

A meeting of the McAlester Regional Health Center Authority was held at 4:00 PM, on Wednesday July 05, 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 11:15 AM, on Friday June 30, 2017.

TRUSTEES PRESENT:

Weldon Smith, Chairperson ~ Cara Bland ~ L.M. Milton, MD (arrived at 4:16) ~ Evans McBride ~ Susan Kanard ~ Mary Shannon, Vice Chairman ~ Kevin Priddle ~ Brent Grilliot ~ Mark Sehgal, MD

TRUSTEES ABSENT:

HOSPITAL STAFF:

David Keith ~ Sonya Stone, Recording Secretary ~ David Mak ~ Shawn Howard ~ Jared Droze ~ Jason Bray ~ Dr. Jason McElyea ~ Kim Stout ~ Amy Blankenship ~ Kristen Murray ~ Jarrod Peterson ~ Ryan Gathard ~ Greg McNall ~ Chelsea Bishop ~ Dr. Kenneth Murphy ~ Deborah Sherwood

OTHER ATTENDEES:

Elise Brennan, Legal Counsel ~ Dr Jason McElyea, Chief of Staff ~ Angela Ritchie, Healthcare Highways ~ Dial Mayfield, Healthcare Highways ~ Chris Wilson, Healthcare Highways

CALL TO ORDER:

Chairperson Smith called the meeting to order at 4:00 PM. He extended a welcome to Dr. Kenneth Murphy the new Chief Medical Officer.

Public Comment: None

Consent Agenda:

1. MRHCA Board of Trustees minutes for June 07, 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. Salvatore Labruzzo, DO ~ Affiliate Staff ~ Teleradiology
 - b. John Hennessee, MD ~ Active Staff ~ Psychiatry/Geriatric Psychiatry
 - B. Approval of appointment for Advancement privileges for Two (2) years per the recommendation of the Medical Executive Committee.
 - a. David Board, MD ~ Affiliate Staff ~ Teleradiology
3. Appointment of Dr. Michael Mann to the McAlester Medical Services LLC Board

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

CEO report:**1. Presentation: Healthcare Highways direct to employer health plan:**

Mr. Chris Wilson assisted by Angela Ritchie and Dial Mayfield presented an overview of the Healthcare Highways direct to employer health plan. He reported Healthcare Highways delivers traditional health benefit options, yet excel in delivering customized programs to meet the client's specific needs. He stated each of the plans can be administered on proprietary claims platform creating cost efficiencies for the clients. He added network hierarchy promotes steerage to partner providers and hospitals. Mr. Wilson described the Tiered Benefit Plan design, the Side By Side Benefit Plan design and stated Healthcare Highways offers detailed data analytics with all the plans they offer. He reported Healthcare Highways is fully integrated with multiple telemedicine partners that offer HD video and superior clinical experience on mobile, desktop and tablet devices alike. He added there are no fixed costs with the telemedicine program, it is a pay per consult with the partners. Mr. Wilson reported Healthcare Highways offers a disease management program that provides a comprehensive approach to ensuring quality and appropriateness of care while maximizing cost savings. He closed by reporting Healthcare Highways offers a 24 hour customer service call center and a client member portal that has easy access to benefit information and helps to manage prescriptions.

2. 2017 Preliminary Bonus Results:

Ms. Kim Stout provided the 2017 preliminary Bonus Incentive Plan results. She reported the incentive structure was aligned to three primary MRHC initiatives; stewardship, quality and customer service. She added the incentive structure was performance based, the payouts were different for managers and directors, the payout percentages remained the same for AET members, the percentages apply to base salary, stewardship was the trigger and no payout unless we achieved a favorable EBIDA. Ms. Stout provided an overview of the preliminary results that outlined areas that were achieved and those that fell below the target. She stated it does not appear that MRHC will hit the EBIDA trigger and there will be no payouts this year for the third year in a row. She added MRHC improved in many areas and fell short in several areas. She closes by reporting a new Bonus Incentive Plan will be rolled out in August 2017 for FY 2018.

3. CEO Update:

Mr. David Keith provided an overview of the CEO report included in the preliminary meeting packet. He called on Mr. Shawn Howard to provide an Emergency Department construction update; Ms. Kim Stout provided an update on the Geri-Psych Unit and efforts to improve the Sleep Lab Center; and Mr. Jared Droze shared the physician recruiting efforts. Mr. Keith reported negotiations have concluded with Blue Cross/Blue Shield. MRHC has signed an agreement and is awaiting the return of an executed agreement. He reported the hospital is considering three Accountable Care Organization (ACO) options; starting our own with Caravan Health, joining Access Health affiliated with the Rolan/Flatt Clinic in the Atoka area and possibly being a part of both organizations. Mr. Keith reported the hospital is still in discussions with Belfair Assistant Living and Memory Center in regards to a possible partnership. He stated there is a lot of work to do before a decision can be made. He reported having a meeting with key physicians to discuss transfers and low census issues. He added following the meeting, volumes, admissions and acuity are up. Regular meetings with the physicians are scheduled.

