

THE MEMORIAL HOSPITAL BOARD OF TRUSTEES MEETING

June 25, 2008, 7:00 p.m.

Page 1

ATTENDANCE: Melton Sullivan, Board Chair; Ron Danner, Vice Chair; Missy Bonaker; Corrie Ponikvar, Sue Lyster, Don Myers, Brenda McKey, Board of Trustee Members; George Rohrich, CEO; Robert Lindberg, CCO; Barry Bergman, CFO; Samantha Johnston, SEO; Saed Tayyara, County Commissioner.

GUEST: Kim Shultz, QHR.

CALL TO ORDER: Meeting was called to order by Chair Melton Sullivan at 7:00 p.m.

Earlier at the afternoon session the board reviewed the TMHFC Operating and Site Leases which will be complete by mid-July. The Building Meeting scheduled for July 17, 2008, will be used as a special Board Meeting to review them. Legal counsel will be invited to attend.

SPECIAL PRESENTATION: Julie Baker, Gail Severson and Eva Peroulis, members of TMH Foundation presented a \$750,000 check to the board raised community donations which will go toward the construction of the hospital new facility. Board chair Melton Sullivan thanked the Foundation for their hard work and expressed the board's appreciation.

AGENDA REVIEW: Item F2 was deleted and item G3, CFO Report was added.

OPPORTUNITY FOR PUBLIC TO ADDRESS THE BOARD: Jeff Pleasant of Rehab Services of Craig addressed the board concerning an issue regarding violation of patients' rights in providing misinformation about physical therapy healthcare options. He was assured by CEO George Rohrich that while business solicitation is not allowed in the hospital, every effort is made to provide patients with information about healthcare options open to them upon discharge, including physical therapy, home health care and long term care. He said the hospital would not tolerate any activity that violated patients' rights.

CONSENT AGENDA: The consent agenda was reviewed by the board.

MOTION 2008:56: Moved by Ron Danner, seconded by Corrie Ponikvar, That the consent agenda be approved as follows:

1. Approval of Board of Trustee minutes for meeting of May 28, 2008.
2. Acceptance of Medical Staff minutes for meeting of June 12, 2008.
3. Acceptance of Joint Conference minutes for meeting of June 17, 2008.
4. Acceptance of Finance Committee minutes for meeting of June 25, 2008.
5. Acceptance of Report on Financial Results for May, 2009.
6. Acceptance of TMH Foundation minutes for meeting of June 16, 2008.
7. Acceptance of Building Committee minutes for meeting of June 12, 2008.
8. Acceptance of Ad Hoc Committee minutes for meeting of June 9, 2008.

Ayes, all. Motion carried.

THE MEMORIAL HOSPITAL BOARD OF TRUSTEES MEETING

June 25, 2008, 7:00 p.m.

Page 2

EXECUTIVE SESSION:

MOTION 2008:57: Moved by Sue Lyster, seconded by Brenda McKey, That the board adjourn to Executive Session at to discuss matters pursuant to contractual negotiations as stated in C.R.S. §24-6-402-(4)(e). Those invited to stay were the Board of Trustees members and the CEO. It was anticipated that the session will last approximately fifteen minutes.

MOTION 2008:58: Moved by Sue Lyster, seconded by Brenda McKey, That the board return to regular session. Ayes, all. Motion carried. At the executive session no action or decisions were made.

MEDICAL STAFF PRIVILEGES: The following practitioner's files were reviewed by the Medical Staff Executive Committee on June 4, 2008:

MOTION 2008:59: Moved by Ron Danner, seconded by Sue Lyster, That the following be approved: **RECOMMENDATION NOT TO REAPPOINT TO ACTIVE STAFF: William Phillip, MD – Associate Staff – Psychiatry.** Ayes, all. Motion carried.

MOTION 2008:60: Moved by Ron Danner, seconded by Corrie Ponikvar, That the following be approved: **RECOMMENDATION TO REAPPOINT TO ACTIVE STAFF: Andreas Sauerbrey, MD – Active Staff – Orthopaedic Surgery.** Ayes, all. Motion carried.

MOTION 2008:61: Moved by Don Myers, seconded by Missy Bonaker, That the following be approved: **RECOMMENDATION TO REAPPOINT TO ASSOCIATE STAFF: Barry Smith, MD – Associate Staff.** Ayes, all. Motion carried.

