

THE MEMORIAL HOSPITAL BOARD OF TRUSTEES MEETING

May 28, 2008, 7:00 p.m.

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ATTENDANCE: Melton Sullivan, Board Chair; Ron Danner, Vice Chair; Missy Bonaker; Corrie Ponikvar, Brenda McKey, Board of Trustee Members; George Rohrich, CEO; Robert Lindberg, CCO; Beka Warren, CQO; Barry Bergman, CFO; Samantha Johnston, SEO; Chris Singleton, Controller; Saed Tayyara, County Commissioner; and Dr. Alan Reishus, Chief of Staff.

CALL TO ORDER: Meeting was called to order by Chair Melton Sullivan at 7:05 p.m.

Earlier at the afternoon session the revisions to the Strategic Plan were reviewed and discussed. Corrie Ponikvar requested more dialogue on product line analysis with a possible quarterly report to the board. George will gather more research on this issue. Each section of the plan will be reviewed at the education workshop of the board meeting.

MEDICARE COST REPORT: Don Hoerl, Medicare Cost Reporting Consultant, presented the 2007 Medicare Cost Report via conference call. He reviewed the Executive Summary with the board and responded to questions. Barry Bergman stated that the mini cost report model previously used was broken, and was reworked by a QHR consultant in order to be more accurate.

AGENDA REVIEW: Item H. 3. was moved to follow the Medicare Cost Report presentation. Additional items were added to address the Bid Solicitation Policy and Consent Agenda.

MOTION 2008:44: Moved by Missy Bonaker, seconded by Corrie Ponikvar, That the Board of Trustees approve the preparation and filing of the CAH 2007 Medicare Cost Report for the period December 31, 2007. The Board of Trustees accepts the CAH 2007 Medicare Cost report formally known as Form CMS-2552-96 as prepared by Don Hoerl, Medicare Cost Reporting Consultant. The Board of Trustees authorizes Barry Bergman, Chief Financial Officer, to sign and submit the report by May 31, 2008. Ayes, all. Motion carried.

APPROVAL OF BOARD MINUTES: The minutes of the April 30, 2008, meetings were accepted as corrected.

OPPORTUNITY FOR PUBLIC TO ADDRESS THE BOARD: There were no comments.

MEDICAL STAFF REPORT: Dr. Alan Reishus, Chief of Staff, presented the Medical Staff Report and the minutes of the May 8, 2008 Medical Staff Meeting which were accepted as corrected. There are no privileges to be presented this month. On May 27, 2008, the Medical Staff By-Laws Committee met to review the Rules and Regulations. Work continues on the By-Laws.

JOINT CONFERENCE COMMITTEE: Ron Danner presented the Joint Conference Committee report. The minutes of the Meeting of May 20, 2008, were accepted as corrected. He presented the recommendations of the Ad Hoc Committee as revised by the Joint Conference Committee that relate to physician recruitment planning.

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MOTION 2008:45: Moved by Ron Danner, seconded by Missy Bonaker, That The Memorial Hospital establish a target to recruit four to five family or internal medicine physicians for a total of 11. Ayes, all. Motion carried.

MOTION 2008:46: Moved by Ron Danner, seconded by Brenda McKey, That The Memorial Hospital reaffirm continuing the recruitment incentive support at the current total of \$130,000 (two \$65,000 incentives for FP w/OB or IM). Ayes, all. Motion carried.

MOTION 2008:47: Moved by Ron Danner, seconded by Corrie Ponikvar, That The Memorial Hospital's recruitment goal will be to employ three family practice physicians with the intention that they be housed in the Craig Medical Clinic Building. Ayes, all. Motion carried.

MOTION 2008:48: Moved by Ron Danner, Seconded by Brenda McKey, That the following services be exclusively contracted by the hospital:

- a) General Surgery
- b) OB/GYN (not to include FP w/OB)

and reaffirm the following services be exclusively contracted by the hospital:

- a) Anesthesiology
- b) Pathology
- c) Radiology
- d) Emergency Medicine.

Ayes, all. Motion carried.

FINANCE COMMITTEE: Missy Bonaker presented the Finance Committee report. The minutes of the meeting of May 21, 2008, meeting were accepted as corrected.

CHIEF FINANCIAL OFFICER'S REPORT: CFO Barry Bergman presented the April, 2008, Financial Report:

Summary

- Net Profit or Loss – In April we posted a net loss of \$34.2k, for the year, we have a net profit of \$226k, which is 68.8% less than the budgeted number of \$726k. We have now slipped \$145k behind the same time last year.
- Gain or Loss from Operations – We had a slight improvement from March, posting a loss from operations of \$188k in April, giving us a net operating margin of -9.1%. Year to date we have a loss of \$319k, and a net operating margin of -3.0%.

