now been achieved.

C. CAH

Board Member Joe Stratman reported:

Several ongoing action items were reviewed, including the digital formulary, an active policy list for future Board approval, health maintenance tabs, skilled stay auto-reminders, and an opioid reduction initiative.

Incident reports for April and May were reviewed, showing no major trends and remaining below the two-year average. Phil shared general updates from a recent Washington, DC meeting focused on hospital safety and quality. Phil also shared slides from the DC meeting highlighting safety improvements, particularly around cancer screening and prevention. Emphasis was placed on collaboration and communication as key factors in improving patient safety.

A report from the medical director highlighted updates on diabetes care and A1C levels, and newer information regarding referrals was shared. Physician availability and primary care management were also addressed.

The swing bed unit remains busy, averaging four skilled stays over the past month. Staff are working closely with home health to ensure smooth transitions of care. A challenge was discussed involving patients who do not qualify for long-term care but have no other suitable placement options, highlighting a gap in available services.

Additional reports were provided from infection control, therapy services, radiology, laboratory, and nutrition. Of note, the MRI magnet is scheduled to arrive in mid-July. Nutrition services have experienced increased demand due to a higher volume of acute patients and visitors. Updates were also shared from wellness, materials management, pharmacy, and emergency preparedness.

On the financial side, Phil reported a positive development: PMC has reduced its accounts receivable by 20 days, thanks to improvements under the new finance office structure.

D. Water System Isolation and RPZ Assembly Replacement

W. Brooks submitted a written report:

Date: 5/30/2025, estimated time of 8:30PM
Facility: Petersburg Medical Center
Location: Petersburg, Alaska, 99833

Project Overview
This project involves a controlled shutdown of the hospital's main domestic water supply to replace a 4-inch Reduced Pressure Zone (RPZ) backflow preventer assembly and, if necessary, a 4-inch upstream butterfly isolation valve located before the facility's water meter. The work will take place in a remote, high-risk environment with limited access and a narrow operational window.

Scope of Impact
Full hospital building shutdown and/or temporary shutdown of a city block, as required Contractor Discipline: Industrial Service & Repair – Remote CAH/LTC

Primary Objectives

- Isolate and take the hospital's water supply offline while preserving internal static pressure whenever possible.
- Replace the existing 4" RPZ backflow prevention assembly.
- Inspect and, if required, replace the upstream butterfly valve.
- Restore full water service to the building with minimal downtime.
- Ensure all work is completed in accordance with healthcare facility, life-safety and infection control protocols.

Risk Considerations

Hospital Water Supply Shutdown:
Shutting down the water supply in an operational hospital—particularly a critical access facility in a remote location—presents serious risks.

Life Safety Impact: The hospital relies on a constant water supply for patient care, sanitation, sterilization, HVAC systems, and fire protection. Any disruption must be tightly controlled and time-limited.

Infection Control: Loss of water could affect hand hygiene, surgical prep, and disinfection procedures, potentially compromising patient safety.

Operational Impact: The shutdown could disrupt inpatient services, emergency care, or laboratory operations if not properly coordinated with hospital leadership.

Emergency Access: Being in a remote location, immediate support or supply delivery is not guaranteed; contingency planning is essential.

Shutdown activities are being planned in coordination with emergency preparedness following emergency water plan. *(see attached applicable policies)*

Work Procedure Plan

Step 1: Pre-Isolation Planning
- Confirm timing and communication procedures with hospital leadership
- Prepare emergency backup water supply
- Conduct safety and readiness briefing

Step 2: Establish Static Conditions
- Ensure all plumbing fixtures have non-flowing, static water
- Troubleshoot if static conditions are not achieved

Step 3: Isolation Setup and Pipe Freezing
- Begin isolation of water supply
- Freeze upstream and downstream supply segments to maintain system pressure and prevent full drain-down

Step 4: Removal of Existing RPZ
- Remove existing 4” RPZ after establishing stable freeze
- Temporarily cap or isolate open lines

