

A meeting of the McAlester Regional Health Center Authority was held at 4:00 PM, on Wednesday October 04, 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 08:30 AM, on Tuesday October 3, 2017.

TRUSTEES PRESENT:

Cara Bland ~ L.M. Milton, MD ~ Evans McBride MD (arrived at 4:10 PM) ~ Susan Kanard ~ Mary Shannon, Vice Chairman ~ Kevin Priddle ~ Brent Grilliot ~ Mark Sehgal, MD ~ Weldon Smith, Chairman.

TRUSTEES ABSENT:

HOSPITAL STAFF:

David Keith ~ Sonya Stone, Recording Secretary, Shawn Howard, Jared Droze, Jason Bray, Dr. Jason McElyea, Dr. Kenneth Murphy, Darryl Linnington, Kim Stout, Heather French, John Gallagher

OTHER ATTENDEES:

Elise Brennan, Legal Counsel ~ Robert Haight, BKD ~ Allison Gregory, News Capital

CALL TO ORDER:

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

Public Comment: None

Consent Agenda:

1. MRHCA Board of Trustees minutes for September 06, 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. Kadilyn Hourigan, PA-C ~ Affiliate Staff ~ Physician Assistant-Geri Psych
 - b. Kent Johnson, APRN ~ Affiliate Staff ~ Nurse Practitioner-Geri Psych
 - c. Carol Stewart, APRN ~ Affiliate Staff ~ Nurse Practitioner-Geri Psych
 - d. Kati Vaughn, APRN ~ Affiliate Staff ~ Nurse Practitioner-Urgent Care
 - e. Billy W. Mahaney, MD ~ Affiliate Staff ~ Teleradiology
 - f. Bruce Markman, MD ~ Affiliate Staff ~ Orthopedic Surgery
 - g. Jeffrey McIlroy, MD ~ Affiliate Staff ~ Psychiatry
 - B. Approval of appointment for Reappointment (Advancement) privileges for Two (2) years per the recommendation of the Medical Executive Committee.
 - a. Michelle Mann, CRNA ~ Affiliate Staff ~ Nurse Anesthetists
 - b. Blake Wilson, CRNA ~ Affiliate Staff ~ Nurse Anesthetists
 - c. Prateek Sanghera, MD ~ Affiliate Staff ~ Nephrology
 - C. Approval of appointment for Reappointment privileges for Two (2) years per the recommendation of the Medical Executive Committee.
 - a. Kyla Cliff, APRN ~ Affiliate Staff ~ Nephrology
 - b. Clark Grilliot, DDS ~ Affiliate Staff ~ General Dentistry
 - c. Carol Gambrill, DO ~ Active Staff ~ Family Medicine
 - d. Jason McElyea, DO ~ Active Staff ~ Emergency Medicine/Family Medicine

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e. Donald Riley, DO ~ Active Staff ~ Emergency Medicine

A **Motion** was made (Shannon) and seconded (Priddle) to approve items one (1) and two (2) of the consent agenda as presented pending the correction of a misstatement on the September 06, 2017 minutes. The vote was taken as follows: Aye: Mary Shannon, Kevin Priddle, Mark Sehgal, MD, Susan Kanard, Cara Bland, and Weldon Smith. Nay: None. Absent: Evans McBride. Abstain: L.M. Milton, MD. Chairperson Smith declared the **motion** carried

Consideration and approval of the MRHCA Board of Trustee Bylaws:

Ms. Elise Brennen, legal counsel reported at the previous Board meeting the revisions to the MRHC Board of Trustee Bylaws were reviewed and discussed. She stated corrections were made as follows: Section 1.02; new item added, Section 1.05; Governing Law was changed to Authority, Section 1.08; a sentence added to read 'these bylaws are solely for the internal guidance of the Trustees and do not create any right for action in any third party', Section 2.13; new item added. Ms. Brennen reported the word 'hospital' was substituted throughout the document with 'healthcare facility and clinics'. She added there was some re-arranging in the document that placed everything pertaining to the Medical Staff under Article V: Medical Staff.

A **Motion** was made (Bland) and seconded (Grilliot) to approve the review and revisions to the MRHCA Board of Trustee Bylaws as presented. The vote was taken as follows: Aye: Cara Bland, Brent Grilliot, Susan Kanard, Kevin Priddle, L.M. Milton, MD, Mark Sehgal, MD, Mary Shannon and Weldon Smith. Nay: None. Absent: Evans McBride. Abstain: None. Chairperson Smith declared the **motion** carried

Update regarding Meditech 6.1 System:

Mr. Jason McElyea provided an update regarding the Meditech 6.1 System. He reported the last update he was asked to have the agreement with Meditech reviewed by legal counsel and to determine why it is important to move forward with the implementation now rather than later. He was also asked to look at financing opportunities and seek cost reductions. Mr. Bray reported he was able to reduce the initial cost as follows: Meditech software by \$40K; Meditech hardware by \$400K; Consulting fees by \$500K. He stated he also negotiated an extended software maintenance period to 18 months. He reported with the cost savings the initial cost of \$11.5M was reduced to \$7.9M. Mr. Bray stated that as of right now the hospital is early in the game to implement a fully integrated EMR system, the longer we wait the more difficult and more expensive it will be to proceed. He added more and more facilities will be starting the implementation; therefore installation wait times will be increasingly longer. Mr. Bray reported the legal counsel review of the Meditech 6.1 contract is approximately 95% complete. Mr. Bray stated the Finance Committee requested a legal opinion in regards to terminating the Nextgen commitment that is currently in place. The legal opinion will be presented at the next Finance Committee for review. Mr. Bray reported if the Meditech 6.1 is approved in the near future, implementation of the hardware will begin immediately, the software will be delivered in April 2018 and the system would go live in April 2019. Mr. McBride requested that Mr. Bray validate how there will be cost savings in the second year and how the cost in the first year will be funded.

CEO Report:

Mr. David Keith, Mary Shannon and Chairman Smith shared their experience while attending the Governance Council educational conference in Colorado. Mr. Keith reported there is a lot of activity going on including the organization of Southeast Alliance Network (SEAN). SEAN is part of the hospital's strategy of coordinating a regional system of care in collaboration with other CEOs in the region. He reported the hospital has a ninety day management agreement with Atoka which is critical to the regional strategy and competitive and growth strategy. Legal Counsel is working with Mr. Linnington and Mr. Howard on a long term management agreement. Mr. Keith reported Holdenville General

Hospital a critical access hospital has also extended an invitation to MRHC to submit a Request for Proposal (RFP) for their plans to join a larger system. He stated he will share with the Board the rationale for aligning with other smaller hospitals at a later date. Mr. Shawn Howard reported management efforts at Atoka are going smooth and on track. He added there is a lot of potential there in many areas. Mr. Keith added their Board is extremely satisfied with our efforts. Mr. Keith reported MRHC will be sponsoring an Oklahoma Rural Hospital Association Roundtable luncheon in Atoka in November. The purpose is to bring attention to the economic and healthcare needs of all of rural Southeast Oklahoma. Mr. Keith reported the Hospital now owns the Downtown Building and is working to determine the best services to locate to that facility. Mr. Keith reported the Veterans Administration (VA) has awarded the lease to MRHC to relocate the Veterans Administration Clinic to the McAlester campus. The VA will be providing funding to complete renovation to the site located in the 'Doctors Building'. The VA will also bring their own team including specialist that the hospital does not have, that will open up opportunities for shared services. The estimated time for clinic start up is spring 2018. Dr. Jason McElyea stated the VA Clinic will open up opportunities for the Residency Program as well. Mr. Keith reported he is working to renew the Cardiosolutions and Blue Sky Anesthesia agreements and is seeking a consultant to evaluate the Residency Program. He stated that the agreement with Urologic Services of Oklahoma (USO) is nearing completion and is expected to be signed this month. It is anticipated that USO will be active at MRHC sometime in November or December. Ms. Kim Stout provided an update on the Hospice Program, Home Health Program and her efforts to develop a plan for nurse retention and recruitment. Mr. Keith closed by reminding the Board of an upcoming Board Strategic Planning meeting coming up on October 31, 2017.

Chief of Staff Report:

Dr. Jason McElyea reported he recently attended a Vizient Conference in Colorado. He expressed his appreciation for the opportunity to attend the conference and heighten his understanding of quality. He reported that in an effort to improve community outreach, Residents are receiving ultrasound training that will offer opportunities to Mercy Clinic patients. The ultrasound training for Residents will also attract new recruits to the program. He reported the Medical Staff Bylaws are still pending legal review. He reported the Hospitalist program continues to do well. Dr. McElyea reported that he requested a mandatory Medical Staff Committee meeting to discuss the changing healthcare environment, how it is affecting our physicians and discuss an action plan. Dr. McElyea briefly discussed surgery block times and his efforts to assure surgery times stay on schedule.

Board QI Report:

Dr. Mark Sehgal reported the Board QI Committee met and HCHCAP scores were discussed. He reported that over the last year the scores stayed the same; however during the last quarter all but one score dipped slightly. He added discussion also occurred regarding improving quality scores and nurse retention.

Audit & Corporate Compliance Committee Report:

Chairman Smith reported the Audit & Corporate Compliance Committee met. John Haight from BKD provided an overview of the FY2017 Audit. Chairman Smith opened the floor to Mr. Haight to present the Audit to the Board. Mr. Robert Haight, BKD provided an overview of the FY 2017 Audit. He reported that he previously presented the audit to the Audit and Corporate Compliance Committee and the Finance Committee before bringing it to the Board. He stated he will be issuing an unmodified (or clean) opinion of the financial statements for the year end June 30, 2017. Mr. McBride pointed out that the Audit report was inadvertently placed under the Finance Committee Report on the agenda instead of the Audit & Corporate Compliance Committee Report. Ms. Elise Brennan, Legal Counsel stated the minutes should reflect the Audit should have been placed under the Audit & Corporate Compliance Committee Report.

