

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

MINUTES – July 27, 2011

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

OTHERS PRESENT: Rick Toomey, Karen Carroll, Pat Foulger, David Homyk, Ed Ricks, Sam Derrick, Paul Mazzeo, M.D., Bill Nettles, Alice Moss, Kristine Richardson, Diane Wadas, Courtney McDermott, David Black (Howell, Gibson & Hughes), Dawn Crawford

ABSENT: Andrea Allen, Jeff White, Bill McBride (Beaufort County Council Member), Paul Sommerville (Beaufort County Council Member), Nora Kresch, Ann Mecherle

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 Mr. Paddock, and unanimously approved. The meeting re-convened to Open Session at 9:37 a.m.

INVOCATION: Mrs. Williams gave the Invocation.

INTRODUCTION: Mr. Schulze welcomed David Black (Howell, Gibson & Hughes) and BMH staff members Kristine Richardson and Courtney McDermott.

APPROVAL OF MINUTES – June 29, 2011: Mr. Paddock made a motion, which was seconded by Dr. Thompson, to approve the minutes of the June 29, 2011 meeting. Unanimous approval.

COMMITTEE REPORTS

Finance Committee – Dashboard (pg. 7): Mrs. Murray reported that the financial statements marked our third quarter and that we have a strong operating margin and good cash flow. She stated that we have been able to control our salaries for most of the year; however, the salaries for Memorial Day actually hit in June, which caused a variance. She said bad debt remains high due to the increase in self-pay patients. Also, charity care and bad debt are up 10.2% compared to 8.9% last year and she stated this trend will continue. She said that our accounts receivable is getting better and that Mrs. Richardson stated that she believes we will be close to target by year-end. She also noted the interesting statistic that both inpatient and outpatient revenues were below budget. *She said that staff will be reviewing to see if this is a trend or an anomaly and will report back.* Our operating income is good year-to-date (YTD) at \$8.2M, which is \$2.8M over budget due in large part to the staff's efforts to control expenses.

Physician Offices Summary Income Statement (pg. 14): Mrs. Murray said there was a \$900K write-off to bad debt, in part related to the acquisition of two practices. She was pleased that Mr. Derrick will be involved with developing the budget this year. Mr. Derrick said there are currently 18 physicians on staff and they have generated \$6M YTD.

Mrs. Murray said there was an article in Tuesday's Wall Street Journal about HCA holdings, which is the nation's largest for-profit operation of hospitals and health systems in several parts of the country. She said they reported higher overall admissions, but their surgeries are dropping dramatically and their stock is down 19%. She said they attributed their lower than expected earnings to the economy, uninsured patients, the amount of revenue from Medicare admissions was 1.3% lower, lower surgery numbers because people cannot afford them, etc. She said that this is a harbinger of what we will be seeing in not-for-profit hospitals as well.

FY 2012 Budget Assumptions (pg. 18): She said she wanted to begin discussing what will be happening next year and identify the assumptions. She said Mr. White will provide a 5 year cash flow projection. Also, he will provide a subset of what the effect will be on the bottom line, if we were only to receive reimbursements at the Medicare level. Mr. Schulze commented on the net patient revenue, which is \$6.3M over budget, while expenses are \$3.5M under budget, and stated that staff has done an excellent job controlling expenses.

Mrs. Murray said the first review of the FY2012 budget will be during next month's Finance meeting and invited everyone to attend. Mr. Tedder inquired about the debt restructuring next year – Mr. Toomey said they are looking at \$47M and that \$14-15M will be for existing debt and this will give us an opportunity to lower the interest at the same timeframe. He said we have sent out an RFP to 5 or 6 banks and that we may receive a presentation/summary at next month's Finance meeting. He said the process would require 3 readings by the County. The financial report was unanimously approved.

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

- Teleradiology Policy
- Verbal and Telephone Orders Policy
- Restraints and Seclusion Policy
- Patient Informed Consent Policy
- Risk Management Plan
- Assessment of Provisional Practitioners
- Reappointment to the Medical Staff
- Physician On Call Policy
- Change in Medical Staff Categories
- Collecting Data for Low Volume Staff Members
- Ongoing Professional Practice Evaluation

Mr. Paddock made a motion, which was seconded by Mr. Tedder, to approve the aforementioned reports and policies as discussed. Unanimous approval.

Compliance Report: None.

Governance Committee: Dr. Thompson said the committee is looking for names to be submitted for the replacement of Bill Paddock, who will rotate off of the Board in March 2012. She said they currently have 2 good names; however, they are still requesting more candidates.

