

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

MINUTES – June 24, 2009

BOARD MEMBERS PRESENT: Jerry Schulze (Chair), Pat Thompson, M.D. (Vice Chair), David Tedder (Secretary/Treasurer), Bill Paddock, Steve Kessel, M.D., Terry Murray, Andrea Allen, James Simmons, M.D.

OTHERS PRESENT: Rick Toomey, Jeff White, Ed Ricks, David Homyk, Paul Mazzeo, M.D., Paul Sommerville (Beaufort County Council Member), Ann Mecherle, Dawn Crawford, David Black (Howell, Gibson and Hughes), Bill McBride (Beaufort County Council Member)

ABSENT: Susan Williams, Karen Carroll, Pat Foulger, Scott Stowe, Alice Moss, Nora Kresch

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 Dr. Thompson 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 Mr. Tedder, and unanimously approved. The meeting re-convened to Open Session at 10:00 a.m.

INVOCATION: Dr. Thompson gave the Invocation.

INTRODUCTION: Mr. Schulze welcomed Paul Sommerville and Bill McBride (Beaufort County Council Members) and David Black from Howell, Gibson and Hughes.

APPROVAL OF MINUTES – May 27, 2009: Mr. Paddock made a motion, which was seconded by Dr. Thompson, to approve the minutes of the May 27, 2009 meeting. Unanimous approval.

COMMITTEE REPORTS

Compliance: Mrs. Wadas presented the quarterly corporate compliance report for the first quarter and discussed the minutes from the June 10th Compliance meeting. *Mr. Schulze asked that a sample of the Medicare beneficiary notice that patients receive on admission be included in the next Board book.*

Finance Committee: Mrs. Murray said the drop in our census to 113.4 had a ripple effect in our revenue. The operating margin dropped to a negative 4.29, and the cash flow margin dropped to 5.28% from 13.03% in April; however, our YTD is 11.4%. Salaries and wages, along with employee benefits were over budget by \$622K; however, when we compare the combination of payroll and contract labor (exclusive of benefits) between the periods of 2008 and 2009, we see that that the variance is 4.8%, which is reasonable considering the salary increases and market adjustments over the past year. The operating income for May had a loss of \$167,720 and YTD operating income is at \$5M. She noted that Broad River Healthcare added another \$615K YTD to our operating income.

Mrs. Murray said the Finance Committee had an excellent presentation Monday by John Cheney of Ponder and Associates regarding an analysis of debt capacity for BMH. She stated that his company has been secured to identify tax-exempt financing options for capital projects. The key assumptions from Mr. Cheney's presentation is that BMH could borrow a total of \$66M million

of which \$50M would be used for capital projects and the remaining \$16M would be used for the associated financing costs. She noted that the current fixed interest rate of 7.35% is 50% higher than in previous years. *She stated that she has asked Mr. White to begin working on a 5 year forecast and to explicitly lay out the debt to be incurred by each project within the hospital. She asked for assumptions associated with the financial projections. She asked Mr. White to present his findings to the Board in the coming months.* She also mentioned that the county issues the bonds and the municipal tax-free bond; however, the hospital would be responsible. She said we currently have \$15M outstanding in debt payment and payable until 2018. The financial report was unanimously approved.

Mrs. Murray stated that Mr. White provided an update on the IRS 990 form that was recently filed. He reviewed our top five vendors and top five professional services firms (handout).

Quality Improvement Committee: Dr. Kessel presented the following reports in Executive Session:

- Medical Staff PI Report
- Infection Control Plan
- Risk Management Manual for BMH

The Risk Management Manual for BMH was tabled, as further revisions are currently underway. The Patient Advocate report was discussed and it was noted that the Patient Advocate is doing a good job of resolving issues in a timely manner. Dr. Thompson made a motion, which was seconded by Mr. Paddock, to approve the Medical Staff PI Report and the Infection Control Plan. Unanimous approval.

COMMUNITY OUTREACH: *Mr. Schulze requested that Mr. Senn present to the Board in the next couple of months how to close the loop on follow-up care from testing.* Report reviewed and approved.

MEDICAL STAFF – Credentials: Dr. Thompson excused herself, as her privileges were up for approval. Dr. Mazzeo presented the Credentials and the Medical Staff reports as discussed in Executive Session. Mr. Tedder made a motion, which was seconded by Mr. Paddock, to accept the MEC and Credentials Committees recommendations. Unanimous approval.

STAFF REPORTS: Support Services, Human Resources, Information Systems, Patient Care Services, Public Relations, and Quality Services: Mr. Homyk thanked all Board members and Paul Sommerville who attended the recent Leadership Retreat at Dataw Island Club. He reported that the event was very successful and expressed his appreciation for the Board's support and encouragement. Mr. Paddock questioned the turnover rate in the primary care office. Mr. Homyk said some of the turnover were spouses of military that had been relocated. Mrs. Murray made a motion, which was seconded by Dr. Thompson, to approve the staff reports. Unanimous approval.

BMH FOUNDATION: Mr. Scott and Mrs. Moss were absent.

MANAGEMENT REPORT – daVinci Surgical System: Mr. Toomey reported that Drs. Thompson and Royal have completed three proctored cases and Dr. Werner is close to

completing his three proctored cases as well. Mr. Toomey said that patients and staff are very excited about the new machine. Dr. Thompson said the length of stay for patients will drop dramatically. A few other physicians have expressed interest in receiving daVinci training.

Meditech: Mr. Ricks gave a brief overview of the Meditech upgrade. He said the total project will cost \$2.5M (\$1.5M for Meditech software/services and \$1M for server infrastructure, as well as for some integration projects). He said it would take about 18 months to complete the upgrade and would “go live” around January 2011. He also stated that BMH could potentially receive stimulus money from the government, if we meet the final established criteria. Dr. Thompson also noted that non-hospital based private practice physicians would also be eligible for stimulus money. Mr. Ricks noted that in 2015, if hospitals do not have an EMR system they will be penalized 2% of Medicare payments. *Mr. Paddock requested Mr. Ricks to come back and review the reengineering process with the Board at our next meeting.* Mr. Tedder made a motion, which was seconded by Mrs. Allen, to approve the purchase of the Meditech upgrade and costs associated up to \$2.5M.

On-Call Pay: Mr. Toomey said the anniversary date for the On-Call Pay program is July 1st. He will be discussing with Don Meyer (our attorney from Moore & Van Allen) going to a month-to-month and extend it for six months. He said a formalized evaluations needs to be done and then to present back to the Board along with recommendations. *Mr. Paddock suggested we reconvene the Steering Committee to review all of the data in the next couple months.*

CHAIR ANNOUNCEMENTS: Mr. Schulze that the November and December Board meeting dates are now scheduled for November 24th and December 23rd and asked everyone to look at their schedule to be sure they did not have any conflicts.

ADJOURN: The meeting adjourned at 10:57 a.m.

Respectfully Submitted,

David Tedder
Secretary/Treasurer