

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

MINUTES – August 28, 2013

BOARD MEMBERS PRESENT: Jerry Schulze (Chair), Terry Murray (Vice Chair – *via phone*), David Tedder (Secretary/Treasurer), Faith Polkey, M.D., James Simmons, M.D., Pat Thompson, M.D, David House, Andrea Allen, and Kathy Cooper

OTHERS PRESENT: Rick Toomey, Jeff White, Karen Carroll, Pat Foulger, Sam Derrick, David Homyk, Alice Moss, Courtney McDermott, Chad Tober, M.D., Paul Sommerville, Diane Wadas, Ann Mecherle, Dawn Crawford, Mark Senn, Cindy Coburn-Smith, and Debbie Slazyk

ABSENT: Bill Nettles, Bill McBride, Ed Ricks, Diane Wadas

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 eight Board members, one County Council board member, and Rick Toomey to discuss a contractual issue. The motion was seconded by Mrs. Allen, and unanimously approved.

MOTION: A motion was made by Mr. Tedder to go into Executive Session at 9:15 a.m. to discuss Quality Improvement, Medical Staff Credentialing, Strategic Planning, Contractual Arrangements, Legal and Personnel Matters. The motion was seconded by Mr. House, and unanimously approved. The meeting re-convened to Open Session at 9:46 a.m.

INVOCATION: Mrs. Andrea Allen gave the Invocation.

APPROVAL OF MINUTES – July 31, 2013: Mr. Tedder made a motion, which was seconded by Mr. House, to approve the minutes of the July 31, 2013 meeting with noted correction. Unanimous approval.

COMMITTEE REPORTS

Governance Committee: Dr. Thompson reported that the committee will meet on Wednesday, September 18th at 5:30 p.m. She said the meeting will be open to Board members, as they will be evaluating new Board nominees. *Mrs. Mecherle will send out the nominees' applications to the Board members.*

IRS COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA): Dr. Polkey handed out copies of the CHNA and explained to the Board why we should and have done a CHNA. She reviewed the highlights of this lengthy report, noting that it was developed by our internal team – no consultants, and the results were outstanding. This report must be posted on our website by September 30th or we could be penalized \$50K per year. This report is a new requirement from the IRS. The next CHNA will be due in 2016.

Dr. Polkey recognized the five people who put this report together: Debbie Slazyk, Director of Access Health Lowcountry; Cynthia Coburn-Smith, Manager of LifeFit Wellness; Mark Senn, Sr. Director of LifeFit Wellness Services; Dixie Slichter; and Debbie Hughes. Mr. Senn recognized Dr. Polkey for her leadership and support.

Mrs. Murray and Mr. House expressed an interest in whether or not the Centers for Medicare and Medicaid Services had identified obesity as a qualifying reason to refer someone for medical/nutritional therapy. Mr. Senn reported that CMS has recently identified obesity as qualifying for intensive behavioral therapy. Dr. Polkey said that part of the LifeFit Wellness Community Strategic Plan is to put together a program to address adult obesity.

Mr. Tedder made a motion, which was seconded by Mr. House, to approve the implementation strategy of the CHNA. Unanimous approval.

Finance Committee: Mrs. Murray reported that we had a negative operating margin of (4.31%) with a loss of \$226K. This was primarily due to Medicare taking back about a half million dollars because of sequestration. We are improving our days cash on hand and our accounts receivables have dropped. Our cash flow margin is positive and expenses are on target. Year-to-date (YTD), we have an operating income of \$1.2M and possibly \$1.4M at year's end.

She said the committee discussed our revenues and specifically physician practices and saw a loss of \$3.8M, which we recognized does not include any referrals for ancillary services. She said that Mr. Derrick is looking at a way to capture downstream revenues. She said we had a suggestion that we look at the Roper model, which is a profitable model. She stated that Dr. Thompson suggested that we look at new service lines.

FY 2014 Budget: Mrs. Murray noted the budget assumptions are difficult to make, and that this year will be one of the hardest to forecast due the many changes in healthcare and the local landscape. She said because of this challenge, staff was asked to provide a rolling forecast on a monthly and quarterly basis. She said the only area that we asked staff to revisit is the overall employee compensation, which does not include a wage increase.

Mr. White gave a summary of the first reading of the budget for FY 2014, noting a projected inpatient census of 108.6, which is a decline from 112. We anticipate the admitted patients will be sicker than usual, and that there will be an increase in observation days. Medicare is changing its rules to mandate that the physician has to anticipate that a patient needs to stay before it will pay for the observation stay. He passed out an updated income summary statement, which shows total patient revenues at \$518,307,710. Total deductions from revenue are anticipated to be above 70%, due to a 5% reduction in Tricare inpatient reimbursements. He noted that the only other change on the income statement was the lease and rental expenses, which was at \$2.09M and increased to \$2.3M primarily caused by clinic rents and the Beaufort Medical Plaza (BMP). In 2014, rent will increase because of expanded square foot obligations in the BMP. The master lease for the BMP expires October 2014, which will have a positive impact on our income statement. The total excess of revenue over expenses is \$3.6M. Mr. Toomey gave kudos to Mr. White, Mrs. Richardson and his team for their work on the budget. Mr. Toomey also stated that Mrs. Richardson gave a presentation on the ENUFF software at the Finance Committee and how this product has helped the managers be more accountable with their reporting.

The financial report was unanimously approved.

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

- Medication Assistance Program Policy
- Domestic Violence Policy
- CHF & COPD Analysis

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

Compliance: Mr. House reported on the RAC reporting period from June-July and the fact that the hospital is looking at potentially outsourcing this work.

