



Board Attendance: Jane O’Keeffe, Chair; John Shine, Treasurer; Greg Larson, Secretary; Shannon Theall, Member; Kelsie Bostwick, Member

LHD Managers in Attendance:

Landon Dybdal, CEO; Kyle Byers, COO; TeddiAnne Damuth, Interim CNO; Dala Pardue, Clinics Director; Stacey Van Nes, Clinics Manager; Kim Wright, HR Director; Tyson Lane, EMS Director; Alena Acklin, Process and Quality Improvement Coordinator; Shawn Cosby, Risk, Compliance, Security Manager; Teresa Decker, Chief Pharmacy Officer

Others in Attendance: Alicia Yoder, HR Generalist

Call to Order:

Jane O’Keeffe, Chairperson, called the meeting to order in open session at 5:37PM.

Consent Agenda Item Approval:

John Shine made the motion to approve the consent agenda items, which included:

- January 22, 2025, meeting minutes
- March 2026 check signing calendar

Shannon Theall seconded the motion. The motion was presented, all members voted, and the motion passed unanimously.

Financial Reports: Kelly Johnston, CFO

January 2026 LHD Financial Report

- Cash on Hand: 20 days
- Swing Bed Days: 310 (Average census 10.4)
- Accounts Receivable: 120 days
- Net Income: \$3.9 million

Kelly provided a financial update for January 2026. Accounts receivable increased to 120 days, largely due to delayed Medicare and Medicaid payments and a few processing glitches with swing bed reimbursements. Payments began catching up in February and AR is expected to improve in upcoming financials.

January closed with a positive operating margin and net income of \$3.9 million, despite a \$689,000 bed tax payment and higher expenses related to contract labor and overtime needed to support patient volume.

Swing bed performance remained strong, with 310 days for the month and an average census of 10.4, approaching the goal range of 11–12 patients per day and contributing positively to revenue and cash flow.



Board of Directors Meeting Minutes
February 26, 2026, 5:30PM Lake District Hospital
Lake Health 501c3

The hospital completed a review of older accounts and wrote off uncollectible balances in February, which will improve AR aging and allow recovery of a portion through cost report bad debt reimbursement.

An increase in patient self-pay balances reflects the continued growth of high-deductible insurance plans. New partnerships with TCR Services and Argon Medical Devices have been implemented to support early collections and patient payment plans.

The revenue cycle department is undergoing structural improvements, and interviews are underway for two Revenue Cycle Director candidates to strengthen reimbursement and collections processes.

The annual audit has been finalized, and the auditors will attend the next board meeting to present results. The Community Benefit Report was filed on time. A strategic planning study conducted by Stroudwater Associates was submitted, analyzing missed service opportunities and where patients in the service area have sought care outside the system since 2022.

Leadership plans to incorporate EBITDA metrics into future financial reports to provide clearer insight into operational profitability. Reimbursement of the January bed tax payment is expected in early March, which will improve the hospital's cash position.

Greg Larson made a motion to approve the January 2026 financials as presented. John Shine seconded the motion. The motion was presented, all members present voted, and the motion was passed unanimously.

Swing Bed Update: *Teddi Damuth, ACNO*

Teddi reported the swing bed program continues to serve as a strategic tool for improving cash flow and patient retention, while expanding services for patients who need continued care before returning home.

Year-to-date in 2026, swing bed days have increased by approximately 40 days per month compared to 2025, with the average daily census rising by more than one patient, effectively doubling prior averages and demonstrating strong program growth.

To support continued expansion, the hospital launched a new radio advertising campaign and updated website information to increase awareness and referrals. These efforts complement ongoing outreach by case managers to regional partners and referral sources.

The hospital also acquired a new transport van equipped with wheelchair lifts, which was fully funded through the cost report. The van is expected to be operational by late March and will help improve patient transportation and program capacity.

Physician engagement with the program continues to grow. Providers are actively utilizing the swing bed program to support patient recovery, improve care transitions, and maximize hospital throughput.

Medical Staff Report: *Dr. Scott Graham, CMO*

Privileging Requests: N/A



Quality Performance Overview: *Alena Acklin, Process & Control Quality Improvement Coordinator*

Alena reported The January quality performance report showed 79% compliance with medical department quality measures. This is considered acceptable early in the reporting year, with improvement expected by April.

New quality benchmarks will focus on achieving performance within the top 25% of CMS-performing hospitals, raising expectations for both patient experience and clinical outcomes.

The Pharmacy Department recently passed its state inspection with no deficiencies and continues to maintain strong compliance with medication safety standards, sterile compounding practices, and antibiotic stewardship programs.

Kelsie Bostwick made a motion to approve the Quality Measures as presented. John Shine seconded the motion. The motion was presented, all members present voted, and the motion was passed unanimously.

Manager Report: *Teresa Decker, Chief Pharmacy Officer*

Teresa reported The Pharmacy Department plays a significant clinical and financial role within the hospital, supporting both inpatient and outpatient services while generating important revenue for the organization. Pharmacy services include emergency care medications, chemotherapy, biotherapy, and specialty infusions, helping patients receive treatment locally and reducing the need to travel outside the community.

The department maintains strict compliance with USP 797 sterile compounding standards, including certified clean rooms and routine environmental testing to ensure safe IV medication preparation.

Medication safety and waste reduction remain priorities. The hospital utilizes reverse distribution and community medication disposal programs to properly handle unused medications, helping prevent diversion and protect environmental safety.

The hospital participates in the 340B Drug Pricing Program through a contract pharmacy partnership with Howard's Pharmacy. The program generates approximately \$800,000–\$900,000 annually through discounted drug purchasing and virtual inventory arrangements that benefit both the hospital and patients. Pharmacy purchases total approximately \$1.1 million annually, with frequent ordering to maintain access to critical medications.