Chief of Staff Report:

Dr. Jason McElyea reported it is an honor to be selected as Chief of Staff and briefly provided his personal and professional background information. Dr. McElyea is currently working in the Emergency Department and he is also the Medical Director for the Residency Program. His wife is also a Hospitalist here at MRHC. Dr. McElyea reported from the staff prospective, they acknowledge some responsibility for the high transfer volumes. The Medical Staff are working to find the root of the high transfer volumes and change the current culture.

Board QI Report:

Dr. Mark Sehgal Introduced Ms. Chelsea Bishop who provided a report regarding Medicare Spend per Beneficiary. She reported one of Medicare's quality programs is the Medicare Spend per Beneficiary which is a measure of our efficiency as an organization. She added Medicare looks at 30 days prior to Medicare admissions and 30 days after. Anything above one means utilization is high and that is not good, below one means utilization is good. MRHC continues to stay below one at 0.94 percentile which puts us in the 25th Percentile. Dr. Segal commented on the previously discussed transfer issues. He reported when our hospitalist were with Teamhealth, they were incentivized to keep patients here but now the Hospitalist get paid the same regardless if they keep patient here or ship out. He added this issue needs to be addressed as well. He was pleased regular meetings are being held with physicians to resolve the issues.

Finance Committee Report:**1. Finance Reports:**

Mr. Evans McBride clarified that this year's parameters will be included in the FY 2018 Bonus Plan. He also stated he has compassion for the staff and all the work they have done; however due to the state of the finances it is not an opportune time to disperse bonuses. Mr. Keith confirmed the executives will not receive a bonus this year; however the employees will receive a 1% increase. Mr. McBride also stated due to the financial performance, he has concerns with all the activities taking place at this time. He recommended focusing on the Hospital and Key areas such as Atoka and Eufaula until the financial situation is more stable. Mr. Keith agreed there are projects that need to be completed and the federal forecast is very unpredictable. Mr. David Mak presented the May 2017 Financial Report. He reported May's overall patient volume was slightly improved but below budget. He added the higher transfer percentages most likely impacted the inpatient census in a negative way. He reported May experienced a net revenue loss and pointed out the hospital is not capturing full DRG reimbursement. Mr. Mak reported May closed with a 147.9 Days of Cash on Hand. He stated the requirement to meet the financing covenant is 1.20; the Debt Service Coverage Ration closed at 5.2 and he predicted closing the year at 5.0. Mr. McBride reported 5.0 is where we want to be. Mr. Mak presented a trending report for the Clinics. He reported clinics are increasing overall with the Urgent Care leading in numbers. Cash collection for health services was much improved compared to the average month that helped to reduce the overall accounts receivable for the month of May. The cash collections for the Southeast Clinics also remained high. He added the hospital is managing our expenses to the revenue. Mr. Mak predicted that June will also show improvement in accounts receivable as well. Discussion followed regarding the removal of bad debt from the books. Mr. Mak closed by providing an overview of expenses incurred this fiscal year that we didn't have last year that impacted the financial performance.

A Motion was made (McBride) and seconded (Sehgal) to approve the May 2017 financial reports as presented. The vote was taken as follows: Aye: Evans McBride, Mark Sehgal, MD, Cara Bland, Brent Grilliot, Susan Kanard, Kevin Priddle, L.M. Milton, MD, Mary Shannon and Weldon Smith.

Nay: None. Absent: None. Abstain: None. Chairperson Smith declared the motion carried.

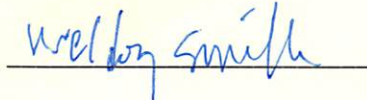
2. CER for Stryker System 8 Power Saw/Battery Sets with Substitution:

Mr. Greg McNall presented a CER for a Stryker System 8 Power Saw/Battery Sets. He reported the system is a set of tools for the surgery center. The current battery/saw sets are outdated and approximately 10-11 years old. They are continually breaking down and in need of repair and there are not enough battery sets to complete a full day of orthopedic cases. He reported bids were received from Stryker, Smith-Nephew and Zimmer. He reported Stryker was not the lowest bidder; however it is a better constructed product and it is the physician's preference. Mr. McNull reported the new system is better quality and is able to go through the automatic washer which will help with the infection control and safety aspect. Our repair costs will go down as will our flash sterilization. Mr. McNull recommended the approval of the Stryker System 8 Power Saw/Battery Sets at a cost of \$288,273.90 after a \$25,000 trade in for existing units. He added \$211,190 was budgeted for this item; CER # 2017-003 and #2017-022 and budget substitutions totaling \$77,083.90 were taken from CER # 2017-033; \$38,604, CER # 2017-036; \$35,000, and CER # 2017-027; \$3479. A **Motion** was made (Bland) and seconded (Priddle) to approve the CER for Stryker System 8 Power Saw/Battery Sets as presented in the amount of \$288,273.90 to include budget substitution mentioned above. The vote was taken as follows: Aye: Cara Bland, Kevin Priddle, Mary Shannon, Mark Sehgal, MD, L.M. Milton, MD, Evans McBride, Susan Kanard, Brent Grilliot and Weldon Smith. Nay: None. Absent: None. 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 6:12 PM



Weldon Smith ~ Chairperson



Mary Shannon ~ Secretary

/sds

Initials _____