

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

**MINUTES – August 25, 2010**

**BOARD MEMBERS PRESENT:** Jerry Schulze (Chair), Terry Murray (Vice Chair – *via phone*), David Tedder (Secretary/Treasurer), Bill Paddock, Susan Williams, Steve Kessel, M.D., James Simmons, M.D., Andrea Allen

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

**ABSENT:** Scott Stowe, Pat Thompson, M.D., Karen Carroll

**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. Allen, and unanimously approved. The meeting re-convened to Open Session at 9:07 a.m.

**INVOCATION:** Mrs. Allen gave the Invocation.

**INTRODUCTION:** Mr. Schulze welcomed Robert Achurch from Howell, Gibson & Hughes, Dr. Kurt Gambla, and Paul Sommerville (Beaufort County Council Member).

**APPROVAL OF MINUTES – July 28, 2010:** Mr. Paddock made a motion, which was seconded by Dr. Kessel, to approve the minutes as submitted with noted changes of the July 28, 2010 meeting. Unanimous approval.

**EMPLOYEE OPINION SURVEY PRESENTATION** – Mr. Homyk introduced Ibis Valles from PRC, who presented the highlights from the recent Employee Opinion Survey. She stated that we had a participation rate of 84.5%, which is an outstanding rate! She noted that we had 79.1% in 2008. She also said that the percent of “excellent” ratings for “As a Place to Work” went up 9% from 2008; which moved us from the 35<sup>th</sup> percentile in 2008 to the 60<sup>th</sup> percentile in 2010. She stated that the top three key drivers for the overall perception of BMH as a Place to Work for 2011 are: 1) Senior Leadership (*jumped up 24 percentile points*), 2) Total Compensation Package (*jumped up 21 points*) and 3) Degree People are Treated Fairly (*jumped significantly from zero to 43.3 percentile*).

The slide presentation will be posted on our Intranet. She said overall we have made significant improvements in the past two years. She said we have jumped in all areas except employees’ perception of overall empowerment (dropped 3 points). Mr. Homyk said between September and November, each Director will review their departmental results with their staff. He also stated that the next steps will be to focus the development of our leadership team. Ms. Valles stated that Action Plan training will begin January 2011, which will be done online this year. Mr. Toomey said there is a better sense of engagement with the management team and it is building. Mr. Schulze congratulated Mr. Toomey and Mr. Homyk for their leadership in producing such positive results.

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## COMMITTEE REPORTS

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

- Medical Staff PI Report
- Customer Satisfaction Report
- Use of Medical Staff Funds Policy
- Conference and Meeting Attendance Policy
- Conflict Management Plan Policy
- Provision of Care, Treatment and Services Policy

Mr. Paddock made a motion, which was seconded by Mrs. Williams, to approve the reports and policies. Unanimous approval.

**Governance:** Mr. Paddock reviewed the following policies in Dr. Thompson's absence:

- Board Travel Policy
- Board Education Policy
- Approval of Disbursement Requests and Check Signing Authority Policy
- Cash Management Policy

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

*Mr. Paddock said the Broad River Healthcare bylaw changes and board reappointments would be reviewed at the next board meeting.* Mr. Tedder said there is a technical question about the bylaws regarding the terms of existing board members that should be clarified, and that a staggering of terms for succession purposes was discussed at the last Broad River Board meeting. The Broad River Board members will discuss a methodology to spread out the terms, and would adopt by resolution whatever accommodation they reach.

*Mrs. Mecherle will provide finalized copies of the Broad River Healthcare bylaws to all board members for discussion at the next meeting.* Mr. Paddock stated that Mrs. Murray and Dr. Simmons board terms expire next year and that we need to contact them regarding their decision to extend or come up with replacements if needed. *Mrs. Mecherle said Dr. Thompson will be contacting them soon for their decision.*

Mr. Tedder said that regarding the proposed general proxy for use by Board members, he feels that we need to pass a resolution for a specific, special ballot use, not a general proxy, as well as not using special proxies for extraordinary matters, such as findings of rebuttable presumptions. *He suggested that we contact Don Meyer to rework the resolution for Governance.* The consensus of the board was supportive of the specific proxy approach.

Mr. Tedder made a motion, which was seconded by Mrs. Williams, that in the case of Dr. Cantave, we accept her letter of extenuating circumstances that would excuse her having missed the next available pediatric board exam as generally required under the by-laws, but that it would count as a failure to pass or miss, leaving one opportunity to take the next board examination. Dr. Simmons recused himself from the vote. Unanimous approval.

