

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

MINUTES – May 26, 2010

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

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

ABSENT: 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. Mr. Schulze welcomed Christina Sanders from Dixon Hughes.

IRS 990 REVIEW – Christina Sanders, auditor for Dixon Hughes, presented a review of the Action Step Checklist for the IRS 990. *Mr. White will prepare the Schedule H and review it during the next Board meeting (optional for 2008).* Mrs. Mecherle stated that the Board policies are in the process of being reviewed by Don Meyer. Mrs. Murray noted that it will be required in 2013 to provide a community needs assessment; therefore, in preparation, management is beginning to discuss how to collect data and whether we can piggyback with other communities' data (i.e., DHEC). *Mr. White will check the incorporation date of BMH to ensure it's listed correctly on the IRS 990 form. Mr. Toomey suggested that a binder be created with the last 3 years copies and that Mr. White will be the keeper of this data.* Mr. Tedder made a motion, which was seconded by Mr. Paddock, to accept the information as presented. Unanimous approval.

A motion was made by Dr. Thompson to go into Executive Session at 8:15 a.m. to discuss Quality Improvement, Medical Staff Credentialing, Strategic Planning, Contractual Arrangements, Legal and Personnel Matters. The motion was seconded by Mr. Paddock, and unanimously approved. The meeting re-convened to Open Session at 9:45 a.m.

INVOCATION: Mrs. Allen gave the Invocation.

APPROVAL OF MINUTES – April 28, 2010: Mr. Paddock made a motion, which was seconded by Dr. Thompson, to approve the minutes of the April 28, 2010 meeting. Unanimous approval.

COMMITTEE REPORTS

Finance Committee – Income Statement (pg. 10): Mrs. Murray reviewed the financials and noted that the information has been condensed to show key information for best decision making. She stated that the inpatient revenue for April was below budget by \$2.8M, because our average daily census was low at 118 compared to our budget of 130 and it was also below the previous April of 128. Outpatient revenues were over budget by \$1.1M and YTD at \$11M above budget, which just about offset the inpatient revenue. She said the staff has done a good job,

once again, of controlling expenses and came in under budget by \$1.1M; however, she noted there were a few expensive healthcare claims causing our benefits to exceed budget and contract labor expenses for the month. The operating income for the month was \$580K and YTD at \$5.4M, which is almost \$1M above budget. She noted that our balance sheet remains very strong with cash reserves being used to pay down debt.

Dashboard – Mrs. Murray stated that our operating margin for the month was about half of our annual budget (1.58%) at .86%; however, YTD we are at 2.46%. She handed out an updated Dashboard, which the Finance Committee recommended, in order to show the actual budget (noted by a B) and or the Moody's rating (Aa). She said our operating margin is still above budget and YTD at 2.46%. Our salaries and benefits as a percent of net patient revenue with contract labor have inched up above our target, due to an increase in contract labor and health care expenses as previously mentioned. Supply costs are going down and are on target at 16.8%. Bad debt is improving, since we moved some of this to charity care. Days in accounts receivable went up, because of Medicare claims increasing by 2.5 days. Our turnover rate is still above our target of 10%. *Mr. Homyk will put together a more detailed report in the future to show where the attrition is occurring.* Mrs. Murray said that we are anticipating about an \$800K decrease in Medicare reimbursements next fiscal year. She also noted that we will not see the results from the cigarette tax until 2012.

Audit Schedule – Mrs. Murray said the audit schedule has been established and the auditors will begin their field work June 21st and then return in November and complete it in December. They will then meet with the Audit Committee on January 24, 2011 and present to the Board on January 26th.

She also mentioned that Mr. White has sent out an RFP to 4 banks for the financing of capital projects; however, it has not been decided yet on how we will handle this debt.

Dr. Kessel asked if we could determine the number of patients is going up or down for the primary care offices. Mrs. Foulger said we could report it by patients or by line of service. Currently, Mr. Toomey said we are 13% above budget in outpatient registrations (126K YTD). *He said that he just received market share data for the past 4 years (it lags one year) and that it is fairly stable, which he will circulate to everyone.* Mrs. Murray stated that perhaps we need to review our entire business model to see where the business is going. Mrs. Foulger stated that we are seeing a reduction in CHF patients being readmitted (about 50%), and also doing some creative and innovative things with the Good Neighbor Medical Clinic (GNMC), so we are seeing some reduction in patients that we would probably have seen in the ER. The financial report was unanimously approved.

Quality Improvement Committee: Mrs. Foulger presented in Dr. Simmons absence the following reports and policies:

1. Customer Satisfaction Report
2. Medical Staff PI Report
3. 2010 Infection Prevention and Control Plan / Risk Analysis Grid
4. Infection Control Policy ICP 1-1: Infection Prevention and Control Plan
5. Administrative Policy RR1: Complaint and Grievance Procedures

Mr. Tedder made a motion, which was seconded by Mr. Paddock, to approve the reports and policies as discussed in Executive Session noting the change on the Complaint and Grievance policy as previously mentioned. Unanimous approval.

Community Wellness Committee: Dr. Kessel stated the committee had their first meeting and another one is scheduled for tomorrow. He invited Fred Leyda, Coordinator of Beaufort County's Together for Beaufort project, to present their activity at the coming meeting. Dr. Kessel said he is amazed at what he has learned about the efforts already underway in our community to address health issues. He said he feels we will be able to find areas where BMH can get more involved.

Governance: Dr. Thompson said they did not meet and are anxiously awaiting Mrs. Mecherle's success in Charleston with the bylaws.

COMMUNITY OUTREACH: Report reviewed and approved. Mr. Paddock questioned the community value (pg. 2) of \$265K and whether it will be noted on Schedule H. Mr. White stated that it would be included. Dr. Kessel said there is a shift for primary care to have easier access to mental health care for patients.