A Motion was made (Bland) and seconded (Shannon) to approve the FY 2017 Audit Report as presented and the minutes reflect the motion was made under the Audit & Corporate Compliance Committee. The vote was taken as follows: Aye: Cara Bland, Mary Shannon, Susan Kanard, Brent Grilliot, Mark Sehgal, MD, Kevin Priddle, L.M. Milton, MD, Evans McBride and Weldon Smith. Nay: None. Absent: None. Abstain: None. Chairperson Smith declared the motion carried

Finance Committee Report:

1. Finance Report for July 2017 and August 2017:

Mr. Darryl Linnington provided an overview of the Financial Reports for July and August 2017. He reported in the first two months of Fiscal Year 2018 the Authority earned income of \$132,837. This compares to a budget of \$936,238 and the prior year result of \$625,944. The decline is attributable to an increased operating expense. Total revenues of \$15.4M are ahead of the budget of \$15.1M and improved from the prior year of \$13.9M. Key volume indicators were all favorable with higher ED traffic, higher inpatient days and higher OR cases. Outpatient ancillaries such as CT testing were also higher than prior year. Total expenses of \$15.3M exceeded the budget of \$14.2M and prior year of \$13.6M. Salaries came in at \$6.8M which was \$105K higher than budget and \$711K higher than prior year. This year's numbers include ED physicians, Hospitalists, Geri-Psych and Hospice that were not in the prior year. Benefits were favorable to budget but higher than prior year, a combination of higher payroll (for example FICA \$58K higher) and heavier health plan costs running \$74K, generated more in claims with several hi-cost outliers. Physician fees at \$1.2M over budget and prior year largely related to Hospitalist and Hospitalist schedule which was effective in October has been re-structured by Dr. Murphy for immediate improvement and savings. Supplies of \$2.4M exceeded the budget of \$2.2M and the prior year of \$2.1M, largely related to increased Pharmacy, Lab and Orthopedic Surgery. Our Director of Pharmacy and Lab are reviewing with the goal of reducing cost. Other expense areas combined, reasonably close to budget and prior year. On a segmented or business line basis, the hospital generated a positive margin, the Van Buren assisted living and Home Health ran at break-even, and the Wellness Center and Clinics incurred losses. The Wellness Center director is leading initiatives to return the Center to profitability. The Clinic staffing is being re-organized to improve business office procedures and to reduce on-going expenses. In terms of the balance sheet, cash increased \$1.2M to 42.8M, net AR increased slightly, a few additions to property plant and equipment; mostly final items and payments on the Geri-Psych Unit, accounts payable increased significantly about \$2.1M, and long term debt reflecting a lower debt service. Important to note, we have been ramping up collection efforts and addressing the drag that occurred in accounts payable. In September we made good progress towards getting vendors current while still adding to our cash position. Mr. McBride recommended a more summarized financial report presented in the future. A Motion was made (Sehgal) and seconded (Priddle) to approve the July 2017 and August 2017 financial reports as presented. The vote was taken as follows: Aye: Mark Sehgal, MD, Kevin Priddle, Mary Shannon, L.M. Milton, MD, Evans McBride, Susan Kanard, Brent Grilliot, Cara Bland and Weldon Smith. Nay: None. Absent: None. Abstain: None. Chairperson Smith declared the motion carried.

2. Consideration and approval of FY 2017 Audit:

Discussion and approval moved to Audit and Corporate Compliance Report section.

3. Consideration and approval of HFG Architectural Fees for the Emergency Department Project and the Surgery/SPD remodel Project:

Mr. Darryl Linnington provided an overview of the architectural fee schedules for the Emergency Department (ED) project and the Surgery/SPD remodel project. He reported in an effort to finalize the projects and as a result of the Guaranteed Maximum Price (GMP) that was provided by HFG to

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help us manage the projects additional architectural fees are needed to complete the projects. Mr. Linnington reported on the ED Project, \$742,123.26 is needed for the total project; \$686,481.05 was previously billed leaving \$55,642.21 remaining on architectural fees. For the Surgery/SPD remodel project; \$396,900 is needed for the total project; \$337,365 was previously billed leaving \$59,535 remaining on architectural fees. Mr. Linnington requested approval from the Board to accept the total revised amount for architectural fees of \$742,123.26 for the ED project and \$396,900 for the Surgery/SPD remodel project. A **Motion** was made (Bland) and seconded (Shannon) to approve the total revised amount for architectural fees of \$742,123.26 for the ED project and \$396,900 for the Surgery/SPD remodel project as presented. The vote was taken as follows: Aye: Cara Bland, Mary Shannon, Mark Sehgal, MD, Evans McBride, Susan Kanard, L.M. Milton, MD, Kevin Priddle, 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 5:54 PM



Weldon Smith ~ Chairperson



Mary Shannon ~ Secretary

/sds

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