Pharmacy operations also utilize automated medication dispensing systems from Omnicell, weekend tele-pharmacy support, and a medication take-home pack system that allows patients to begin outpatient treatment over weekends when pharmacy staffing may be limited.

Leadership noted that the national 340B program environment continues to evolve, with potential shifts toward rebate-based payment models that may require hospitals to carry larger upfront cash balances. Oregon's regulatory position continues to support rural hospitals in protecting program data and maintaining program integrity.



Financially, contractual adjustments and bad debt represent a portion of pharmacy billing, reflecting broader challenges in healthcare reimbursement. Even with these factors, the pharmacy contributes approximately \$500,000 per month to the hospital's bottom line after expenses and program benefits, highlighting its importance to the hospital's overall financial sustainability.

AHA Rural Health Care Conference Update:

Board members and leadership shared key takeaways from the AHA Rural Health Care Conference.

Kelsie noted it was interesting to see how broadly the term "*rural*" is defined. Many hospitals classified as rural are Critical Access Hospitals (CAHs) that are part of larger health systems and have access to shared resources. In contrast, Lake Health operates as an independent rural facility, which creates different operational challenges and makes comparisons between facilities somewhat like "apples to oranges."

Teddi reported that the conference provided valuable networking opportunities and extensive discussion around artificial intelligence (AI). She noted that AI adoption is accelerating in rural healthcare, particularly due to workforce shortages. Examples included robotics and other automation technologies designed to help facilities maintain services despite staffing challenges. Teddi also highlighted emerging technologies such as AI-enhanced stethoscopes and visual AI tools that can monitor psychiatric patients and send alerts, which could significantly change care delivery over the next five years.

Shannon shared that AI applications in healthcare operations were particularly compelling. Insurance companies are increasingly using AI in claims review, while hospitals are exploring AI tools to improve billing processes and revenue cycle performance. He also discussed population health management tools that analyze electronic medical records to identify care gaps, recommend preventive screenings, and help bring patients back into the system when care has been missed.

Landon reflected that when leadership attended the conference last year, the organization felt behind in AI adoption. Over the past year, however, progress has been made. Providers are now using ambient listening technology to assist with documentation, helping reduce administrative burden. Landon emphasized that organizations that fail to adopt AI and automation technologies risk falling behind or becoming unsustainable.

Leadership concluded that strategically leveraging AI and automation will be essential to reducing provider burnout, improving operational efficiency, and maintaining high-quality care as technology continues to rapidly evolve in rural healthcare.

CEO Report:

Regulatory Compliance and Survey Update

Landon recognized Kyle, Shawn, Teddi, and the team for their work navigating a challenging regulatory environment. The hospital recently underwent a difficult state survey that resulted in 43 deficiencies and included a potential termination threat from the Centers for Medicare & Medicaid Services (CMS).



Leadership escalated concerns, implemented corrective actions, and worked with advocacy partners. The hospital successfully passed the final revisit survey.

Due to inconsistencies and concerns regarding the state survey process, leadership engaged legislative and association advocates to address surveyor conduct and process concerns. Moving forward, the hospital plans to transition to DNV accreditation, a private accrediting organization, to help reduce survey-related disruptions and create a more consistent regulatory experience. The estimated cost for DNV accreditation is approximately \$23,000 every three years.

Provider Recruitment

The hospital continues active recruitment efforts to sustain and expand clinical services.

- Contract negotiations are underway with a surgeon to provide two weeks of coverage per month. Credentialing is in progress, with contract signing expected within the next week.
- A third-year Family Practice with Obstetrics (FPOB) resident has expressed interest in joining the organization following fellowship completion, with a potential start date in September 2027.
- Two additional FPOB candidates are currently in discussions.
- An internal medicine physician from Portland with a rural background is scheduled for a virtual interview and may support both outpatient services and the swing bed program.

Landon also welcomed Debbie Callins, Chief Nursing Officer, who is currently in her second week and already actively engaged in operations.

Program Growth and Operations

Landon reported that the swing bed program is performing very well and is expected to generate positive financial impact in the near term. Leadership emphasized that maintaining a strong swing bed program is critical to the hospital's financial stability.

Additional service line updates include:

- The infusion department continues to grow and expand services.
- The orthopedics program is in the early stages of development and is expected to grow over the next year.

Overall, leadership noted that Lake Health District has numerous opportunities for service expansion and continued growth.

Strategic Partnerships and Technology Adoption

The hospital is exploring strategic partnerships and technology initiatives to strengthen rural healthcare delivery and improve operational efficiency.

Leadership is evaluating participation in a Clinically Integrated Network (CIN) composed of independent rural hospitals. Participation would allow members to share services, pool resources, and negotiate collectively with payers while maintaining organizational independence. CIN leadership includes



Board of Directors Meeting Minutes
February 26, 2026, 5:30PM Lake District Hospital
Lake Health 501c3

experienced healthcare executives focused on protecting rural hospitals from the negative impacts of system consolidation and acquisition.

Public Comment: N/A

Adjournment:

At 7:03PM, Chair Jane O’Keeffe adjourned the open session for the 501(c)(3) and convened an executive session pursuant to ORS 192.660(2)(f). The executive session began at 7:13PM and was adjourned at 8:01PM.

Respectfully submitted,



Greg Larson, Secretary

This institution is an equal opportunity provider and employer. If you wish to file a Civil rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866)632-9992 to request the form. You may also write a letter containing all the information requested on the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202)690-7442 or email at program.intake@usda.gov