

A meeting of the McAlester Regional Health Center Authority was held at 4:00 PM, on Wednesday June 07, 2017 at McAlester Regional Health Center in the Administration Board Room. Public notice, setting forth thereon the day, time and place for this regular meeting had been delivered to the office of the City Clerk at 03:21 PM, on Tuesday June 06, 2017.

TRUSTEES PRESENT:

Weldon Smith, Chairperson ~ Cara Bland ~ L.M. Milton, MD (arrived at 4:05) ~ Evans McBride (left the meeting at 4:50 PM) ~ Susan Kanard ~ Mary Shannon, Vice Chairman ~ Kevin Priddle ~ Brent Grilliot

TRUSTEES ABSENT: Mark Sehgal, MD

HOSPITAL STAFF:

David Keith ~ Sonya Stone, Recording Secretary ~ David Mak ~ Darryl Linnington ~ Shawn Howard ~ Jared Droze ~ Jason Bray ~ Dr. Jason McElyea ~ Kim Stout ~ Amy Blankenship ~ Kristen Murray ~ Jarrod Peterson ~ Ryan Gathard ~ Heather French

OTHER ATTENDEES:

Elise Brennan, Legal Counsel ~ Dr Christopher Beene, Chief of Staff ~ Cerra Linn

CALL TO ORDER:

Chairperson Smith called the meeting to order at 4:00 PM.

Public Comment: None

Consent Agenda:

1. MRHCA Board of Trustees minutes for May 03, 2017.
2. Medical Staff credentialing appointments as follows:
 - A. Approval of appointments for Provisional privileges for One (1) year per the recommendation of the Medical Executive Committee.
 - a. Muhammad Panezai, MD ~ Active Staff ~ Internal Medicine/Hospitalist
 - b. Luke Schumacher, PA-C ~ Affiliate Staff ~ Physician Assistant under the supervision of Lawrence Page, DO.
 - B. Approval of appointment for Advancement privileges for Two (2) years per the recommendation of the Medical Executive Committee.
 - a. Matthey Barchie, MD ~ Affiliate Staff ~ Teleradiology
 - C. Approval of appointment for Reappointment privileges for Two (2) years per the recommendation of the Medical Executive Committee.
 - a. Lex Mitchell, MD ~ Affiliate Staff ~ Teleradiology.
3. Appointment of Jaimie Jewell to the McAlester Regional Foundation Board
4. Consideration and approval of Resolution for 2017-2018 Workers Compensation Reserve Escrow in the amount of \$400,000 with First National Bank & Trust Company of McAlester.

Initials _____

A Motion was made (Priddle) and seconded (Kanard) to approve items one (1, two (2), three (3) and four (4) of the consent agenda as presented. The vote was taken as follows: Aye: Kevin Priddle, Susan Kanard, Evans McBride, Cara Bland, Mary Shannon, Brent Grilliot and Weldon Smith. Nay: None. Absent: L. M. Milton, MD, Mark Sehgal, MD. Abstain: None. Chairperson Smith declared the motion carried.

Presentation: Vizient's Surgical Services Throughput Benchmarking Study:

Ms. Kim Stout introduced Ms. Amy Blankenship, Director of Surgical Services who has been employed at the hospital for 25 years. She reported that Vizient offers many improvement opportunities. Vizient requested our hospitals participation in a Surgical Services Throughput Benchmarking Study. Over the past year MRHC has provided data for this study that was benchmarked against other participating hospitals. She opened the floor to Ms. Blankenship to present an overview of the results of the study. Ms. Blankenship reported data was collected from January 2016 to December 2016. She added there were 47 hospitals participating in the study and they were divided into three groups: Ambulatory Surgery Centers, hospitals with less than 10,000 cases and hospitals with greater than 10,000 cases. She covered the many questions that were asked during the study. Ms. Blankenship reported MRHC maintained a "median" ranking amongst the other hospitals for the following: Immediate use of steam sterilization, overall OR utilization rate, pre-op Utilization rate, cancellation rate and throughput of patient in times. She added we ranked "above average" on the following: Turnover times, Block utilization and Patient hold in PACU for an inpatient bed. Ms. Blankenship reported areas were identified as a result of the study as opportunities for improvement as follows: Wait prior to surgery (goal is 30 minutes prior to surgery), Decreasing overtime/call pay in overall salary expenses and Initiate an electronic documentation to improve data collection. Ms. Blankenship reported her team is working to address the improvement opportunities identified in the survey and significant progress is being made.

