

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

MINUTES – September 26, 2012

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

OTHERS PRESENT: Rick Toomey, Jeff White, Karen Carroll, Pat Foulger, David Homyk, Alice Moss, Ed Ricks, Diane Wadas, Sam Derrick, Paul Sommerville, Chad Tober, M.D., Bill Nettles, Bill McBride, Ann Mecherle, Courtney McDermott, Dawn Crawford, David Black (Howell, Gibson & Hughes)

ABSENT: David House

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 8:52 a.m.

INVOCATION: Dr. Kessel gave the Invocation.

APPROVAL OF MINUTES – August 29, 2012: Mr. Tedder made a motion, which was seconded by Mrs. Williams, to approve the minutes of the August 29, 2012 meeting. Unanimous approval.

COMMITTEE REPORTS

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

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

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

Community Outreach and Wellness Committee: Dr. Kessel reminded everyone of the Employee Wellness Fair will be held on October 3rd in Kate Gleason Park. He said that we are in Phase 2 of the 340b Program. Mr. Homyk said one of our employees, who is a cancer patient, is spending \$6K per month and asked Dr. Kessel if she could participate in this program – which she can and will save her \$50K per year. Mr. Homyk said during this next phase the focus will be on the physician referral process.

Finance Committee – Dashboard (pg. 6): Mrs. Murray reviewed the dashboard and said we had about the same downward trend as previous months with the exception of contractual adjustments, which was 63.3% of gross revenues and reduced our patient revenues by \$2.2M. Supply expenses were also higher due to inventory stocking for the STEMI project. Days in accounts receivable were up slightly to 56.58 from 54.78.

Income Statement (pg. 10): She stated that in August our operating income was a loss of \$426K, resulting in year-to-date (YTD) net income of \$37K. We are \$6M below our budget projections. However, our balance sheet remains strong with \$84M in cash, we have low debt and we are paying off our line of credit by the end of 2013.

Second and Final Reading FY 2013 Budget (pgs. 22-26): Mrs. Murray reviewed the changes made from the first reading, the strategy for this budget and next few years, as well as projections. Average daily census stays at 112 and the observation days stays at 7.2. The operating income is up \$84K to \$977K, due to outsourcing transcription services. She noted that this does include a 2% increase for employees' salaries and there will not be an increase in benefit costs to employees. Mr. Toomey said there is no budget for contract labor. Mrs. Williams commented on the generous accrual of PDO hours. Mr. Toomey said previously employees could accrue 480 hours, but we reduced it to 440 hours effective January 2013 and beginning in January 2014, it will be reduced further to 400 hours. He said it will drop to 360 hours in the next few years. He said we are also looking at reducing the accrual rate. Mrs. Murray said the bottom line for FY 2013 is a budgeted operating income of \$1.6M, which includes \$675K from Broad River Healthcare.

Mrs. Murray said the strategy of the budget was not to make drastic changes right now, even though times are tough, and to "tread water" until we know what changes will take place with healthcare reform and how it will impact us. She noted that many hospitals that do not have a strong balance sheet, such as ours, are making drastic, across-the-board cuts of up to 20-30%.

Mrs. Murray reviewed the five-year capital projections. She said the ICU expansion will end up in a domino effect moving units to other locations and so, we are not sure of the estimate right now. She said the Bluffton Facilities assumes that we will pay the \$10.7M in cash; however, we could borrow. She said overall the 5 year cash projects assumptions are reasonable. She said that in 2014 the major assumptions of the Affordable Care Act (ACA) will be implemented as we understand it today, with changes being seen in 2015. The assumption is that we will have a higher collection rate due to more people being insured. In 2016, the bottom line will start to improve. Mr. Toomey also noted that the funding for the Meaningful Use is phased out by 2016.

Mrs. Murray said that management was given a list of cost reductions. Mr. Toomey said we have not projected for any new physicians, but did include funds for a Chief Medical Officer should we get to this point. Mr. Toomey said he met with Steve Sloate and is looking at a November/December Board meeting to review the assumptions of best case and worst case scenarios.

Mr. Homyk there are plans to implement a benefits cost increase for employees and their spouses who continue to use tobacco products beginning in January 2014, something many hospitals are doing to reflect the increasing cost of health benefits associated with smoking.