Step 5: Butterfly Valve Inspection/Replacement (if needed)
- Inspect for corrosion, leakage, or mechanical failure
- If replacement is required:
    - Isolate upstream line
    - Remove and replace valve with AWWA-compliant component
    - Confirm torque settings and valve functionality

Step 6: RPZ Assembly Installation

- Install new 4” RPZ assembly downstream of water meter
- Ensure alignment, anchoring, and code compliance

Step 7: System Restoration and Purging
- Thaw frozen sections gradually
- Purge air and debris
- Test for leaks, confirm valve performance, and restore full service

Step 8: Final Inspection and Standby
- Conduct final inspection with contractor and maintenance staff
- Clean work area
- Remain on standby for any post-installation issues

Summary

This work is essential to ensure long-term safety, functionality, and regulatory compliance of the hospital’s domestic water system. With close coordination among clinical, administrative, and contractor teams, and with contingency protocols in place, this high-risk procedure will be completed with minimal disruption to patient care.

(Visual reference available: annotated image of target water line section for replacement is included below.)

7. Reports

A. Case Management/ Swing Bed Management
E. Hart provided a written report.

Board Member Roberts inquired about discussions with Seattle hospitals regarding swing bed referrals. CEO P. Hofstetter clarified that the referrals in question involve individuals being transferred to Petersburg from outside facilities. In some cases, patients originally from Petersburg are referred back for rehabilitation services. It was also noted that Bartlett Regional Hospital is among the facilities that refer rehabilitation patients to Petersburg through the swing bed program.

Board President Cook raised a question about the long-term sustainability of operations given the recent increase in patient volumes. CEO Hofstetter acknowledged the concern and commended the staff for their exceptional performance. He reported that approximately a week and a half prior, there were 14 residents in Long Term Care and 11 inpatients, with nearly all rooms occupied—some even housing multiple patients. While staff managed the situation effectively, it has come at a cost in terms of fatigue and stress.

Jennifer B. added that staff members have been working double shifts to meet the demand. She noted a continuing trend of consistently higher patient volumes. Staffing remains a significant challenge, with a greater reliance on traveling healthcare professionals and more local staff taking on extra shifts.

Board Member Conn asked whether the increased volumes were driven by outside referrals or primarily local patients. CEO Hofstetter confirmed that the increase is largely due to community members from Petersburg.

Board Member Conn further inquired whether the new facility design accounts for additional Long Term Care beds, given the trend. Hofstetter stated that while the original plan did not include additional beds, it is now under consideration due to the ongoing increase in demand.

Board Member Roberts asked whether the current facility design includes flexibility for future expansion. CEO Hofstetter confirmed that expansion is possible and noted that since the project is currently at the 35% design stage, this may be an opportune time to reevaluate the design in light of the sustained increase in patient volumes.

Finally, Board Member Roberts asked about plans to hire additional nursing or provider staff. CEO Hofstetter responded that while staffing is under active review, current gaps are being filled with traveling healthcare professionals.

B. Pharmacy
E. Kubo provided a written report.

Board Member Roberts confirms PMC's interest in obtaining an automated dispensing cabinet to ensure a secure, trackable, and efficient medication storage and dispensing system for patient medication.

C. Chief of Staff
Dr. Burt provided a written report.

Board Vice President Lagoudakis notes that Dr. Burt's report also mentions the increase in older individuals in the community.

D. Clinic
K. Zweifel provided a written report.

K. Zweifel reported that the implementation of the new call system has improved provider availability in the clinic and has contributed to a less stressful work environment, which providers appear to appreciate.

Board Member Conn inquired whether the organization has considered adding another provider in light of the increased patient volume. K. Zweifel responded that the clinic has been managing effectively with the current team of four providers and two mid-level practitioners.

CEO Phil Hofstetter added that provider availability continues to meet patient needs, and the current staffing model remains sustainable. He emphasized that the organization is balancing provider availability, staffing, space, and budget. This can be challenging, however the new call schedule seems to have helped quite a bit. Going from 4 to 6 providers in the clinic has helped to balance the load.

