

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

MINUTES – September 29, 2010

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

OTHERS PRESENT: Rick Toomey, Jeff White, Pat Foulger, Karen Carroll, 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, Sam Derrick, David Black (Howell, Gibson & Hughes), Dawn Crawford

ABSENT: Terry Murray (Vice Chair), 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 Closed Executive Session at 7:31 a.m. with Mr. Toomey and the eight Board members. The motion was seconded by Mr. Paddock, and unanimously approved. The meeting re-convened to Open Session at 9:14 a.m.

INVOCATION: Dr. Steven Kessel gave the Invocation.

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

APPROVAL OF MINUTES – August 25, 2010: Mr. Tedder made a motion, which was seconded by Mrs. Williams, to approve the minutes as submitted with noted changes of the August 25, 2010 meeting. Unanimous approval.

“MEANINGFUL USE” PRESENTATION: Mr. Schulze read a letter from Computerworld Magazine, which has chosen Ed Ricks as one of Computerworld’s Premier 100 IT Leaders for 2011.

Mr. Ricks, Cheryl Hirleman and Dr. Pat Thompson gave a presentation on “Meaningful Use” and updated the Board on how BMH is positioned to qualify for federal funds to encourage widespread use of Electronic Medical Records (EMRs). Mr. Ricks stated that Beaufort Memorial Hospital has been working on a solid infrastructure for IT for many years. As a result, we are ahead of the curve with other hospitals in our efforts to transition to EMR use throughout the hospital.

Mr. Ricks stated that there are 24 criteria that must be met and he believes that we meet most of these criteria. He has identified a third party to assist in the evaluation process to help ensure we have met them. Dr. Thompson along with Dr. Simmons suggested that this presentation be given at the next Medical Staff meeting.

Dr. Thompson said the goal for the physician side is Computerized Physician Order Entry (CPOE). The Hospital’s goal is to start with trained on Meditech 6.0 by March 2011. The

Hospitalists will be the first group to use CPOE. PDOC to be up and running by April 2011. Expectation is to have a minimum of 12 physicians trained by the end of FY 2011.

Mr. Ricks stated we may have a patient portal, so that patients may obtain their medical information.

COMMITTEE REPORTS

Finance Committee – Dashboard (pg. 7): In Mrs. Murray’s absence, Mr. Schulze presented the finance report. He reported that we had a better month in August; although we fell short of the monthly projected inpatient revenue. Our operating income for the month was \$358,402 over budget, which brought our YTD operating margin up to 1.51% and potentially makes our end-of-year goal for 1.58% more attainable. He noted that our cash flow margin rose significantly from a 1.34% in July to 12.36% in August. Days cash on hand increased to 200.77. Salaries and benefits as a percentage of net patient revenue was 50.98%, which is slightly higher than our benchmark of 48.17% both with and without contract labor (51.37%). Supply expense as a percentage of net patient revenue was well controlled and came in at 15.92%. Bad debts as a percentage of net patient revenue went down and actually the lowest month of the year to 4.21%, which was primarily due to the shift out of bad debt to charity care. He noted that we wrote off a significant amount of accounts that had already been reserved for bad debts in prior periods, so we shifted it up and the reserve was positively impacted and therefore bad debt expense was down for the month; however, our indigent adjustments were up and caused a lowering of our net patient revenue. Days in accounts receivable were dropped from 58.47 in July to 56.62 in August; however, still higher than our goal of 50. Our current ratio looks good at 5.59. He said our turnover is at 12%.

Income Summary (pg. 11) – Mr. Schulze stated that we experienced lower inpatient activity than projected, which had an impact on our inpatient revenues; however, our outpatient revenues as well as the ER registrations were higher than budget and netted a positive variance in total patient revenue of \$1.6M. He noted that YTD we are running \$27M behind our budget for inpatient revenue; however, in outpatient revenue YTD we are above budget at \$19.4M. Total operating expenses for the month were slightly over \$1M, which is better than what we had budgeted. Supplies are favorable YTD with a budget variance of \$1.4M. Operating income for the month of August was \$738K and YTD at \$7.1M; however, we are \$403K behind budget. Operating margin YTD is 1.51% and our Gain Sharing goal is 1.58%. Mr. Schulze noted that our average daily census is rising and today we are at 150, so he stated we should meet our operating margin Gain Sharing goal. The financial report was unanimously approved.

FY 2011 Budget (pg. 18) – Mr. Schulze noted the changes from the first and second readings, and stated that our assumptions are close to the first reading. He noted that the staff was asked to take a closer look at the projected census. He said the staff agrees that it will reach 122.6 as budgeted due to the new physicians now on board (*three cardiologists, two psychiatrists, and one gastroenterologist*). He said the Finance Committee agreed to the second reading and if it needs to be adjusted, they will do so at a later time. He said the operating margin for FY 2011 was projected at 2.25%. Mr. Tedder asked about the capital projections (pg. 27), specifically the ER improvement. Mr. Schulze stated that we are assuming a bond issuance in 2011 and again in 2014 for a total of \$26M for all projects (*ER, Bluffton property, Administration’s space and the Women’s Center*). Mr. Paddock noted that the ER expansion has increased from the original budget. Mr. Toomey handed out a BMH Construction Summary for the budgeted capital projects. He noted the original budget for the ER has increased due to the build out, which

provides additional space for the ER and the ICU to expand on the second floor. Mr. Schulze also noted the additional upgrade of the chillers and an additional emergency generator. Mr. Paddock made a motion, which was seconded by Mrs. Williams, to approve the second reading of the FY 2011 Budget. Unanimous approval.