Presentation: Southeast Hospice Service Line (Required by ACHC regulations):

Ms. Kristen Murray provided an overview of the new Southeast Hospice Service Line. She outlined the Mission, Vision and goals for the organization. She stated anyone can refer to Hospice including physicians, nurses, family and friends. Ms. Murray reported any patient whose doctor states they have six months or less to live if their disease follows its current rate of progression qualifies for hospice services. She reported the services provided by Hospice include: Hospice Physicians, Skilled Nurses, Medical Social Workers, Chaplain, Hospice Aides, DME supplies and medications that relate to the terminal illness. Ms. Murray also reported that Medicare and most insurance companies cover hospice at 100%. Ms. Murray closed by stating that Southeast Hospice is striving to rise above other facilities to provide more options, charity care and excellent customer service. Discussion occurred to include billing, palliative treatment and charity care.

Meditech 6.1 Electronic Medical Record:

Mr. Jason Bray provided an update on the Meditech 6.1 Electronic Medical Record (EMR) proposal. He stated at the last meeting it was recommended that he provide a price and compare report to the Finance Committee comparing the current EMR system to a new Meditech 6.1 EMR, outlining the differences between the two services. Following a presentation to the Finance Committee, he was asked to provide the following: a legal review of the contract, financing for the first year cost, and determine the benefits of implementing now versus later. Mr. Bray reported he and Mr. David Mak are working on the financing. The contract will be sent to an attorney in the near future and he will work with the IS Steering Committee to determine the benefits of implementing Meditech 6.1 now versus later. Mr. David Keith reported the number one physician recruiting question is "what kind of EMR system do we have" and they are not very impressed when we tell them Nextgen. Mr. Evans McBride reported the Finance Committee is also concerned with the timing of the project, taking into consideration the current financial status of the hospital. He stated we just want to make sure we can afford the purchase.

Strategic Plan Update:

Mr. David Keith provided an updated MRHC Strategic Plan. He reported the Strategic Plan is a working document that is in motion and shows all the work that is being done at the hospital. He stated that Chairman Smith has requested a strategic planning session in October or November of this year and he will appoint a few Board members to work directly with Mr. Keith on a more analytical plan. He reported a 5-7 year financial forecast will also be folded into the new plan. Logistics for the meeting will be shared in the near future.

CEO report:

Mr. Keith introduced Ms. Cerra Linn a third year student from OSU. Ms. Linn rotated to different service lines in the hospital to determine what area of medicine she is most interested in. Ms. Linn received a scholarship from a former MRHC Board of Trustee member Ray Dixon. Ms. Heather French has accepted the position of Interim HR Director replacing Mr. Scott Lowe who accepted a position out of state. Mr. Keith reported receiving an assessment on transitioning the Skilled Nursing Unit to a Swing Bed Unit. He requested Mr. David Mak take the report to the Business and Service Line Development Committee for review and development of a plan to close the Skilled Nursing Unit. This may require a reduction in the number of licensed beds, and transition to a Swing Bed Unit. Mr. Keith reminded the Board of the upcoming Foundation Golf Tournament scheduled for the following Monday. He opened the floor to Mr. Darryl Linnington to provide an update on the efforts to partner with the Atoka County Hospital. He reported that MRHC is competing with other organizations. Mr. Keith reported he was approached by Saint Francis to open discussions regarding the sale of their 50% ownership in the McAlester Ambulatory Surgery Center. He is planning a meeting with them in the near future to discuss in more detail. Mr. Keith reported Healthcare Highways will be presenting to the Board the objective to develop our own hospital-to-employer healthcare product. The strategy is to develop an insurance product that can be customized for local employers and sold directly to them at reasonable costs. He opened the floor to Mr. David Mak who provided an update on the new billing structure for lab and diagnostic imaging at the new outpatient Point of Care Clinic. The new cost structure will offer lower cost for outpatient services. He reported a marketing campaign is planned to push this information out to the community. Mr. Keith opened the floor to Mr. Darryl Linnington who provided an update on MD Save. He reported that MD Save is a two part strategy e.g., the first is a public based entity that everyone can see, that gives us the opportunity to have competitive pricing with the Southeast brand., and the second is to privately reach out directly to employers to offer our product. Mr. Keith opened the floor to Ms. Kim Stout who provided an update regarding a recent DNV unannounced survey. Ms. Stout reported the majority of the findings were quality related. She provided an overview of findings and stated the staff is working to complete the corrective action plan by the deadline. Mr. Keith reported there will be a complete revamp of the quality department in the near future to drive improvement. He opened the floor to Mr. Shawn Howard to provide a construction update. Mr. Howard reported the state survey is almost complete on the Geri-Psych Unit and the Unit will be accepting patients in the near future. He reported the renovation of the surgery and sterile processing are ongoing pending approvals from the state. Mr. Howard reported that the hospital received bids from three companies to construct the new Emergency Department (ED). McCown Gordon, who came in with the lowest bid was awarded phase 1 of the ED project; however they submitted a bid for phase 2 that was much higher and they refused to offer a maximum guaranteed price. Mr. Howard reported that because of the success with Manhattan on the Geri-Psych Unit, the hospital is recommending awarding Manhattan phase 2 of ED construction project. He added the hospital already has a contract with Manhattan and the transition should go without difficulty. He reported phase 2 will begin as soon as the hospital receives approval from the state. Mr. Keith opened the floor to Jared Droze, Director of Physician Services. Mr. Droze provided an update regarding physician recruitment, including the contract negotiations with the urology group Urologic Specialists of Oklahoma (USO).

Chief of Staff Report:

Dr. Christopher Beene reported that the Residency Graduation will be held June 15, 2017 at the McAlester County Club. Three Residents will be graduating and two will be staying in the community. He reported the Medical Staff By-Laws are under review. The By-Laws Committee will meet to update the by-laws and are expected to be presented to the Board in August. Dr. Beene reported Dr. Timothy Cook will be stepping down as Director of the Hospitalist; however he will remain on staff. Dr. Harold Z. Delaughter will be replacing him as Director. He reported the Medical Staff met recently to elect new medical staff officers. Dr. Jason McElyea was elected as the new Chief of Staff. Dr. Beene added this will be his last Board meeting; Dr. McElyea will serve in his place in future board meetings. Chairman Smith shared his appreciation to Dr. Beene for his services over the past year.

Board QI Report:

In the absence of Dr. Mark Sehgal, Chairman of the Board QI Committee, Ms. Kim Stout provided a brief overview of the Board QI Committee meeting. She reported the quality scorecard and stoke outcomes were discussed. Swallowing studies were identified as an area of improvement. She added early elective delivery rates were also discussed. She reported that an assessment was done regarding the early elective delivery rates and poor documentation was found and corrected; benchmarking scores are improving.