MOTION 2008:62: Moved by Don Myers, seconded by Brenda McKey, That the following be approved: **RECOMMENDATION TO APPOINT TO PROVISIONAL STAFF: J. Scott Ellis, DO – Provisional Status - OB/GYN.** Ayes, all. Motion carried.

MOTION 2008:63: Moved by Ron Danner, seconded by Corrie Ponikvar, That the following be approved: **RECOMMENDATION TO APPOINT TO PROVISIONAL STAFF: Jamie VanOveren, DO – Provisional Status – Urology.** Ayes, all. Motion carried.

MOTION 2008:64: Moved by Corrie Ponikvar, seconded by Brenda McKey, That the following be approved: **RECOMMENDATION TO APPOINT TO PROVISIONAL STAFF: Scott T. Lowe, MD – Provisional Status – Radiology.** Ayes, all. Motion carried.

MOTION 2008:65: Moved by Ron Danner, seconded by Corrie Ponikvar, That the following be approved: **RECOMMENDATION TO APPOINT TO PROVISIONAL STAFF: Krista Bertz, PA-C – Provisional Status – Physician Assistant.** Ayes, all. Motion carried.

MOTION 2008:66: Moved by Ron Danner, seconded by Corrie Ponikvar, That the following be approved: **RECOMMENDATION TO REAPPOINTMENT TO PROVISIONAL STAFF: Kurt Papenfus, MD – Emergency Medicine.** Ayes, all. Motion carried.

THE MEMORIAL HOSPITAL BOARD OF TRUSTEES MEETING

June 25, 2008, 7:00 p.m.

Page 3

RECOMMENDATION FOR EARLY REDEMPTION OF REMAINING BONDS: Missy Bonaker stated that a HUD requirement for a mortgage guarantee is the payment of any existing bonds. The Finance Committee has recommended early redemption.

MOTION 2008:67: Moved by Missy Bonaker, Seconded by Brenda McKay, That the Board of Trustees approve the early redemption of the remaining bonds on the VNA addition in the amount of \$208,800.00. Ayes, all. Motion carried.

RECOMMENDATION FOR RECRUITMENT PRIORITIES FOR TMH FOR 2009: George Rohrich presented these priorities as a result of the medical staff development plan discussion by the Ad Hoc Committee. These are the central components of the plan with additional pieces to come before the board.

MOTION 2008:68: Moved by Missy Bonaker, seconded by Corrie Ponikvar, That the 2009 Physician Recruitment Priorities be approved as follows:

High Priority: Orthopedics: Recruit a full time community-based surgeon.

Medium Priority: Pediatrics: recruit 1-2 community based pediatricians.
 Obstetrics/gynecology: continue to monitor the situation.

Low Priority: Ophthalmology: there is community need for additional availability of ophthalmology.

CEO REPORT: George Rohrich addressed the board as follows:

1. Physician Recruitment: There are six active family practice candidates currently. In July there will be two site visits and in August two additional site visits.
2. New Hospital project: This afternoon the hospital received HUD permission to go forward with the early site work.
3. The HUD representative will be on site July 2 and 3.
4. We are receiving excellent feedback on Dr. Ellis.

CFO REPORT: Barry Bergman report on the May financials:

Summary

- **Net Profit or Loss** – We have bounced back after a couple of rough months, posting a net income of \$128k, bringing us to a YTD net profit of nearly \$355k. This is still 61% behind budget for the year; this is explained in greater detail below.
- **Gain or Loss from Operations** – We had a significant improvement in May, posting a loss from operations of \$8k as opposed to the loss of \$188k in April. Year to date we have a loss of \$327k, and a net operating margin of -2.3%. A positive operating margin of 1% is our goal.

THE MEMORIAL HOSPITAL BOARD OF TRUSTEES MEETING

June 25, 2008, 7:00 p.m.