K. Zweifel noted that daily data collection enables the clinic to anticipate patient needs more accurately. This, in turn, allows for more effective staffing and scheduling of clinic hours to best serve the community.

E. Community Wellness
J. Walker provided a written report.

F. Dietary
J. Ely provided a written report.

Board Member Cushing expresses her sympathy for the dietary staffing concerns. Board Member Conn acknowledges the issue of food price increases.

G. New Facility
J. Wetzel with Arcadis provided a written report.

Board Member Roberts commented on the Certificate of Need (CON) for the MRI and inquired whether there were issues with the original submission. CEO Phil Hofstetter explained that the State requested additional information, and the team is taking the necessary time to gather and respond thoroughly before submitting.

CFO Jason McCormick added that the State has expressed interest in reviewing the MRI project in conjunction with the WERC building as a comprehensive proposal, which requires submission of further supporting documentation.

H. Quality and Infection Prevention
S. Romine and R. Kandoll submitted written reports.

I. Executive Summary
CEO, P. Hofstetter submitted a written report.

CEO Phil Hofstetter reported on his recent trip to Washington, D.C., alongside the Alaska Health and Hospital Association, the executive team. Meetings were held with Senator Murkowski, Congressman Begich, and Senator Sullivan. The focus was largely on Medicaid budget issues and understanding federal policy developments.

Key takeaways included: Discussion of Medicaid expansion and administrative burdens associated with eligibility redetermination. Emphasis on the potential impacts of proposed federal Provider Tax changes, which would not affect Alaska due to its current exemption. Highlighted concerns about tariffs on medical and construction supplies. PMC's team has since begun forwarding relevant invoices to delegation to help illustrate the impact.

At the state level, limited capital funding is expected due to low oil prices. On the federal side, PMC submitted appropriation requests, and progress will be tracked as they move through Congress.

A notable success was the passage of the prior authorization reform bill, developed by ASHNHA and supported by insurers. The bill aims to reduce barriers for recurring authorizations for chronic conditions and will most likely take effect in January. The legislation received broad bipartisan support.

PMC’s Home Health team successfully completed their unannounced recertification survey this week. CEO Hofstetter commended the team, led by Laura, for their outstanding work, noting it was one of the most efficient exit interviews he has attended.

CEO Hofstetter highlighted improvements in the revenue cycle. Since bringing accounts receivable (AR) functions in-house, PMC has seen a notable decrease in AR despite increased patient volumes—an uncommon and positive trend. He praised the finance team, including Jason, Joel, and Carrie, for their efforts. Additionally, PMC now offers local, in-person billing support for community members with claims-related questions.

Efforts continue to maintain consistent specialty care. Dr. French will return June 9–13. Dr. Capp has been providing regular optometry services. Telepsychiatry with Dr. Sankas continues. Recruitment for scopes services is ongoing, with Jennifer Bryner actively pursuing leads.

Commissioning of the WERC building is expected to occur in June. Furniture deliveries and MRI equipment installation are scheduled for July, with a soft opening planned for late July/early August. A community grand opening is anticipated in September, with an invitation extended to Senator Murkowski in recognition of her role in securing federal appropriations. Workflow planning and transition logistics are currently underway.

Board Member Conn asks if Senator Sullivan discussed an Alaskan executive order with Phil, while he was in DC. CEO P. Hofstetter states he did not recall that. Member Conn mentions that Trump had signed an Alaska executive order and she is wondering how that would benefit us if we are seeing it in so many different ways. Hofstetter acknowledged that he had read about that order but states Senator Sullivan did not discuss this specifically with him.

Member Conn also inquired about which months we see the change in AR days specifically. Hofstetter notes that the graph on page 35 and 36 showcase the changes for mostly May.

Member Conn also asks what the main difference is between 'gross' and 'net'. CFO, Jason McCormick, explained that gross accounts receivable (AR) is the most accurate measure for tracking outstanding balances, as it reflects the total dollars owed. Gross AR is calculated by dividing total outstanding AR by the average daily total revenue.In contrast, net AR accounts for expected write-offs and reserves based on aging and historical collections, in line with accounting policies. While useful, net AR can understate the problem when AR is growing, as reserves may mask rising balances. Therefore, the business office focuses on gross AR to ensure a clear view of total collections needed and to support full accountability in revenue cycle operations.