Volume

- Admissions in April continue to lag behind budget by 16 at 52. This puts us 9.4% behind budget for the year at 249 versus 275. We are 3 admissions ahead of the 246 as of April 2007.
- Our overall average daily census (ADC) was slightly better than last month 7.36 in April. For the year, we budget 8.0 for inpatient, and 2.0 for swing bed – combined 10.0. Year to date, we are only at 6.1 for inpatient, and 1.9 for swing for a combined 8.1 Last year at this time we were at 9.2.
- In April, we recorded 404 ER visits, far fewer than the budgeted 480. At 1,955 visits YTD, we are 1.1% or 21 visits ahead of the budgeted 1,934. Last year we recorded 2,012 visits at this time.

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- Outpatient visits (which include ER visits and OP surgery visits) were right on target this month at 1,591 visits. For the year, we are 1.1% ahead of budget at 6,521, and are 568 ahead of last year's number of 5,953.
- Surgeries continue to be a tremendous concern, with only 94 in April versus the budgeted number of 109. For the year, we are well below budget, down 12.3% for the year at 377 versus the budgeted 430. We are 8.9% behind last years' number of 414. Primary cause appears to be less surgeries being scheduled by orthopedics.

Operating Revenue

- We had gross patient revenues of \$2.1m in April, missing the budgeted number of \$2.2m by 3.8% or \$85k. This puts us 3.1% or \$271k behind the YTD budget. At \$8.6m of gross patient revenue, we are still 11.8% or \$910k ahead of the same time last year.
- To show more comparability with previous reporting, I have changed our reporting format slightly by moving bad debt up as an adjustment to income. This is more consistent as bad debt is based on estimates rather than actual write-offs. Net Patient Revenue was 11.7% lower than budget at \$1.5m, and we are 2.2% behind budget for the year at \$4.8m. We are \$584k or 13.8% better than last year at this time.
- Other Income (which includes both operating and non-operating revenues) was \$55k less ahead of budget at \$203k. For the year, we are \$35k ahead of budget. Through April, we have received approximately \$845k of the estimated \$1.442m in tax levy.

Operating Expenses

- In March, we exceeded budgeted expense by \$193k or 13.3% at a total expense of \$1.6m. For the year, we are 4.2% or \$246k over budget.
- Year to date, employee benefits and contracted salaries are the main deviations from budget. These two items combined add up to \$394k over budget. We are having an exceptionally high number of health benefit claims, as well as the recognition of PTO hours in advance. This will decline as the year progresses.

RECOMMENDATION FOR APPROVAL OF OMNI LAUNDRY SERVICES: Barry Bergman presented this request that was originally presented to the board at the April 30, 2008, meeting. Laundry at the new hospital will be outsourced because of the savings realized from not having to build a steam system, machine maintenance and additional staffing.

MOTION 2008:49: Moved by Missy Bonaker, seconded by Corrie Ponikvar, That the board approves the Omni Laundry services contract in the amounts specified on Addendum B and that Barry Bergman be authorized to sign the contract. Ayes, all. Motion carried.

RECOMMENDATION FOR APPROVAL OF LEASE OF SIEMENS ARTERIAL BLOOD GAS MACHINE: An equipment request for a five year lease on a Seimens Arterial Blood Gas machine with information data management system was recommended as medically necessary from the Joint Conference Committee and forwarded to the Finance Committee. The Finance Committee approved the request for a monthly capital lease in the amount of \$525.86, and recommended it be forwarded to the Board of Trustees for final approval. This is a critical instrument for the cardiopulmonary department. The upgrade of the data management system is needed because the old system is no longer being supported by the company.

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MOTION 2008:50: Moved by Missy Bonaker, seconded by Corrie Ponikvar, That the board approve the sixty month lease with Seimens at a cost of \$525.86 per month. Ayes, all. Motion carried.

RECOMMENDATION FOR APPROVAL OF OB/GYN 2008 BUDGET

MODIFICATION: Barry Bergman, CFO, reviewed this major change to the 2008 Budget with the board.

MOTION 2008:51: Moved by Corrie Ponikvar, seconded by Brenda McKey, That the board approve the OB/GYN Modification to the 2008 Budget. Ayes, all. Motion carried.

TMH FOUNDATION REPORT: Sam Johnston presented the Foundation Report. The minutes of the May 19, 2008, meeting were accepted as presented. The board was reminded of the Benefit Golf Tournament to be held on June. The El Pomar Foundation has awarded the Foundation a grant of \$50,000.

AD HOC COMMITTEE REPORT: Melton Sullivan presented the minutes of the May 12, 2008, meeting which were accepted as presented. The committee will continue to work on the Medical Staff Development Plan and the Medium Priority Physician Recruitment Plan.

BUILDING COMMITTEE REPORT Corrie Ponikvar presented the minutes of the May 13, 2008, meeting which were accepted as presented. The project continues on time and on budget.

