

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

MINUTES – July 29, 2009

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

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

ABSENT: Bill Paddock, Jeff White, 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 Mrs. Williams 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 Dr. Kessel, and unanimously approved. The meeting re-convened to Open Session at 9:12 a.m.

INVOCATION: Mrs. Williams 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 – June 24, 2009: Mrs. Murray made a motion, which was seconded by Mrs. Allen, to approve the minutes of the June 24, 2009 meeting. Unanimous approval.

COMMITTEE REPORTS

Finance Committee: Mr. Toomey noted the copy of “An Important Message from Medicare about Your Rights” for review, which is given to patients upon admission and again at discharge.

Mrs. Murray said June was a very good month for the bottom line. Our census averaged 127, which is on budget for the month and YTD. The emergency room visits were 6% over budget and noted 31% of those were uninsured and 26% were Medicaid patients. Our outpatient registrations were 8% over budget. These strong stats led to overall patient revenue of \$36M for the month; however, we were over budget in total operating expenses by \$2.2M primarily in salaries and wages, supplies related to our higher volumes, and we also saw an increase in provision for bad debt (current trend with our sour economy). Operating income for the month was over budget at \$882K and about \$50K over budget.

She noted that this is the end of our third quarter and discussed our YTD numbers, which will be the basis for our new budget. Our total revenues for June were \$121M and total operating expenses were \$115M. The operating income was \$5.9M, which is \$1.1M below our budget. Our operating margin YTD is 1.76, which is below the 4% of Aa3 rated hospitals. Our cash flow margin YTD is 11.14%. Days in accounts receivable is benchmarked at 50 and we are right on target. Days cash on hand is considerably above the benchmark of 150 at 192.3. Debt to

cash flow is excellent at 1.4! She noted that our balance sheet is very strong! Cash to debt is 3 times above the benchmark. Debt service coverage is 10.4, which is an incredible amount considering our bond covenant is set at 1.25. Average age of plant is 8 years, which indicates that we are reinvesting in our capital assets. Return on assets is right at the benchmarks of 4.5% at 4.61%. Mrs. Murray stated we had a great month, but remains difficult due to the current state of the economy. The financial report was unanimously approved.

Mrs. Murray mentioned an article on “Strategies to Reduce Financial Risk in a Perilous Economy” from the July/August issue of the Trustee magazine (handout). She said it was a great article and when looking at the dashboard, she said she could easily see that BMH was very healthy in comparison. She suggested everyone review this article and determine if this might be helpful when presenting the financial data to the Board, in order to get a quick snapshot of where we are financially. Mrs. Williams noted we are well below our benchmark on expenses and questioned how we are able to keep them below our budget. Mrs. Murray mentioned that it has been our focus under Mr. White’s excellent leadership for some time.

Mr. Tedder mentioned that while attending a recent Governance Institute conference both the American Hospital Association and the South Carolina Hospital Association (SCHA) are discussing implementing testing of core competencies to serve as a Board Trustee. He said that one of the core measures is the understanding of financials and that they keep raising the bar. Mr. Toomey stated that the SCHA has a task force to work on competencies for Board of Trustees, and suggested that Mr. Paddock join the task force and he has agreed. He said that Mr. Paddock will be a great advocate for them and look forward to his upcoming discussions in the coming months.

Quality Improvement Committee: Dr. Kessel presented the Environment of Care report. Mr. Tedder made a motion, which was seconded by Mrs. Williams, to approve the Environment of Care Report and the aforementioned policies. Unanimous approval.

COMMUNITY OUTREACH: Report reviewed and approved.

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

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

- a. Medical Record Entries (Administrative policy)
- b. Perinatal Review (Medical Staff policy)
- c. Operative Notes – Charting by Exception (Medical Staff policy)
- d. Review of Standing Orders and Protocols (Medical Staff policy)

Mr. Tedder made a motion, which was seconded by Mrs. Williams, to accept the policies. Unanimous approval.

STAFF REPORTS: Support Services, Human Resources, Information Systems, Patient Care Services, Public Relations, and Quality Services: Mr. Schulze mentioned that the first reading of the budget is scheduled August 24 at 7:30 a.m. and everyone is invited to attend. Dr. Kessel questioned the Outpatient Ortho Clinic being purchased; Mrs. Foulger stated that we purchased the Live Oaks PT practice on May 1st and combined our PT department with this practice and it has been a great success. Mr. Schulze noted that we had a high turnover rate of RNs during the month of June and wanted to know what reasons were coming out during the exit interviews. Mr. Homyk stated that it was mostly related to the nurses having military spouses and that June is the typical month for military families to receive new orders (kids are out of school). Mr. Homyk said we need to do a better job of looking at our return on investment of new grads. Mrs. Williams made a motion, which was seconded by Mrs. Murray, to approve the staff reports. Unanimous approval.

BMH FOUNDATION: Mrs. Moss presented in Mr. Stowe's absence. She stated that the Foundation Board is in the process of getting ready to do a board self-assessment in the coming weeks. Mr. Toomey said he was at a recent board meeting at the College of Health Professions at MUSC and they reported a 50% reduction in donations this past year.

MANAGEMENT REPORT – *The Blood Alliance:* Mr. Toomey said we are continuing to work with The Blood Alliance to have a free standing blood center, and are considering a location across the street (where Crutches & Such use to be). He said that after 7 years, a Memorandum of Agreement has been signed between The Blood Alliance, the Naval Hospital and the Marine Air Corps Stations (MCAS) to allow The Blood Alliance access to military bases for blood drives. He stated that if we can become self-sufficient, our expenses will decrease. He said minimal renovations will be done for this building and we will trial this site for the next 12-18 months to see if it is effective in bringing in more donors.

The Joint Commission: Mr. Toomey commended Pat Foulger for her outstanding leadership and for the entire team, for the great work during the recent survey by The Joint Commission. He also thanked Karen Carroll and other leaders for the part they played to ensure the success of our passing the accreditation. He said he is proud to work with such outstanding leaders. He said the next survey will be in 3 years. He mentioned that after 40 years, The Joint Commission has to resubmit their application to Medicare to be redeemed as an entity that can survey hospitals in lieu of CMS.

Dr. Aaron Ford: Mr. Toomey mentioned that Dr. Ford, cardiologist (non-interventionalist) from Omaha, and his wife, who is a family practice physician, recently visited Beaufort. They are currently speaking with Dr. Lawton about relocating to Beaufort in July 2010.

Savannah Sand Gnats: Mr. Toomey mentioned that BMH is sponsoring Military Appreciation night for the Savannah Sand Gnats ballgame on Saturday, August 15th at 7:00 p.m. Please contact Dawn Crawford if you would like tickets and "Bug Bucks" voucher. We will also be sending out a notice to the medical staff inviting them as well.

Swine Flu Vaccinations: Mr. Tedder asked if we would be receiving an edict from CDC regarding the vaccinations for Swine Flu and Mr. Toomey said we have not yet, but will take direction from the CDC. Dr. Simmons stated that we are in fact already in a pandemic and that everyone should be vaccinated.

CHAIR ANNOUNCEMENTS: Mr. Schulze confirmed the November and December Board meeting dates for November 24th and December 23rd.

ADJOURN: The meeting adjourned at 9:57 a.m.

Respectfully Submitted,

David Tedder
Secretary/Treasurer