Quality Improvement Committee: Dr. Simmons presented the following reports:

- Performance Improvement Plan
- Annual Appraisal of Performance Improvement Plan
- Core Measure Report

Mrs. Williams made a motion, which was seconded by Mrs. Allen, to approve all three reports. Unanimous approval.

Governance: Dr. Thompson presented the following policies:

- Physician Recruitment Policy
- Physician Contracting Policy
- Contract Approval Authority
- Resolution regarding Audit Subcommittee
- Broad River Bylaws
- Broad River Reappointments from 8/10 – 8/14:
 - David Adams
 - Steve Olsson
 - Mary Sharp

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

COMMUNITY WELLNESS: Dr. Kessel said the committee did not meet, but his committee is working with Nora Kresch on developing a map showing healthcare resources in the County, including doctors' offices, hospitals and clinics. He also spoke with the people who run the Farmer's Market to see if they might consider moving it to Kate Gleason Park, but they said they would not have enough visibility. However, they said they would consider taking orders from employees at the hospital and making deliveries to them outside the cafeteria. He also attended a meeting hosted by the Mayo Clinic in Minnesota on Innovations in Healthcare, and is interested in pursuing some of what he learned here.

MEDICAL STAFF – Credentials: Dr. Mazzeo presented the following practitioner for reappointment: Arvin Ward, PA (Allied Health Professional sponsored by BJCHC).

The following practitioners requested appointment: Thomas Schultz, DO, Provisional Active (Cardiology); David Harshman, MD, Provisional Active (Cardiology); Margaret Capucini, FNP (Allied Health Professional sponsored by Drs. Parrick, Dardes & Derrick); Andrea Pope, MD, Provisional Active (Emergency Medicine); Daniel Garcia, MD, Provisional Active (Emergency Medicine).

The following practitioners relinquished privileges: Alyssa McClelland, FNP (Allied Health Professional sponsored by Drs. Chahin and Hall); Donald Phillips, DMD, Active (Oral/Maxillofacial); Roland Nash, MD, Active (Hospitalist); Ifeoma Nnaji, MD, Provisional Associate (Family Medicine); Richard Gentzler, MD, Provisional Courtesy (Cardiology).

One year quality review/change in status: David Vormohr, MD, Provisional Active to Active (Family Medicine); David Lalli, MD, U.S. Navy, Provisional Associate to Associate (Orthopedics); Richard Biggs, DO, U.S. Navy, Provisional Associate to Associate (OB/Gyn); Charles Shissias, MD, Provisional Active to Active (Neurology); Clarice Nicole Wardlaw, CNM, Allied Health Professional (OB/Gyn sponsored by Drs. Tolbert, Coggins & Bagley).

Six month quality review: Robert Lisle, MD, Provisional Active (Family Medicine – Outpatient practice only).

Request for honorary status: Baxter McLendon, MD, Leave of Absence to Honorary (Ophthalmology).

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

Dr. Mazzeo also presented the following policies:

- Management of Influx of Infectious Patients Policy
- DHEC Reportable Conditions Policy
- Sharing Information with Patients Referring/Receiving Organization Policy
- Safe Storage of Medication, Equipment, Devices and Supplies Policy

Dr. Thompson made a motion, which was seconded by Mrs. Allen, to accept the policies. Unanimous approval.

Mr. Tedder moved to grant Dr. Coley a waiver from his taking his Board certification in October due to personal medical reasons, upon the condition he take the certification at the next available opportunity (6 months). Dr. Thompson made a motion, which was seconded by Dr. Kessel, to approve this waiver for Dr. Coley. Unanimous approval.

STAFF REPORTS: Support Services, Human Resources, Information Systems, Patient Care Services, Public Relations, and Quality Services: Mr. Paddock made a motion, which was seconded by Mr. Tedder, to approve the staff reports. Unanimous approval.

BMH FOUNDATION: In Mr. Stowe's absence, Ms. Moss reported on his behalf. Ms. Moss reported that Senior Management had approached the Foundation with capital requests and that the Foundation has approved funding for \$778K for FY 2011. She reminded the Board members that the Annual Foundation Meeting will be held at the Keyserling Cancer Center at 5:00 p.m. on November 9, 2011 with a joint session of the Hospital and Foundation Boards. She stated she will bring forward bios of the nominees in next month's Board meeting. Mr. Schulze stated that the Foundation has given about \$1.1M to BMH in 2010.

MANAGEMENT REPORT – Bluffton Medical Services: Mr. Toomey stated that we finalized the agreement in Bluffton for the space at 7 Arley Way (approximately 4K square feet) and agreed to a 4 year lease. The management company will cover the build out costs, with our responsibility capped at \$24K.

Board Retreat: The retreat will be held March 18-19 in Ridgeland at Palm Key.

Beaufort County Alliance for Human Services – Together for Beaufort: Mr. Toomey said we received a letter from them asking for help with funding for the next three years and asking each of the Board members to see if we can assist with their budget of \$60K (\$20K *per year*). These funds will be used for research and production of an annual report card for Beaufort County. He mentioned that this is part of Dr. Kessel's Community Wellness Committee and he suggests we support this request in some manner.

United Way Campaign: Mr. Toomey said we are beginning our campaign and will run through October. He said he may discuss at the committee levels the value of having a small corporate donation from the hospital. He said they are struggling to meet their budgets.

Mr. Schulze said he noticed that the employee opinion survey forums were only attended by 300 employees. Mr. Toomey said it was voluntary and he felt it was not a bad number and the actual presentation was posted on the BMH intranet. The action planning will begin in January.

CHAIR ANNOUNCEMENTS: None

ADJOURN: The meeting adjourned at 10:40 a.m.

Respectfully submitted,

David Tedder
Secretary