Community Outreach and Wellness Committee: Dr. Kessel reported that the signs for the campus walking trail need to be approved by the City. He announced that the hospital has been invited by the SCHA to receive a workplace wellness designation, which will designate BMH as a Wellness Hospital of Excellence. The farm cooperative with Rest Park Farms went well this spring and will pick up again in September. Dr. Kessel handed out a report from AccessHealth

Beaufort and Jasper Counties with the strengths and weaknesses of both counties. He also noted that a recent obesity study conducted through the Robert Wood Johnson Foundation ranked South Carolina #8, with nearly 30.4% of SC adults considered obese. He pointed out that we have remained in the #8 position since 1995, when the percentage of obese adults stood at 16.6%. The Community Outreach and Wellness report was unanimously approved.

Strategic Planning Committee: Mr. Paddock said the committee met last night and discussed plans for expanding our primary care network throughout our primary and secondary service areas. A resolution will be prepared for an upcoming meeting.

MEDICAL STAFF – Credentials: Dr. Mazzeo presented the following practitioners for expiration of privileges: Heather Peterson, MD, Active (Pediatrics); Richard Akers, MD, Consulting Staff; Margaret Capucini, NP, Allied Health Sponsor (Lowcountry Medical Group).

Requesting reappointment: Perry Burrus, MD, Active (Dept. of Surgery); Bradford Collins, MD, Active (Pathology); H. Tim Pearce, MD, Active (Dept. of Surgery); Gordon Krueger, MD, Active (Dept. of Surgery); Stephen Sisco, MD, Active (Dept. of Surgery); Kenneth Brown, MD, Active (Dept. of Surgery – Otolaryngology); Thomas Duff, MD, Active (Emergency Medicine); Allahna Coggins, MD, Active (Ob/Gyn); Jill Blau, DPM, Community Active (Dept. of Surgery – Podiatry); Becky Jones, FNP, Allied Health (Dept. of Orthopedics – sponsored by Dr. Jones); Ronald Kolb, PA, Allied Health (Emergency Medicine – sponsored by Dr. Saeed Rehman).

New Appointees: Shelley Jain, MD, Provisional Consulting (Radiology Teleradiologist); Cynthia Caskey, MD, Provisional Consulting (Radiology Teleradiologist); Luke Baxley, MD, Provisional Associate (Emergency Department).

Six month quality review: Brittany Zip, PA, Allied Health (Emergency Medicine – sponsored by Dr. Saeed Rehman).

One year review/change of status: Erasme Coly, MD, Associate to Active Staff (Cardiology) – passed boards.

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

STAFF REPORTS: Support Services, Human Resources, Information Systems, Patient Care Services, Public Relations, and Quality Services: Mrs. Murray remarked that she was very impressed with the ICU's achievement of 31 months with no central line infections. Mr. Schulze asked the group about the readiness of the employed physician practices for a Joint Commission survey and Mr. Derrick replied that they are working to meet the objectives. Mrs. Williams noted that the inpatient rehabilitation unit was recently recognized as one of the top performing units in a national Pain Care Quality Study coordinated through the National Database for Nursing Quality Indicators (NDNQI). Mrs. Carroll noted that the rehab unit was one of 1,500 participants of the study. Dr. Mazzeo asked if we are still looking at falls to which Mrs. Carroll replied it is an ongoing focus area and the goal is to ensure high risk patients have a minimized risk for falls. Mr. Schulze commented on the excellent work bringing down the accounts receivable in the physician practices. Mr. Tedder made a motion, which was seconded by Mrs. Williams, to approve the staff reports. Unanimous approval.

BMH FOUNDATION: Mr. Nettles said the Foundation Board did not meet this month; however, he commended the staff for their excellent work on the Women's Imaging Center and said that several of his friends who had toured the center were extremely positive about the operation. Mr. Tedder said he had seen a great interview about the center on WSAV-TV.

MANAGEMENT REPORT – ER Expansion: Mr. Toomey said we received the CON approval for the Emergency Department expansion and that Mr. Moody will be holding educational sessions about this project for staff tomorrow to give an update on this project and hurdles that will need to be addressed; he invited Board members to attend. He said he met with the city's Zoning Board of Appeals on Monday and they approved a height variance for the future administrative building for a total of 4 floors.

Beaufort Memorial Lady's Island Primary Care: Mr. Toomey announced that the hospital will open this new practice with incoming internist, Dr. Phillip Cusumano, in September. The office will be located in Building 12 of the Lady's Island Professional Village (behind Sonic).

Administrative Offices: Mr. Toomey said the administrative offices will move to the third floor of the Beaufort Medical Plaza (Suite 310) this week and that all future Board meetings will be held in the new board room.

Board Portal: Mr. Toomey said there will be an educational training session of the Board portal at next month's meeting. He noted that Mr. Paddock and Dr. Thompson have agreed to be early adopters. Dr. Thompson said that there is a way to highlight/annotate an individual's comments via the iPad.

CHAIR ANNOUNCEMENTS: None.

ADJOURN: The meeting adjourned at 10:15 a.m.

Respectfully submitted,

David Tedder
Secretary/Treasurer