

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

**MINUTES – January 30, 2013**

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

**OTHERS PRESENT:** Rick Toomey (*via phone*), Jeff White, Karen Carroll, Pat Foulger, David Homyk, Ed Ricks, Alice Moss, Sam Derrick, Courtney McDermott, Chad Tober, M.D., Bill Nettles, Bill McBride, Paul Sommerville, Ann Mecherle, Diane Wadas, Dawn Crawford, David Black (Howell, Gibson & Hughes), Mike Kelly (Dixon Hughes Goodman), Don Meyer (Moore Van Allen), and Pam Weidner (Beaufort Engineering)

**ABSENT:** None

**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 the nine Board members and two County Council board members. The motion was seconded by Mrs. Williams, and unanimously approved. The meeting re-convened to Executive Session at 8:12 a.m.

**MOTION:** A motion was made by Mr. Tedder to go into Executive Session at 8:12 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 10:00 a.m.

**INVOCATION:** Mr. Schulze gave the Invocation.

**APPROVAL OF MINUTES – December 17, 2012:** Mr. House made a motion, which was seconded by Mr. Tedder, to approve the minutes of the December 17, 2012 meeting. Unanimous approval.

**INTRODUCTION:** Mrs. Murray welcomed Mike Kelly, partner from Dixon Hughes Goodman.

**2012 AUDIT** – Mr. Kelly presented a summary of the FY 2012 audit for BMH. Overall, assets increased \$16.5M due to construction projects that increased capital assets, while liabilities increased \$15.4M, largely owing to debt obtained to finance the projects. The combined statement showed total operating revenue for the year decreased from \$153.9M to \$146.4M, while total operating expenses were up \$1.3M, leading to a \$922K loss. Mr. Kelly cited a number of reasons for the deficit, and also pointed out that in the previous fiscal year Beaufort County had provided the hospital \$530K to help offset the cost of providing charity care; in fiscal year 2012 those funds were cut.

Dixon Hughes Goodman audits over 100 hospitals in the southeast and benchmarked BMH against about 25 similar-sized hospitals and found that BMH has done a better job than most in

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managing its balance sheet, and is in a very strong cash position compared to its peer group. He commended both the accounting team and BMH Foundation staff for their skill in preparing the financial information necessary for the audit.

Mrs. Murray complimented Mr. White and the Finance staff for another clean audit and proud of the outstanding results; board members concurred.

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

**MOTION:** Mr. Tedder made a motion to formalize a Strategic Committee to explore management and joint operating arrangements to enhance quality of care, financial and operational efficiency to benefit our community. The composition of the committee would include:

- Board members selected by our Chairman
- Key Administrative Officers
- An employed physician
- A private practice physician
- And such other person's the Chairman may choose

The motion was seconded by Mrs. Allen, and unanimously approved.

**MOTION:** Mr. Tedder made a motion to approve the contract offers for Dr. Craig Martin and Dr. Robert Vyge, with the leeway to make financial adjustments within the parameters as discussed in executive session to Dr. Martin's contract as needed. The motion was seconded by Mrs. Williams, and unanimously approved.

## **COMMITTEE REPORTS**

**Finance Committee:** Mrs. Murray reported that the financial performance over the first quarter had deteriorated significantly. Lower gross patient revenues resulted from lower admissions and fewer surgeries. There were continued denials of claims by Medicare RAC programs and commercial players, and overall we are being reimbursed at lower rates. And while we have done a good job controlling some expenses, rising healthcare and pensions costs have eroded the bottom line. Healthcare expenses were driven by a growing number of catastrophic medical cases and higher utilization of outpatient services. The hospital was more than \$1M over budget for healthcare expenses. At the current rate of spending, healthcare costs (benefits) will exceed budget by \$5M this year. She said we are currently self-insured, but that we will be looking at other options later this year.

Year-to-date, we had \$116M in gross patient revenue in the first quarter, \$36M in net patient revenue, and \$37M in operating expenses, which resulted in a \$1.5M loss. While the hospital was higher than budget in gross patient revenues, contractual adjustments were \$484K above budget and bad debts was \$681K above budget. Mrs. Murray noted that there is nothing on the horizon to indicate that the financial outlook will change; adding that lobbying in support of Medicaid expansion is going to be a key to the hospital's financial stability and future. She recommended that we meet with our legislators to share our concerns.