Page 4

Volume

- Admissions in May have improved, nearly hitting budget at 68 (budgeted number was 70). At 317, we are 4 ahead of same time last year, but still 8.1% behind the budgeted number of 345.
- Even with improved admission figures, our average daily census (ADC) has dipped at only 6.0 for the month. How does this happen you ask? Although we had more admissions, the average length of stay (ALOS) was only 2.3 days. We budgeted for 3.8, but our goal is to have an ALOS of 3.9 days. There were times last year where we were averaging 4.3. Swing bed remains relatively close to budget at 1.7 versus 2.0, but med/surg is only at 5.9 versus the budget of 8.0.
- In May, we bounced back mightily for the April figure of 404 ER visits, recording 553 visits. At 2,508 visits YTD, we are 3.2% or 78 visits ahead of the budgeted 2,430. Last May we recorded 591 visits, for a YTD total of 2,603.
- Outpatient visits (which include ER visits and OP surgery visits) were only slightly under target this month at 1,574 visits. For the year, we are nearly exactly on budget being 4 less than the budgeted 8,099 visits.
- Surgeries still lag behind current year budget and behind last years numbers. We did 96 in April versus the budgeted number of 115. For the year, we are well below budget, down 13.2% for the year at 473 versus the budgeted 545. We are 10.6% behind last years' number of 529.

Operating Revenue

- We had gross patient revenues of \$2.23m in April, missing the budgeted number of \$2.28m by 2.3% or \$52k. This puts us 2.9% or \$324k behind the YTD budget. At \$10.85m of gross patient revenue, we are still 7.8% or \$849k ahead of the same time last year.
- Contractual adjustments are running slightly higher than budgeted, but nothing too alarming. We are actually experiencing less than budgeted adjustments for charity care and bad debt (the good and bad versions of write-offs). Although bad debt (the bad version) is running higher than budgeted, the good version being charity care is running well under budget. Overall, we have written off \$115k or 11% less than we had budgeted. Further analysis will be needed to determine why the shift to charity care has not happened as expected.
- Other Income (which includes both operating and non-operating revenues) was nearly right on target in May, and we are ahead of budget for the year by \$36.6k or 4.9%. Through the end of May, we have actually received \$845k of the tax levy cash (\$600k has been recognized as other income).

Operating Expenses

- In May, we exceeded budgeted expense by \$24k or 1.6% (last month it was \$193k or 13.3% over budget). For the year, we are 3.6% or \$270k over budget.
- Employee benefit costs in May have returned somewhat to budget for the month, coming in at \$18k or 15.4% over. For the year, we are still \$328k or 55.6% over budget on these costs.
- Salaries are 2.6% above budget, and will continue to be so due to the wage determination increases given in January beyond what was included in the budgeting process last October.
- Contracted Salaries (primarily travelers) remains high, but is improving. For the year, we are \$100k or 34.6% over budget.

THE MEMORIAL HOSPITAL BOARD OF TRUSTEES MEETING

June 25, 2008, 7:00 p.m.

Page 5

CCO REPORT: Bob Lindberg advised the board of the following:

1. Recruitment of permanent employees to replace travelers in the Radiology, Lab and Respiratory Therapy departments is on being actively pursued. He expects this to be resolved in the next few months.
2. The Go Live with the Mayo Lab went well and was seamless.
3. Dr. Ellis new practice in OB/GYN is going well. Other doctors are observing him in surgery and using him as a resource.

SEO REPORT: Samantha Johnston reported on the following:

1. Press Ganey summary of Medical Staff responses. She presented the information gathered from the medical staff. Twenty four surveys were sent out with eighteen being returned. Noted distinctions are the responses between the primary care doctors and the specialists. This survey will be used as a baseline to be used for reference in the plan of action that is being put into place. The survey will be repeated in one year.
2. TMH Name Change: Samantha presented information demonstrating the poll results of the community following the suggestion of the name change. 316 Craig residents voiced their opinions through community meetings, telephone and e-mail input and the Daily Pres online poll. Forums were hosted for the community and hospital employees. The responses received indicated that further discussion on the name change was not warranted and the name will remain intact.

QHR ANNUAL REPORT: The annual report on activities provided to TMH by QHR was given by QHR representative, Kim Shultz. He stated that basic core management services are provided by QHR and additional services are provided that address critical issues such as strategic planning. Monthly organizational reporting conference calls are now being made for further enhance QHR's communication with TMH.

OTHER BUSINESS: The Executive Committee has appointed the following members to The Memorial Hospital Facilities Corporation: Kevin Peck, Lynn Villard, Tonya Griffiths, and John Ponikvar.

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

Respectfully submitted,

Melton Sullivan, Chair
jah/ 7-7-08