CEO REPORT: George Rohrich advised the board that Physician Recruitment continues and there will be two and possibly three site visits by doctors in July and August. Following some modifications to the contract, the Unassigned Call Agreement has been distributed to the doctors involved for their signatures.

CQO REPORT: Beka Warren reported on the following:

Compliance Program

1. The team is working on sign-in procedures for vendors.
2. As the electronic medical record evolves, MIS department is assessing who has access and under what circumstances so the protected health information is protected.
3. The team has completed upgrades to systems within the building when passwords are protected and posted on computers. MIS has one person dedicated to helping staff with computers that are work stations. Also, they have put automatic screen protectors that are password protected. This minimizes the changed for someone walking past the computer to see the screen.
4. The Chagemaster team has been working very hard to assure that billing and charges are in line with CMS and regulatory rules. It has adopted formal processes to make changes and are documenting those changes to the chagemaster.

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Safety Committee

1. Beka now chairs the Safety Committee. Vic is the Safety Officer.
2. The committee is working this month on internal departmental inspection for fire safety, infection control, employee understanding of safety measures within their department and other aspects of patient safety.
3. The team completed a mock mass casualty drill today that was designed to teach new employees about disaster preparedness. This also allowed some employees to take different roles in preparedness, such as might happen in a real scenario.
4. The team is working on assessing the organization for a 96 hour sustainability should the supplies to the hospital be cut off.
5. Colorado Department of Health Regional Emergency Preparedness representative came this week to inventory our hospital surge capacity trailer to help us stay prepared for additional patients in a crisis. Items that needed to be replaced or are missing will be supplied through a grant.
6. The committee has prepared a pocket guide for all employees that has mission critical information related to safety and response as designed by Joint Commission. These pocket guides will be distributed in the next few weeks.

Quality Committee

1. The committee is not meeting currently to allow staff time to develop policies in our web based software system resulting in all policies being in electronic form. The company we have engaged assists with Joint Commission and CMS compliance.

SEO REPORT: Samantha Johnston reported on:

New Hospital Name Change

1. She stated that an opportunity to change the name of the hospital is afforded with the construction of the new building. If, after research and fact gathering, there is sufficient reason to consider a name change, she will open the issue to the community for their buy in. This would involve service and community groups as well as individuals who were involved in the original building of the present hospital. It would be a grassroots community discussion.

Employee Benefit Analysis

1. The survey is complete.
2. Compilation of results is complete
3. The results will be presented to employees.

CCO REPORT: Bob Lindberg advised on the following:

Craig's Largest Loser

1. 969 pounds were lost.
2. The program has been turned over to Holistic Health for continuation.

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Mayo Reference lab

1. Kristine Cooper and Dr. Collins introduced the hospital to the lab.
2. The transition from Quest Lab to Mayo continues to move forward.

OTHER BUSINESS: George introduced information on the bid solicitation policy.

MOTION 2008:52: Moved by Corrie Ponikvar, seconded by Brenda McKey, That for the pre-construction bids, the board authorize the opening of bids even if there are less than three; and, AHFD accepts the lowest qualified bid. Ayes, all. Motion carried.

CONSENT AGENDA: Ron Danner discussed consent agendas and how they might be implemented for the Board of Trustees. This method would speed up handling of routine measures by putting them into a group to be considered together. The key would be to receive information on all consent items prior to the meeting for board member review so if there were questions on individual items, those items could be removed from the consent and placed on the regular agenda for discussion. The board chairman and CEO will review the agenda.

MOTION 2008:53: Moved by Ron Danner, seconded by Missy Bonaker, That the board adopt the use of a consent agenda. Ayes, all. Motion carried.

EXECUTIVE SESSION: The board convene to Executive Session at to discuss matters pursuant to contractual negotiations as stated in C.R.S. §24-6-402-(4)(e), and personnel matters as stated in C.R.S. §24-6-402-(4)(f). Those invited to stay were the Board of Trustees members and the CEO. It was anticipated that the session will last approximately thirty minutes.

MOTION 2008:53: Moved by Corrie Ponikvar, seconded by Ron Danner, That the board adjourn to executive session to discuss matters pursuant to contractual negotiations as stated in C.R.S. §24-6-402-(4)(e), and personnel matters as stated in C.R.S. §24-6-402-(4)(f). Ayes, all. Motion carried.

MOTION 2008:54: Moved by Corrie Ponikvar, seconded by Ron Danner, That the board return to regular session. Ayes, all. Motion carried. At the executive session no action or decisions were made.

MOTION 2008:55: Moved by Ron Danner, seconded by Corrie Ponikvar, That the board approval of the special employee evaluation. Ayes, all. Motion carried.

ADJOURNMENT: The meeting was adjourned at 9:45 p.m.

Respectfully submitted,

Melton Sullivan, Chair
jah/ 6-2-08