**Finance Committee** – On behalf of Mrs. Murray, Mr. Schulze presented a resolution (pg. 13) to express the intent of the board of trustees of BMH to cause the hospital to be reimbursed for certain costs for the acquisition, construction, and expansion of certain tracts of land, relating to the issuance of hospital facilities revenue bonds and to designate the Chief Financial Officer to

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declare official intent on behalf of the hospital. The following would be included in an upcoming bond offering:

1. Purchase of approximately 20 acres of land in Bluffton
2. Emergency Room expansion, improvements, equipment and furniture
3. An Administrative Building of approximately 45,000 square feet with furniture and equipment
4. Intensive Care Unit expansion
5. Emergency power system

Mr. Tedder made a motion, which was seconded by Mrs. Allen, to accept the resolution as presented. Unanimous approval.

**Dashboard (pg. 5):** Mr. Schulze stated we had a record low census of 97.5 and ended the month with a negative operating margin of -9.33% and a loss of \$737,061. Cash flow margin was 1.34%; however, YTD we are at 11.16%. Days cash on hand went up 4 days in July to 198.6. Salaries and benefits as a percentage of net patient revenue was 57.64% and with contract labor at 58.08%, again primarily due to our low census and low revenues. Days in accounts receivable were 58.47; this continues to be a challenge primarily due to some governmental agencies not paying on a timely basis. He also noted that turnover is high at 12.10%.

**Income Summary (pg. 8)** – Mr. Schulze said the inpatient revenue was \$6.5M below budget and almost \$25M below budget YTD. He stated that we basically targeted the wrong number for our FY 2010 census. However, the outpatient revenue made up for some of this variance with a positive \$16M YTD and \$1.5M for the month. Our total net patient revenue for the month was \$2.2M below budget and YTD at \$1.5M below budget. On a positive note, our total operating expenses were \$444,633 below budget. He commended the staff for the close control of supplies and said we are \$1.1M below budget YTD. Our operating income YTD is below budget by \$761K. Mr. Schulze said our YTD operating margin was 1.39%, which is below our Gainsharing goal of 1.58%. However, we still have two months to reach the goal and he believes we will make it. The financial report was unanimously approved.

Mr. Schulze said a separate Audit Committee is being formed and will include Mr. Paddock, Mrs. Allen, Mrs. Murray, Mr. Schulze, and Van Irwin (a local CPA).

Mr. Paddock noted that we have been receiving better reimbursements from Medicare than other local hospitals.

**First Reading FY11 Budget:** Mr. Schulze also commented on the first reading of the FY11 budget, stating we forecasted an uptick in the census with the addition of three new cardiologists, two psychiatrists, and a GI specialist (to start in October). Mr. Tedder questioned the increase of 5 days on the Average Daily Census. Mr. Toomey said the Finance Committee discussed this item thoroughly and has asked the staff to go back and review the assumptions from both the plus side and negative side. Mr. Tedder also questioned the increase of \$33M for the consolidated outpatient revenue (pg. 20) over this year's budget. Mr. Toomey said he is optimistic about this increase and that YTD we are already \$16M ahead this year. Mrs. Williams questioned the observation days (pg. 17) were budgeted 100 less than this year. Mr. Toomey said that Mrs. Carroll and her staff reviewed this number on a day-by-day basis and there is an average of 3.5 patients on observational status per day.

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- At the first reading of the FY 2011 Budget, the Board expressed concerns over the projected census (122.6) being too high and requested staff review this for the second reading.
  - The Board asked that staff analyze what impact on revenues as well as expenses a reduction in census would have on the Budget.
  - The Board asked that all capital be included in the Capital Budget.
  - The Board asked that FTEs for the physician's clinic be identified separately and that staff collapse like departments together for the ease of review.
  - The Board requested Other Expenses be broken out in detail for review.
  - The Board will be expecting five year projections for Capital, Cash Flow and Income statements at the second reading.

**COMMUNITY WELLNESS:** Dr. Kessel said they have come up with a few ideas for community wellness:

1. To provide a Sunday brunch in our cafeteria and combine it with a walk in Kate Gleason Park and to advertise it in the local newspaper
2. To hold a farmers market for employees next year in the park
3. Telemedicine with the Intel Health Guide to help manage health conditions

Dr. Kessel also handed out a brochure on Mental Health Services in Beaufort and Jasper counties.

**MEDICAL STAFF – Credentials:** In Dr. Mazzeo's absence, Dr. Gambla presented the following practitioners for reappointment: Nicole Broerman, MD, Active Staff (Pediatrics); Perin Diana, MD, Consulting Staff (Ophthalmology); Carlos Cordero, MD, Active Staff (Internal Medicine); Roland Nash, MD, Active Staff (Hospitalist); Robert Anton, MD, Courtesy Staff (Radiology); Albert Su, MD (VRC), Consulting Staff (Radiology); S. Clark Trask, MD, Courtesy Staff (Family Medicine); G. Frederick Worsham, MD, Consulting Staff (Pathology); Warren G. Tucker, MD, Consulting Staff (Pathology); Joseph Harman, MD, Consulting Staff (Pathology); J. Strong, MD, Consulting Staff (Pathology); Jeffery Reuben, MD, Active Staff (Orthopedics); Faith Polkey, MD, Active Staff (Pediatrics); Trenton Statler, DPM, Active Staff (Podiatry); Richard Stewart, DO, Active Staff (Gastroenterology); Aaron Sarathy, DMD, Active Staff (Oral & Maxillofacial Surgery).

