

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

MINUTES – January 26, 2011

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

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

ABSENT: Ed Ricks, Alice Moss

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 Closed Executive Session at 7:31 a.m. with Mr. Toomey and the nine Board members. The motion was seconded by Mrs. Williams, and unanimously approved. The meeting re-convened to Open Session at 8:20 a.m.

INVOCATION: Mr. Schulze gave the Invocation.

INTRODUCTION: Mr. Schulze welcomed Paul Sommerville and Bill McBride, Council Members from Beaufort County, David Black, attorney from Howell, Gibson & Hughes, and Mike Kelly, senior manager from Dixon Hughes.

2010 AUDIT – Mr. Kelly presented the results of our 2010 audit. He presented the Required Auditor Communications complimenting the BMH Finance team for making the audit go so smoothly. Dixon Hughes issued an unqualified opinion of the audit, which is the “gold standard” of the accounting industry.

The audit also benchmarked BMH against other Dixon Hughes clients comparable to us, and BMH was stronger than most in areas like “cash on hand,” “days in net patient accounts receivable,” “total margin,” and “operating margin.” It was noted that BMH continues to see a rise in uncompensated care. Mr. Paddock noted that our hospital provides a huge amount of charity care; last year, we wrote off about \$36 million in gross revenues to charity care and bad debt, which is around \$16 to \$18 million in net revenues. Considering the fact that we received around \$643,000 a year for indigent care from the County in 2010, our hospital gives a lot of value to the community in caring for those who cannot pay.

Mr. Schulze expressed his thanks to the Finance staff for doing such an outstanding job; board members concurred.

Mr. Tedder made a motion, which was seconded by Mr. Paddock, to accept the Audit. Unanimous approval.

MOTION: A motion was made by Mr. Tedder to go into Executive Session at 8:42 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 9:16 a.m.

APPROVAL OF MINUTES – December 20, 2010: Mr. Tedder made a motion, which was seconded by Dr. Thompson, to approve the minutes of the December 20, 2010 meeting with noted correction on page 1. Unanimous approval.

COMMITTEE REPORTS

Finance Committee: Mrs. Murray stated there were some areas of concern in December, specifically related to bad debt reserves and slower collections. However, our total revenues were \$1.9M above budget. She noted that at the end of this first quarter, our operating income is \$3M, which is \$1M above budget and doing much better than this time last year at \$710K in total operating income. Year-to-date, we ended the first quarter with an operating margin of 3.99%.

Mrs. Murray stated that a proposal for an internal audit assessment was discussed but discussion was deferred until discussions with the Compliance Committee takes place. At which time, she will bring it back to the Board with a recommendation.

She stated they have started the new practice of an Audit subcommittee, which actually received and discussed the audit report. She stated the Audit is comprised of the Finance Committee except for Drs. Thompson and Spearman. Van Irwin has joined the subcommittee.

Mrs. Murray stated that the annual Community Benefits report will be combined with our annual report and that *Mrs. Kresch will ensure the amount of charity care is noted.* The financial report was unanimously approved.

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

- Safety Plan & Annual Report on Safety
- Environment of Care Report

Mr. Tedder made a motion, which was seconded by Mrs. Allen, to approve the aforementioned reports as discussed in Executive Session. Unanimous approval.

Governance: Dr. Thompson stated that the Governance Committee did not meet this month. She mentioned that Mr. Paddock's term expires in March 2012, so in early fall we will begin the process of finding his replacement.

COMMUNITY WELLNESS/OUTREACH: Dr. Kessel handed out a sample of our new weekly menu and stated that they are working with the Food & Nutrition department on developing healthy meals. Mr. Toomey said the pricing question on healthy food is still being discussed. Mr. White said we currently give employees a 20% discount on their food.

Dr. Kessel stated that a walking trail is still being mapped out and a discussion will take place with the Boy Scouts about a possible exercise station in the Kate Gleason Park. He said they are still working on an area map showing locations of providers in the community, which can be

updated and printed from the BMH website. In addition, they are building a map of the hospital campus. Community wellness/outreach report reviewed and approved.

