

**BEAUFORT MEMORIAL HOSPITAL BOARD OF TRUSTEES  
BOARD MEETING – OPEN SESSION**

**MINUTES – March 25, 2009**

**BOARD MEMBERS PRESENT:** Jerry Schulze (Chair), Pat Thompson, M.D. (Vice Chair), David Tedder (Secretary/Treasurer), Alice Wright, Terry Murray, Bill Paddock, Steve Kessel, M.D.

**OTHERS PRESENT:** Rick Toomey, Jeff White, Karen Carroll, Pat Foulger, David Homyk, Ed Ricks, Alice Moss, Paul Mazzeo, M.D., Ann Mecherle, Nora Kresch, Dawn Crawford, Paul Sommerville (Beaufort County Council Member), Bill McBride (Beaufort County Council Member), David Black (Howell, Gibson & Hughes)

**ABSENT:** Charlene Robinowich, James Simmons, M.D., Scott Stowe

**CALL TO ORDER:** Mr. Schulze called the meeting to order at 7:30 a.m., and stated that the Press had been notified. A motion was made by Mr. Tedder to go into Executive Session at 7:31 a.m. to discuss Quality Improvement, Medical Staff Credentialing, Strategic Planning, Contractual Arrangements, Legal and Personnel Matters. The motion was seconded by Mrs. Murray, and unanimously approved. The meeting re-convened to Open Session at 8:40 a.m.

**INVOCATION:** Dr. Kessel gave the Invocation.

**INTRODUCTION:** Mr. Schulze welcomed Paul Sommerville, Bill McBride and David Black.

**APPROVAL OF MINUTES – February 25, 2009:** Mr. Tedder made a motion, which was seconded by Mr. Paddock, to approve the minutes of the February 25, 2009 meeting. Unanimous approval.

**COMMITTEE REPORTS**

**Finance Committee:** Mrs. Murray stated that we had a good month in February. Gross patient revenue was \$31.5M for the month, which is \$1.3M below our budget. Our average daily census has fallen about 5% and our deliveries are also down. Net revenues were at \$12.1M and Year-to-date (YTD) at \$63.0M, which is \$600K above budget. Operating expenses as related to salaries and wages were above the budget by 3.2% and contract labor was about half of what we had budgeted. We benefited from a one-time employee benefit insurance rebate check. Depreciation expenses increased due to the transfer of the assets from Beaufort Medical Imaging. Our operating income for February was \$1M and YTD at \$3.4M. Our operating results should be remembered in light of what we heard at the annual retreat that not-for-profit hospitals are looking at operating margins of 0.84% and we are currently at 1.86%. Cash flow margin is 11.59% YTD. Revenues are growing at a faster pace than expenses. Bad debts as a percentage of net revenue is 8.5% YTD, and last year we were at 9.4%. Days cash on hand is 197.1.

Mr. Tedder asked about the recent Medicare audit findings. Mrs. Murray stated that for the FY 2007 audit results, we did not have a material financial adjustment. Mr. Paddock noted the Medicaid volumes were down and the uninsured activity was up, and questioned if this is a sign of things to come. Mr. White said one of the benefits of our community has is the demographics of our community is that we don't have major industry, so we are not seeing businesses shut down. Many of the short term workers that are here for the construction and landscaping

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businesses have slowed down, so they are migrating elsewhere. We have also had a drop in deliveries, which may be a result of the shift. Mrs. Murray noted that the change for not-for-profit hospitals has changed the outlook from stable to negative. The financial report was unanimously approved.

**Quality Improvement Committee:** Dr. Kessel presented the Utilization Review Plan and the Patient Flow report in Executive Session. Unanimous approval.

**Governance Committee:** Dr. Thompson said that due to the request from the Community Services Committee to revisit the list of applicants for our two vacant board positions, we have identified five candidates that we believe could fill the requirements. Last Wednesday evening, we interviewed two of the candidates. We have agreed to present four names to County Council: Andrea Allen, Susan Williams, Van Irwin and Leigh Stone. We are going to recommend to County Council that Andrea Allen and Susan Williams fill our current open slots for the Board. The County Council will be meeting next Monday, March 30<sup>th</sup>, at 3:30 p.m. at which time these names will be brought forward for consideration. Hopefully, they will be approved on April 13<sup>th</sup>.

She noted that in this month's Trustee Magazine there was a great article (hand-out) on finding the right Board members entitled "Back to Basics: How-tos for Recruiting Trustees" by Laurie Larson and John Combes, M.D. She stated that as we go forward, if anyone has a potential candidate for the board to please submit them to her.

**COMMUNITY OUTREACH:** Report reviewed and approved.

**MEDICAL STAFF – Credentials:** Dr. Mazzeo presented the Credentials and the Medical Staff reports during the Executive Session. Mr. Tedder made a motion, which was seconded by Mrs. Murray, to accept the MEC and Credentials Committees recommendations. Unanimous approval.

Dr. Mazzeo also presented the following policies during Executive Session:

- Needle Stick Policy
- Pandemic Flu Policy
- Sentinel Event Policy
- Organizational Ethics Statement
- Telephone Orders
- Teleradiology

Mr. Tedder made a motion, which was seconded by Dr. Thompson, to accept the policies as presented in Executive Session. Unanimous approval.