MEDICAL STAFF – Credentials: Dr. Mazzeo presented the following practitioners for reappointment: Lynn Norton, MD, Active Staff (OB/Gyn); Ronald Wise, MD, Consulting (General Surgery); Joseph Walters, MD, Associate Staff (Psychiatry); Jocelyn Ajala, MD (U.S. Navy), Associate Staff (OB/Gyn); Karl Boatright, MD, Consulting Staff (Orthopedics); Scott Shaffer, Ph.D., Allied Health (Psychology); Jeffrey Zorn, MD (VRC), Consulting (Radiology).

The following practitioners requested appointment: Jason Wright, PA (sponsored by Drs. Gambla, Hucks and Kessel), Allied Health Professional (Internal Medicine); Mary Elizabeth Durant, NM (sponsored by Beaufort OB/Gyn), Allied Health Professional (OB/Gyn) – all deliveries to be proctored until appropriate number determined by Dept. of OB/Gyn with provisional/temporary privileges.

The following practitioners requested leave of absence/currently on leave: Benjamin Gaines, MD, Active Staff (OB/Gyn), for temporary leave of absence.

Six month quality review: Ravian Balchandani, MD, Provisional Active (Cardiology); Ifeoma Nnaji, MD, Provisional Associate (Family Practice).

Mr. Tedder made a motion, which was seconded by Mrs. Williams, to accept the MEC and Credentials Committees recommendations. Unanimous approval.

Dr. Mazzeo also presented the following order forms for approval:

- Adult Subcutaneous Insulin Order
- Thrombolysis for Acute Pulmonary Embolism/DVT

Mr. Paddock made a motion, which was seconded by Mr. Tedder, to approve these order forms. Unanimous approval.

STAFF REPORTS: Support Services, Human Resources, Information Systems, Patient Care Services, Public Relations, and Quality Services: Mrs. Murray commended the staff in 2 East for the work they do with NAMI. Mr. Paddock noted the effort that is being made to

improve OR start times. Mrs. Foulger stated that Dr. Tober is leading this effort. Mrs. Foulger also noted that BMH has received the American Heart Association Gold Award for the sustained improvement we have demonstrated in patients diagnosed with CHF (Congestive Heart Failure). Mr. Homyk invited everyone to the upcoming Leadership Retreat at Dataw Island Club on Friday, June 4th, and to notify Dawn if planning to attend.

Dr. Thompson made a motion, which was seconded by Mrs. Allen, to approve the staff reports. Unanimous approval.

COMPLIANCE: Mrs. Wadas presented the Compliance Committee quarterly report and the Code of Conduct. Mr. Tedder made a motion, which was seconded by Mr. Paddock, to approve the Code of Conduct (pg. 3). Unanimous approval.

BMH FOUNDATION: Ms. Moss presented the Foundation report and noted that contributions are up compared to last year. She said the Foundation board is currently working on action plans to put milestones together for the fall meeting. She also invited the Board members to attend the upcoming “Honor a Caregiver” event on June 17th.

MANAGEMENT REPORT: Mr. Toomey called upon Mr. Ricks to update the board on the status of the “warm site”. Mr. Ricks said the “warm site” is now operating and data is now secure. He said we contracted with Hargray for the “warm site”, which is located in their telecommunications data center in Pritchardville. Mr. Ricks also reported that part of our phone system was damaged by lightning yesterday.

Mr. Toomey said that we and the Technical College of the Lowcountry are meeting with the Mayor and city representatives to discuss Ribaut Road construction concepts.

Mr. Toomey applauded Ray Brown and his staff for putting together a great Safety Fair last week and noted we had over 500 employees receive hands-on training with fire extinguishers. He also mentioned that he and Board Chairman, Jerry Schulze, gave a presentation to the County’s Community Services Committee, updating them on hospital activities. He said he would like to give an update twice a year to County Council to keep them informed.

Mr. Toomey said the dinner for past board members was well-attended last week. Thornton Kirby, President of the South Carolina Hospital Association, presented a summary on healthcare reform, and gave an update on BMH. Mr. Toomey plans to hold these dinners every two years.

Mr. Toomey stated that the interviews were complete for the Executive Director position, and he will be collecting the results and make a final decision by end of week.

Succession Plan – Mr. Toomey handed out the plan and asked the Board to contact him with any questions. He said it’s a constant work in progress and now focusing to ensure the members noted in the plan have the educational experiences needed, in order to be better prepared.

Strategic Planning Committee – Mr. Toomey stated the next meeting will meet on June 8th at 5:30 p.m. to discuss the topics of breast services and women’s services.

Physician Leadership – Mr. Toomey has contacted the 7 physicians to begin focusing on the survey and the following questions:

1. If they could change one thing to make their life better, what would it be?
2. If the hospital could make one change to make their patients visit better, what would it be?

American Diabetes Campaign – Mr. Toomey said the Kiss-A-Pig Campaign was a success and thanked everyone for their support along with his chair leaders, Mayor Keyserling and Sonny Googins. He said he is now working with ADA to discuss who their next Beaufort candidate will be for next year's campaign.

Certificate of Need (CON) for Emergency Department – Mr. Tedder made a motion, which was seconded by Mrs. Murray, that the Emergency Department upgrades and expansion as previously discussed be submitted to the SC DHEC for CON approval, and that our CEO be authorized to submit whatever documentation is needed to obtain the CON approval. Unanimous approval.

CHAIR ANNOUNCEMENTS: None

ADJOURN: The meeting adjourned at 10:22 a.m.

Respectfully submitted,

David Tedder
Secretary