Mr. Tedder made a motion, which was seconded by Mrs. Allen, to approve the second reading of the FY 2013 Budget. Unanimous approval.

The financial report was unanimously approved.

Audit Committee: Mrs. Murray said Mike Kelly, Senior Manager with Dixon Hughes Goodman, gave an update on the audit process and timeline of the audit.

Compliance Committee: Mrs. Williams said the committee did not meet.

Governance Committee: Dr. Thompson reported that there are three open board positions in February. Mrs. Allen will continue with her seat; however, Susan Williams and Dr. Kessel will not. Dr. Thompson encouraged members to submit names of potential candidates who represent southern Beaufort County, and reported that board member David House has submitted five names. Interviews will begin in November.

Strategic Planning Committee: Mrs. Allen reminded everyone of the upcoming meeting, which will be held in our Bluffton office at 11 Arley Way on Thursday, October 25th. She said the focus of that meeting, which will be facilitated by a consultant, will be to discuss current and future services to be offered in Bluffton.

MEDICAL STAFF – Credentials: Dr. Tober presented the following practitioners for New Appointment: William Jenkins, MD, Consulting – VRC (Radiology).

Requesting Reappointment: Nancy M. Bailey, P.A., Allied Health Professional (Emergency Dept.) recommended 6 month reappointment; Candace R. Clocker, MD, Active Staff (Pediatrics); Christina S. Gwozdz, MD, Active Staff (Otolaryngology); David M. Harshman, MD, Active Staff (Cardiology); Lynda J. Houston, NP, Allied Health Professional (Hospitalist); Andrea D. Hucks, MD, Active Staff (Internal Medicine); H.K. Jones, MD, Active Staff (Orthopedics); Steven R. Kessel, MD, Active Staff (Internal Medicine); Thomas W. Schultz, DO, Active Staff (Cardiology); Joseph P. Tobin, MD, Consulting Staff (Orthopedics) recommended 3 month reappointment.

Six Month Review: Roger W. Ulrich, MD, Provisional Active (Family Medicine).

One Year Review/Change of Status/Additional Privileges: Erik Baker, MD, Provisional Active (Internal Medicine); Randall E. Lewis, PA, Allied Health (Hospitalist).

Mrs. Allen made a motion, which was seconded by Dr. Thompson, to accept the Credentials Committees and MEC recommendations as presented. Dr. Kessel abstained. Unanimous approval.

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

BMH FOUNDATION: Mr. Nettles reported that the Foundation Board has approved \$917K in funding for hospital equipment and projects in FY13. He also encouraged everyone to watch the MyBMH video on our website, which is an employee campaign being led by Alicia Taylor to target employees to begin giving or increasing their level of giving to the hospital to benefit the ED. He reminded board members to attend the Annual Foundation and Hospital Board meeting scheduled for November 13 in the new Emergency Department at 5:30 p.m.

He presented Richard Pingree for as a new Foundation Board member. Mrs. Murray made a motion, which was seconded by Dr. Thompson, to accept his nomination to the Foundation Board. Unanimous approval.

MANAGEMENT REPORT – Mr. Toomey reported that Sam Derrick and his team hosted an “All Provider” meeting and dinner at the Holiday Inn last night for the employed physicians. He said it was a great opportunity for the new physicians to meet established physicians and was a great event overall. He said that Drs. Blocker and Jones gave an update on what is happening

with the Total Joint Program, and Drs. Sisco and Mansker provided an update about the new Da Vinci single port surgery technique they are using. Kudos to Sam and his staff.

Mr. Toomey also gave kudos to Mr. Homyk and his team for coordinating seven town hall sessions to present the Employee Satisfaction Survey Results. There were approximately 200 in attendance overall. He said the results will be posted on our intranet. He said in an attempt to encourage participation in the survey, there was a random drawing of 4 employees to attend a rib dinner at his home tomorrow night. They were also able to invite one co-worker to join them.

CHAIR ANNOUNCEMENTS: Ms. Moss thanked Dr. Tober for hosting a recent Habersham community outreach event, which was very well attended.

ADJOURN: The meeting adjourned at 9:43 a.m.

Respectfully submitted,

David Tedder
Secretary/Treasurer