Board President Cook inquired whether any potential funding opportunities for the new hospital emerged during CEO Phil Hofstetter's recent trip to Washington, D.C. CEO Hofstetter responded that while he gained insight into the committees the Alaska delegates serve on—including Congressman Begich's role on the Transportation and Infrastructure Committee, which may offer future potential—no specific funding avenues were confirmed. He noted that there is currently a high level of uncertainty surrounding the federal budget and many unknowns remain.

J. Financial
J. McCormick submitted a written report.

The CFO provided a comprehensive financial update and broader context on national healthcare trends. He explained that annual federal proposals for reimbursement cuts are ongoing due to the increasing demand for services driven by the aging baby boomer population. Despite this, federal programs like 340B, grant opportunities, and cost-based reimbursement models continue to support rural hospitals financially. The hospital is proactively optimizing these programs, including successfully implementing the 340B pharmacy program and securing employee retention tax credits and capital grants.

Key financial highlights include strong inpatient and swing bed volumes, steady outpatient services, and full occupancy in the long-term care unit. Revenue exceeded budget projections, supported by favorable cost report settlements and increased clinic activity. Patient receivables have started to decline following a change in billing service providers, with internal business office staff showing strong performance. Gross days in AR have improved from a high of 96 to 87 days in April, with a target of 65.

The CFO emphasized the importance of strategic planning in anticipation of federal changes, highlighting the long-term benefit of the new hospital build, particularly in how depreciation contributes to reimbursement. The hospital remains financially stable with increasing cash reserves and no significant concerns with accounts payable. The leadership team continues to monitor payer contracts to ensure fairness across all insurance providers.

Board Member Stratman confirms with CFO that the column year reading '2024' on page 42 showing the balance sheet should be corrected to read, '2025'.

8. Old Business

None.

9. New Business

A. Medical Staff Bylaws
Action required: approval

CEO Phil Hofstetter presented the updated Medical Staff Bylaws, which had been approved by the Medical Staff and now required Hospital Board approval.

Board Member Stratman asked for clarification on the approval process, recalling past Board involvement in similar matters. CEO Hofstetter clarified that while the Board is involved in approving changes to the Hospital Board Bylaws, the Medical Staff Bylaws are governed separately by the Medical Staff. Though the processes are similar, they involve different governing bodies.

Motion made by Board Member Conn to approve the Medical Staff Bylaws as presented, Seconded by Board Member Stratman.Voting Yea: Board President Cook, Board Member Conn, Board Secretary Cushing, Board Vice President Lagoudakis, Board Member Stratman, and Board Member Roberts.

10. Next Meeting

A. Scheduled June 26, 2025, at 5:30PM

11. Executive Session

By motion the Board will enter into an Executive Session to discuss legal matters, medical appointments, and or medical reappointments.

Motion made by Board Secretary Cushing to enter into Executive Session to discuss legal matters, medical appointments, and or medical reappointments., Seconded by Board Member Roberts. Voting Yea: Board President Cook, Board Member Conn, Board Secretary Cushing, Board Vice President Lagoudakis, Board Member Stratman, and Board Member Roberts.

Reconvened post Executive Session.

Motion made by Board Secretary Cushing to reappoint Dr. Jennifer Hyer, Julie Highland, Ronaldo Isuani, and DO Selina Burt. Seconded by Board Vice President Lagoudakis. Voting Yea: Board President Cook, Board Member Conn, Board Secretary Cushing, Board Vice President Lagoudakis, Board Member Stratman, and Board Member Roberts.

12. Adjournment

Motion to adjourn made by Board Member Roberts, Seconded by Board Member Conn. Voting Yea: Board President Cook, Board Member Conn, Board Secretary Cushing, Board Vice President Lagoudakis, Board Member Stratman, and Board Member Roberts.

Meeting adjourned by 7:00pm.