Finance Committee Report:**A. Finance Reports:**

Before beginning his financial report, Mr. David Mak reported that an assessment has been done by BKD on the 20 bed Skilled Nursing Facility (SNF). The revenue collected per day compared to the acute care unit is significantly lower and the hospital is actually taking a loss on the unit. He reported by closing the SNF unit, the hospital can save approximately \$800,000 a year. He added a plan is being developed to transition the SNF unit to a Swing Bed Unit and reduce the number of hospital beds by the year 2018. He reported the hospital can still continue to treat Skilled Nursing patients at an offsite facility. Mr. Mak provided an overview of the financial reports for April 2017. He reported that May had a negative bottom line. Patient volume decreased in all areas compared to the previous month and year. He reported a net loss for April compared to budget, and the year to date net income was down from prior year. The unrestricted cash position was improved primarily due to the receipt of net SHOPP quarterly funding in April. He reported major variances in April included a significant reduction in monthly operating revenue driven by a 10% lower patient volume. He reported MRHC is taking immediate mitigating actions to reverse the trend of negative financial results. He added the elimination of an additional 10 FTEs and cancelling service contracts in excess of \$200,000 is being evaluated. He closed by reporting that Administration and the Leadership Council are moving forward with financial improvement plans to bring financial turn-around estimated at \$3.2M in the next 12 months. Ms. Kim Stout, Mr. Jason Bray, Heather French and Mr. Jared Droze joined Mr. Mak in sharing cost saving opportunities in regards to operations, Information Technology, Human Resources and Physician Services. A Motion was made (Bland) and seconded (Grilliot) to approve the April 2017 financial reports as presented. The vote was taken as follows: Aye: Cara Bland, Brent Grilliot, Susan Kanard, Kevin Priddle, L.M. Milton, MD, Mary Shannon and Weldon Smith. Nay: None. Absent: Evans, McBride, Mark Sehgal, MD. Abstain: None. Chairperson Smith declared the motion carried.

B. Blue Cross/Blue Shield Update:

Mr. Darryl Linnington provided an update regarding BlueCross/Blue Shield (BCBS). He reported BCBS is important to the hospital as it brings in \$13.7M in revenue. He added negotiations have

been prolonged due to a change in reimbursement methodology and BCBS is requesting that we join other networks that we have not been a part of in the past; both would mean lower

reimbursement for the hospital. He reported after months of negotiations, the hospital is very close to reaching an agreement. At present we are seeking an outside opinion to review the agreement before it is executed. Mr. Linnington reported he believes following the execution of the agreement, the hospital will gain some volume back.

Business and Service Line Development Report:

A. Resolution to form a new imaging joint venture; Eufaula Healthplex:

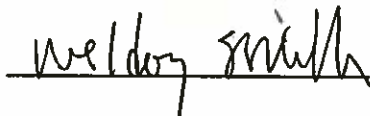
Mr. Darryl Linnington reported the target date to open the Eufaula Healthplex is September 01, 2017. The hospital will be co-tenants with the Stigler Health and Wellness FQHC and will be offering an Imaging Center and Urgent Care. The hospital will co-venture with our Radiologist to provide Imaging Service; sharing cost, capital, talent and rewards. In order to partner with the Radiologist, the hospital needs to create an LLC. Mr. Linnington reported working with Ms. Elise Brennan, attorney and the Radiologist to develop a Resolution and Operating Agreement for the LLC. He reported the recommendation from the Business and Service Line Development was to form the LLC in order to move forward with the project. Mr. Linnington made a recommendation to the Board to approve the Resolution as presented. Ms. Brennan reported the Operating Agreement was not included in the meeting packet; however she provided an overview of the agreement to inform the Board of its content including the need to appoint managers to the LLC. Chairman Smith stated the Board is comfortable with the Operating Agreement according to Ms. Brennan's review. Following discussion regarding the appropriate managers to appoint to the LLC occurred. A decision was made to appoint Shawn Howard and Jason Bray as managers for the Eufaula Healthplex joint venture LLC.

A **Motion** was made (Priddle) and seconded (Milton) to approve the Resolution to form a new imaging joint venture for the Eufaula Healthplex and to appoint Shawn Howard and Jason Bray as managers for the Joint Venture LLC as presented. The vote was taken as follows: Aye: Kevin Priddle, L.M. Milton, MD, Mary Shannon, Susan Kanard, Brent Grilliot, Cara Bland and Weldon Smith. Nay: None. Absent: Evans, McBride and Mark Sehgal, MD. Abstain: None. Chairperson Smith declared the motion carried.

New Business: None

Adjournment:

With no further questions or business to come before the Board, the meeting adjourned at 6:38 PM



Weldon Smith ~ Chairperson



Mary Shannon ~ Secretary

/sds

Initials _____