The financial report was unanimously approved.

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**Quality Improvement Committee:** Dr. Kessel presented the following reports:

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

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

**Compliance:** Next meeting will be held on Tuesday, February 12<sup>th</sup>. Mr. Schulze announced that Susan Williams, chair of the Compliance Committee was rotating off the Board after the February meeting.

**Governance:** Mr. McBride announced that Kathy Cooper, RN and Faith Polkey, MD, would be presented to County Council as nominees for the Board, and that Andrea Allen was recommended for reappointment.

**Strategic Planning Committee:** Mrs. Allen reported that the next meeting will be held on Tuesday, March 12 at 5:15 p.m.

**COMMUNITY WELLNESS/OUTREACH:** Dr. Kessel reported that LifeFit staff members have adopted the first mile of the Spanish Moss Trail. He also reported that Access Health Lowcountry is working to recruit two employees, and is purchasing a software package in partnership with Oconee County. The program is expected to launch this spring.

**MEDICAL STAFF – Credentials:** Dr. Tober presented the following practitioners for new appointment: Tia S. Hodge, CRNA, Allied Health Staff (Anesthesiology); Gregory Humbracht, CRNA, Allied Health Staff (Anesthesiology).

The following practitioners requested reappointment: John B. Adams, MD, Active Staff (Surgery); Norman Bettle, MD, Active Staff (Neurology); Phillip Blalock, MD, Active Staff (Radiology); Irina Borissova, MD, Active Staff (Internal Medicine); Edward Botse-Baidoo, MD, Active Staff (Hospitalist); Kristin Dalton, NP, Allied Health Staff (Pediatrics – sponsored by Dr. Coleman); Mary L. Hawes, MD, Active Staff (Hospitalist); Ludwig A. Lettau, MD, Active Staff (Infectious Disease); James F. McNab, MD, Active Staff (Radiation Oncology); Evan C. Reese, MD, Courtesy Staff (Orthopedics); Saeed U. Rehman, MD, Active Staff (Emergency Medicine); Daniel C. Ripley, MD, Active Staff (Family Medicine); Mark S. Siegel, MD, Active Staff (Ophthalmology); James F. Simmons, MD, Active Staff (Pediatrics); Brendan Smith, MD, Active Staff (Plastic Surgery); Ravidna Srivastava, MD, Active Staff (Psychiatry).

Six month quality review: Kellye Hoffman, MD, Provisional Active, U.S. Navy (OB/Gyn); Stephanie Stratton, MD, Provisional Active, U.S. Navy (OB/Gyn).

One year review/change of status/additional privileges: Jon P. Engbreston, MD, Provisional Consulting (Virtual Radiology); Jeffrey A. Jednacz, MD, Provisional Consulting (Virtual Radiology); Adiana Sonners, MD, Provisional Consulting (Virtual Radiology).

**Medical Executive Committee:** Dr. Tober presented the following policies as submitted in Executive Session:

- Comfort Care (also termed End of Life) Policy
- Blood, Blood Component and Immune Globulin Transfusion Policy
- Nurse Driven Protocol for Indwelling Urinary Catheter

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- Infusion Access and Maintenance Guidelines

Mr. Tedder made a motion, which was seconded by Mrs. Allen, to accept the MEC and Credentials Committees recommendations. Dr. Simmons recused himself. Unanimous approval.

**STAFF REPORTS: Support Services, Human Resources, Information Systems, Patient Care Services, Public Relations, and Quality Services:** Dr. Kessel made a motion, which was seconded by Mrs. Murray, to approve the staff reports. Unanimous approval.

**BMH FOUNDATION:** Mr. Nettles reminded everyone of the upcoming Valentine Ball. He also mentioned the upcoming concert of the Duke Symphony Orchestra on Saturday, March 23<sup>rd</sup>.

**MANAGEMENT REPORT:** Will report next month.

**CHAIR ANNOUNCEMENTS:** Mr. Schulze commented on the success of the Valentine Ball over the years, reporting that the first event in 1990 attracted a few hundred guests, while this year's event would see more than 700. He thanked Alice Moss and her staff for their hard work and acknowledged the impact the funds raised through the BMH Foundation have made on the hospital and the community.

**ADJOURN:** The meeting adjourned at 11:02 a.m.

Respectfully submitted,

David Tedder  
Secretary/Treasurer