**STAFF REPORTS: Ancillary & Support Services, Human Resources, Information Systems, Patient Care Services, Public Relations, and Quality Services:** Mr. Paddock questioned the open positions in nursing. Mr. Homyk stated that there are 13 open positions on the nursing units, but not necessarily nurses. Mrs. Carroll said we do have a few open nursing positions and that we have been hiring steady since December 2008. Mr. Homyk said the nursing turnover rate is about the same as what we have seen in previous years. Mr. Schulze commented that contract labor is running half of what it was last year, which was over \$600K. He complimented the staff on their efforts to keep the costs down. Mr. Paddock noted the increased activity in the Emergency Department and asked Administrative staff to work on a

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long-term plan for the department. Mr. Paddock made a motion, which was seconded by Dr. Thompson, to approve the staff reports. Unanimous approval.

**BMH FOUNDATION:** Mrs. Moss said the total contributions from the Valentine Ball are right around \$170K, which is greater than anticipated. She also mentioned that the ticket sales for the Duke Symphony on March 28<sup>th</sup> are down and encouraged the Board members to spread the word that tickets are still available. Proceeds will go to the Keyserling Cancer Center.

**MANAGEMENT REPORT – da Vinci Equipment:** Mr. Toomey said that he had not received the letter from the state to approve the da Vinci. He also stated that there is a meeting tomorrow night with Sherice Nivens from Intuitive Surgical to discuss training with interested physicians. Mr. Toomey also mentioned that prior to this meeting the marketing plan will be discussed.

**Blood Donor Facility:** Mr. Toomey said that as he mentioned at the Board Retreat, he is currently working with Dr. Collins to investigate the establishment of a blood donor facility. The concept is to look at moving from the dependence on the donor van and the donor room in the hospital to a small facility, which we might lease for two years to see how we can grow our volumes. He stated that as our blood volumes grows to meet our usage, the price per unit drops and to see the breakeven point. Dr. Collins believes that with a dedicated facility and its own identity, we should be able to grow and entice more people to give more blood. He noted that we are still continuing to work with the military agreement.

**Radiation Oncology:** Mr. Toomey said that both Dr. Gallagher and Dr. McNab met with us for the second time along with six physicians and said there are two consensuses: Dr. Gallagher is impressive and dynamic, also Dr. McNab is a very strong candidate and committed to BMH; however, Dr. Gallagher is not available as quick as Dr. McNab, so we are moving forward with engaging Dr. McNab to become our Radiation Oncologist. He has been working here for the past three months and has great rapport with the patients. In about six months to a year, we will encourage Dr. Gallagher to work with us. We will need to work through support issues in setting up his private practice.

**Reorganization:** Mr. Toomey said we have finalized 95% of the reorganizational structure and will be meeting with the directors who will be realigned this week. Once this has taken place, we will rollout the organizational matrix to the Board and to all BMH employees.

**CEO Goals (handout):** Mr. Toomey said the goals are aligned with our 5 driving strategies. *First goal was to have a Quality SWOT Assessment in March, which is late and will be presented at the next Board meeting.* Mr. Paddock questioned the goal of having 3 physicians recruited, and Mr. Toomey clarified the goal would be to have the physicians on-site. *Dr. Kessel stated that it would be worthwhile to have these goals reviewed monthly, and the Board agreed..*

**Healthcare Forum:** Mr. Toomey asked everyone to mark their calendars for 6:00 p.m. on Thursday, May 21<sup>st</sup> at the Holiday Inn for an update on healthcare with Tom Deweese, Regional Executive, AHA; Thornton Kirby, President & CEO, SCHA; and Todd Atwater, CEO, SC Medical Association. It would resemble the meeting we held last May with Tom Deweese and Thornton Kirby; however, we will invite a much larger audience to attend. Mr. Schulze inquired about the Past Board Members Dinner that was held last year, and Mr. Toomey said we will hold this dinner annually, as it was very well received. Currently, we are targeting early November

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for the Past Board members' dinner and will look at scheduling a Physician's Dinner in early October (also an annual event).

*Mr. Toomey said in next month's Board Executive Session (closed) we will review the breakdown of department expenses, discuss the methodology used to calculate the expenses, and discuss where we go from there.*

**CHAIR ANNOUNCEMENTS:** Mrs. Moss reminded everyone to mark their calendar for April 9<sup>th</sup> for the community-wide Open House for HealthLink. She mentioned that at 5:30 there would be special recognition for the individuals who participated in this year's Valentine Ball. Invitations will be sent out shortly to all of the participants from the Valentine Ball.

Mr. Paddock asked to keep the momentum going from the Board Retreat; Mr. Toomey agreed and said we should have a 30 day retrospective with key points and discuss what we should do or do differently. *This item will be included in next month's agenda.* Mr. Toomey thanked everyone for their participation in the Board Retreat and that the discussions were greatly appreciated.

Mr. Tedder stated that he would be at the County Council meeting in Bluffton at 3:30 p.m. on March 30<sup>th</sup>.

*Mr. Schulze asked that all the candidates interested in serving on the Board be invited to the May 21<sup>st</sup> event to keep them engaged and interested.*

**ADJOURN:** The meeting adjourned at 9:28 a.m.

Respectfully Submitted,

David Tedder  
Secretary/Treasurer