The following practitioners requested appointment: Deidra Foreman, MD (U.S. Navy), Provisional Associate (OB/Gyn); Mary Elizabeth Durant, CNM, Allied Health Professional sponsored by OB/Gyn.

The following practitioner requested leave of absence/currently on leave: Benjamin Gaines, MD, Active Staff (OB/Gyn), credentials expired in August.

Six month quality review: Richard Gentzler, MD, Provisional Courtesy (Cardiology); Charles Bensonhaver, MD, Provisional Locum Tenens Staff (Psychiatry); Thomas Boden, MD (VRC), Consulting Staff (Radiology).

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

Mrs. Foulger stated that the election of MEC leadership will be held October 19<sup>th</sup>, and that members have agreed to stay an additional term. Dr. Pearce intends to run against Dr. Mazzeo;

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however, he would only be eligible for one year. She said there could be nominations from the floor.

**STAFF REPORTS: Support Services, Human Resources, Information Systems, Patient Care Services, Public Relations, and Quality Services:** *Mr. Ricks will give a presentation on status of making “Meaningful Use” next month.* He also reported that, due to many things beyond our control, the hospital postponed the Meditech “go live” date from December to February or March 2011. He said the delay will give everyone a chance to train on the new system; the board agreed. Mr. White said the cafeteria is now offering a healthier choice, as they are integrating a Mediterranean diet into the menu. Dr. Kessel made a motion, which was seconded by Mrs. Allen, to approve the staff reports. Unanimous approval.

**BMH FOUNDATION:** In Mr. Stowe’s absence, Ms. Moss reported on his behalf. Ms. Moss said the giving is down due to the economy; however, the Foundation has taken this opportunity to learn more about the donor levels and work on strategies to provide more recognition for loyal donors. She said there would be several events this fall for donors. She asked the board members to think about what they could do in their daily lives to assist with promoting the Foundation. She said there was a tour of BMH for local financial professionals yesterday, and she thanked Mr. Schulze and Mr. Paddock for attending. She said the tour was well attended and was a great opportunity to introduce our 3 new cardiologists. Mr. Paddock noted that the Foundation report (pg. 2) showed the Foundation has given \$858,897 to BMH so far this year, which is significant!

**MANAGEMENT REPORT – Bluffton Medical Services (handout):** Mr. Toomey stated that 7 Arley Way has space available (Suite 101 and 103) and that we have already maxed out at 11 Arley Way. He said we are currently looking at upfit for the renovations (owner will allow \$55K and the impact fees) and it would give us another 4K square feet and allow HealthLink, Medshare space and psychiatrists to utilize. He said they are looking at the actual cost to build out the additional space and from a strategic point it makes sense to move ahead and lease the additional space. Mr. Schulze said we need to keep our presence South of the Broad. He said even with this additional space, we will max out in a couple years. The board agreed to go ahead and pursue the additional space at 7 Arley Way.

**Emergency Room Expansion:** Mr. Toomey said we are receiving the schematic pricing from the contractor this week. He said we are looking to provide two build outs for an additional square footage to go from 9K to 20K. He noted as we expand, two questions arise:

1. Do we build up structurally to support a second floor, which would allow us to expand the ICU at a future date (to go from 8 to 12 beds)
2. Or do we just build the shell and not the platform

He said he is working to get these two estimates. He said he will discuss these costs at next month’s Strategic Planning Committee, Finance Committee and Board meeting. In addition, he said there is an opportunity while expanding the space to rework the emergency power, which has been a deficit in capacity for our emergency generators. He said in the summer months there would be no air conditioning if we have a power outage, because the generators cannot operate the chillers. He said he believes this is an improvement we should review, in order to be self-sufficient and still be able to provide service. *Mr. Toomey said he will be providing a summary to the board next month.*

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**CHAIR ANNOUNCEMENTS:** *Mr. Schulze asked everyone to return their form to Ann with their availability for the next year's board retreat. Mrs. Mecherle said we need to revise the Board Bylaws to reflect a change in our Conflict of Interest Policy, which states that, if a Board member has a conflict of interest, he or she must leave the room for discussion and vote. Mrs. Foulger stated that it must be the same with the MEC bylaws and to ensure that Don Meyer has both noted.*

**ADJOURN:** The meeting adjourned at 10:35 a.m.  
Respectfully submitted,

David Tedder  
Secretary