

**BEAUFORT MEMORIAL HOSPITAL BOARD of TRUSTEES
BOARD MEETING**

OPEN SESSION MINUTES – October 28, 2009

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

OTHERS PRESENT: Paul Mazzeo, M. D., Rick Toomey, Paul Sommerville, Bill McBride, Jeff White, Diane Wadas, Ed Ricks, Karen Carroll, Pat Foulger, Nora Kresch, David Homyk, Alice Moss, and Ann Mecherle.

ABSENT: Scott Stowe.

CALL to ORDER: Mr. Schulze called the meeting to order at 7:36 AM. Mr. Tedder made a motion, which was seconded by Mr. Paddock, to go into Executive Session for the purpose of discussing Quality Improvement, Medical Staff Credentialing, Strategic Planning, Contractual Adjustments, and Legal and Personnel Matters. Unanimous approval.

RECONVENING in OPEN SESSION: The meeting returned to Open Session at 9:10 AM.

INVOCATION: Dr. Simmons gave the Invocation.

APPROVAL of MINUTES – September 30, 2009: Mrs. Williams made a motion, which was seconded by Mr. Tedder, to approve the minutes of the September 30, 2009 meeting with the following corrections: p. 1, “Introduction”, “Members” should be “Member”; and p. 4, “Governance Committee”, “Mrs. Thompson” should be “Dr. Thompson”. Unanimous approval.

DATA CENTER RENOVATIONS: Mr. Ricks presented the IS team who had worked on the conversion, and expressed his gratitude for the hard work and dedication to the task that was displayed.

FINANCE COMMITTEE: Mrs. Murray gave the fiscal year end report which shows \$408 million in total revenue and \$160 million in net revenue. Total revenues were \$165 million, which was 8.6% above budget. Operating expenses, at \$157 million, were \$9.5 million above budget. Salaries and wages, the unanticipated purchase of physician practices, and salary market adjustments are among the causes for the variance. Operating income of \$8.2 million was \$ 808,780 under budget. ADC at 125.7 was below budget for the year. Operating margin at 2.16% was above the budget of 1.92%. Both the cash margin (11.22%) and days cash (186.8 days) were under 2008 levels. Days in A/R rose from 50 in 2008 to 52.6. Supply expense was 17% of revenue compared with

the 22% reported by Moody's hospitals. Salaries and wages, at 48%, were down 1% from 2008. The reduction in contract labor resulted in a \$972,000 savings for the year. Our auditors will begin field work in November, and plan to make a presentation to the Board in December. Financials for the physician practices will be reported separately. The financial report was unanimously approved.

QUALITY IMPROVEMENT COMMITTEE: Dr. Kessel outlined some of the changes in the Performance Improvement Plan. BMH's Core Values have been incorporated into the plan, and listed along with the hospital's Mission, Vision, and Values. Core Values have been made a component of Customer Satisfaction, and will be integrated with performance appraisals. The 5 Million Lives Campaign component has been deleted since all those goals are included in National Patient Safety Goals, which are incorporated in the plan. The Performance Improvement Plan changes were unanimously approved.

GOVERNANCE COMMITTEE: Dr. Thompson reported that Don Meyer is working on bylaws updates and revisions, and should have a draft for review in January, 2010. She also reported that the committee is continuing its review of the board appointment process.

COMMUNITY OUTREACH: The contribution, in dollars (\$425,000) made by our mobile wellness unit was discussed. It was pointed out that a mobile digital mammography unit provided by St. Joseph's Hospital regularly visits Sun City. The unit operated by LifeLine does as well. It was suggested that BMH should investigate providing bone density, ultrasound, and mammography via CHiP to Sun City and surrounding areas.

MEDICAL STAFF

Credentials: Dr. Mazzeo reported that all applications for appointment and reappointment were clean with no issues or problems. Mr. Tedder made a motion, which was seconded by Dr. Kessel, to 1) approve the following practitioners for reappointment: Shayla Bergman, M. D., Active Staff (Pediatrics); Edward Blocker, M. D., Active Staff (Orthopedics); Michael Edwards, DPM, Active Staff (Surgery-Wound Care Hyperbarics); Kurt Ellenberger, M. D., Active Staff (Pediatrics); William Jackson, M. D., Active Staff (Radiology); Thomas Miller, DPM, active Staff (Surgery-Podiatry); Mark Lawton, M. D., Consulting Staff (Medicine-Cardiology); Kathryn Jones, NP, Allied Health (Oncology/Hematology); John Kane, M. D., USN, Prov. Active Staff (Family Medicine); Christopher Hurt, M. D., (VRC), Prov. Consulting (Radiology); and Ugochi Cantave, M. D., Prov. Associate (Pediatrics); 2) approve the following practitioners requesting changes in privileges: William Jackson, M. D. (adding Kyphoplasty); Eric Billig, M. D. (change to Interventional Radiology and adding Kyphoplasty and Peripheral Angiography and Peripheral Angiographic Interventions); Phillip Blalock, M. D. (change to Interventional Radiology); and Kim Thorpe, PA change from ER to Gastroenterology with ER secondary); and Roland Nash, M. D. Prov. Active to Active (Medicine-Hospitalist). Unanimous approval.

Medical Staff Policies: Mrs. Williams made a motion, which was seconded by Dr. Kessel, to approve the following policies: Ongoing Professional Practice Evaluations Policy, Medical Staff Proctoring by Department Policy, and Informed Consent Policy. Unanimous approval.

STAFF REPORTS: PR will provide examples of mailouts and promotional materials being developed. Mr. Homyk reported that the 2% across the board pay increase has been generally well received, and that the rollout of the changes to the benefits program is going well. Mr. Tedder made a motion, which was seconded by Mrs. Allen, to approve all staff reports. Unanimous approval.

BMH FOUNDATION: The Foundation's Annual Appeal is under way, and will continue over the next several weeks. The Foundation committees are in the process of being restructured. One of the topics for the Foundation Board's November 19th and 20th retreat relates to the Board's role in fund raising and donor development.

MANAGEMENT REPORT:

- Mr. Toomey reported that architects selected as finalists for the renovation/expansion of the ER are scheduled to visit October 28th.
- HealthStream Research has been selected to conduct the medical staff survey which is scheduled to begin the first week in November. It can be taken on the internet and by mail. The goal is 65% participation. Incentives to encourage participation were discussed. Dr. Thompson commented that paying for participation has not worked in the past. She suggested that administration's guarantee that an identified issue will be dealt with within a specified time frame might be an acceptable incentive.
- Mr. Toomey briefly discussed plans for a program to develop medical staff leaders.
- The 2009 and 2010 Operational Goals (attached) were handed out, explained, and discussed. Mr. Tedder made a motion, which was seconded by Dr. Thompson, to approve the 2010 Gain Share & Operational Goals. Unanimous approval.
- Mr. Tedder made a motion, which was seconded by Dr. Thompson, that the CEO be authorized to pursue and implement the recruitment plan for needed physicians as discussed at the Strategic Planning Committee meeting of October 5, 2009 and in Executive Session today. Unanimous approval.
- Mr. Tedder made a motion, which was seconded by Dr. Thompson, to approve the contract with the orthopedist based upon the terms and conditions as discussed in Executive Session and, also, to finalize the office leasing arrangement as discussed in Executive Session. Unanimous approval.

CHAIR ANNOUNCEMENTS – ADJOURN: Mr. Schulze announced that the yearly Conflict of Interest questionnaires, required by both BMH and Beaufort County, would be handed out for completion. He asked that they be completed and handed back as soon as possible. Dr. Thompson moved adjournment at 10:10 AM. Unanimous approval.