Strategic Planning Committee: Mrs. Allen stated the committee did not meet. Next meeting scheduled for Tuesday, September 10th at 5:00 p.m.

MEDICAL STAFF – Credentials: Dr. Tober presented the following practitioners for new appointment: James Atkisson, MD, Provisional Active (Hospitalist); Ramandeep Banga, MD,

Provisional Active (Hospitalist); Ashley Doscher, MD, Provisional Consulting (Emergency Medicine) – Pending Training Completion; Justin Dzik, MD, Provisional Consulting (Emergency Medicine); Audrey Klenke, MD, Provisional Associate (Plastic Surgery) – Fast Track Credentialing; Jessica McAbee, MD, Provisional Active (Nephrology); Steven McAlpine, MD, Provisional Consulting (Emergency Medicine); Denise Mercier, PA, Provisional Allied Health Professional (Hospitalist); Mark Mercier, MD, Provisional Consulting (Emergency Medicine); Amanda Querry, DO, Provisional Active U.S. Navy (OB/Gyn); Faye Sundahl, MD, Provisional Active, U.S. Navy (OB/Gyn); Juan Velez, MD, Provisional Consulting, MUSC, (Nephrology).

The following practitioners requested reappointment: Luke Baxley, MD, Consulting (Emergency Medicine); Kimberly Davis, MD, Active (Pediatrics).

Six month review: Robert Carter, NP, Provisional Allied Health Professional (Pediatrics)

One Year Review/Change of Status/Additional Privileges: Matthew Carroll, PA-C, Provisional Allied Health Professional (Emergency Medicine); Kellye Hoffman, MD, Provisional Active, U.S. Navy (OB/Gyn); Michael Maughon, MD, Provisional Active, U.S. Navy (Orthopedics); Jamie Singleton, MD, Provisional Active (Pediatrics); Stephanie Stratton, MD, Provisional Active, U.S. Navy (OB/Gyn)

Resignations: Nancy Bailey, PA, Allied Health Professional (Emergency Medicine); Charles Bunke, MD, Provisional Consulting (Nephrology); William Jenkins, MD, Consulting (Virtual Radiology); Ramsey Lee, PA, Allied Health Professional (Emergency Medicine); Albert Su, MD, Consulting (Virtual Radiology); Monte Zarlingo, MD, Consulting (Virtual Radiology); Shannon Calhoun, MD, Consulting (Virtual Radiology).

Medical Executive Committee: Dr. Tober reviewed the following policies as discussed in Executive Session:

- Anesthesia Medication Security Policy
- Code AWOL – Patient Elopement Policy
- Expiration Dating Policy
- High Risk/High Alert Policy
- Malnutrition Diagnosis Policy
- Potassium Administration Policy

Dr. Tober stated that the Annual Medical Staff meeting will be held on Thursday, October 24th at Dr. Bobby Bell's Creekside Retreat. He said they will hold the election officers; however, the current officers have expressed an interest to continue. Dr. Tober encouraged all Board members to attend.

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

STAFF REPORTS: Support Services, Human Resources, Information Systems, Patient Care Services, Public Relations, and Quality Services: Mr. Homyk stated that we are moving forward with mandatory influenza vaccinations this fall and that more information will be shared with employees soon. He also announced that the hospital has signed a United Healthcare contract.

Dr. Simmons asked about TJC accreditation of the Joint Replacement Center program, and Mrs. Carroll reported that we are in the process of receiving accreditation for stroke and total joint, which should be submitted within the next six months.

Mr. Derrick reported on OB/Gyn recruiting stating that there are seven interviews scheduled in September, and over 30 applicants have been reviewed. He also mentioned that there are three interviews scheduled for a new psychiatrist.

Mrs. Cooper made a motion, which was seconded by Dr. Polkey, to approve the staff reports. Unanimous approval.

BMH FOUNDATION: Ms. Moss reported in Mr. Nettle's absence that the report covered the main topics, but in general, July was a slower month.

MANAGEMENT REPORT – *Affiliation Committee:* Mr. Toomey reported that the committee is moving forward to work with a consultant, Ascendient, to develop and release an RFP to help identify an organization that matches our guiding principles. The next committee meeting is scheduled for Tuesday, September 3rd.

MOTION: Mr. Tedder made a motion, which was seconded by Mrs. Allen, to authorize the CEO to enter into a contract for BMH to acquire property in front of the BMAC building, which is strategically important to the hospital campus, within the fair market value as discussed in executive session. Unanimous approval.

MOTION: Mr. Tedder made a motion, which was seconded by Mrs. Cooper, to authorize the CEO to jointly work with MUSC to engage a consultant to explore possibilities for clinical affiliation and service opportunities with MUSC, including the expenditure of funds as discussed in executive session not to exceed \$125K. Unanimous approval.

MOTION: Mr. Tedder made a motion, which was seconded by Mrs. Cooper, to authorize Beaufort County Memorial Hospital (the "Hospital"), through its President and Chief Executive Officer ("CEO"), to finalize the acquisition of a medical practice by purchasing certain assets, by employing the physicians and non-physician personnel, and by entering into a lease arrangement for the current practice location (collectively, the "Transaction") within the parameters discussed in Executive Session. The CEO shall be vested with the authority to enter into all documents and procure the third-party compliance opinions necessary to effectuate the Transaction. Unanimous approval.

Mrs. Cooper asked that we add to next month's agenda a discussion focused on BMH's relationship with our physicians and what we can do to assist them. She said she had already spoken with Dr. Simmons to inquire if he would provide us with some ideas, which he said he would be glad to do.

CHAIR ANNOUNCEMENTS: None

ADJOURN: The meeting adjourned at 10:53 a.m.

Respectfully submitted,

David Tedder
Secretary/Treasurer