MEDICAL STAFF – Credentials: Dr. Mazzeo presented the following practitioners for reappointment: Robert Parrick, DO, Active Staff (Internal Medicine); John Adams, MD, Active Staff (Urology); Brendan Smith, MD, Active Staff (Plastic Surgery); Mary Linda Hawes, MD, Active Staff (Hospitalist – Nephrology); Edward Botse-Baidoo, MD, Active Staff (Emergency Medicine); Evan Reese, MD, Consulting (Orthopedics); Dhawal Gordia, MD, Consulting (VRC – Radiology); Thomas Boden, MD, Consulting (VRC – Radiology); Daniel Ripley, MD, Active Staff (Family Medicine).

The following practitioners requested additional privileges: Marshall Shannon Shook, MD, Provisional Active Staff (Cardiology) requesting diagnostic cardiac catheterization privileges; Stuart Smalheiser, MD, Provisional Active Staff (Cardiology) requesting permanent pacemaker placement.

The following practitioner requested a change in status: Ralph Moore, MD, Active Staff to Courtesy (Orthopedics).

Six month quality review: James Balvich, MD, Provisional Active (Emergency Medicine); Deidra Foreman, MD, U.S. Navy, Provisional Associate (OB/Gyn).

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

STAFF REPORTS: Support Services, Human Resources, Information Systems, Patient Care Services, Public Relations, and Quality Services: Mr. Homyk was asked to elaborate on the Leadership Institute. He said it is another way to prepare staff to enter leadership roles and eventually, they would like to extend it to members of the medical staff. He said this is the first phase of putting together a Leadership Institute.

Mr. Tedder also asked Dr. Simmons if the new ruling (*noted on pg. 6*) from Medicaid that they will no longer pay for circumcision as of Feb. 1, 2011, would be an issue. Dr. Simmons said, since circumcision is an elective procedure, we would need to wait to see what the impact might be. He said that there has been an outcry in some states that they have backed away from making that decision.

Mr. Paddock said he would like to see how we can address increasing the number of patients at the Keyserling Cancer Center (KCC). Mrs. Carroll said that currently they are seeing between 16-20 cases per month and could see up to 40-45 before a second linear accelerator would be needed. Mrs. Kresch said her department is working on a direct mail campaign for physicians that would educate them on what the KCC can do to take care of their patients.

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

BMH FOUNDATION: Mr. Nettles thanked the support of Administration in supporting Ms. Moss and her staff to restructure their operations. He also voiced his appreciation for approving consulting fees to facilitate the changes – the expense will be well worth it. He also thanked the Board for their continued involvement in supporting the Foundation, pointing out that 66% of our donors are employees or volunteers.

MANAGEMENT REPORT – Meditech 6.0: Mr. Toomey acknowledged Mr. Ricks and his staff and all the other staff that have been working on Meditech 6.0. He thanked Dr. Thompson and Dr. Gambla for their efforts on this project as well. He said they are currently 1,000 hours away from Go Live. He mentioned that the work has been phenomenal, but knowing there will be a few bumps along the way. He mentioned that billing and accounts receivable will be off-line for 2 weeks.

Coastal Conservation League: Mr. Toomey asked the Board members to assist him with educating members of the league on our plans to purchase and develop property in Bluffton.

Governance Institute: Mr. Toomey said he would like the Board members to participate in the Board Self Assessment.

Beaufort County Council Finance Committee: Mr. Toomey said that David Tedder, Sarah Roberson and he will be meeting on February 7th to discuss the Bluffton land. He said he appreciates the support that both Mr. Sommerville and Mr. McBride are providing on this complex project.

Emergency Room Agreement with Dr. Rehman: Mr. Toomey said the contract is being amended for the next two years coverage with a 12 month renewal option. Compensation is \$71K per month (\$852K/yr.), which includes 36 hours day MD coverage and 24 hours per day mid-level provider coverage and includes a penalty clause if these hours are not met. The contract was reviewed with an independent assessment from Sullivan and Cotter for an analysis to ensure we are in compliance. The agreement was prepared by our attorney, Don Meyer, and he noted that this is an increase from our previous agreement, which was capped at \$700K. Mr. Tedder made a motion, which was seconded by Mrs. Allen, to approve the staff reports. Unanimous approval.

CHAIR ANNOUNCEMENTS: None

ADJOURN: The meeting adjourned at 10:30 a.m.

Respectfully submitted,

David Tedder
Secretary/Treasurer