

A meeting of the McAlester Regional Health Center Authority was held at 4:00 PM, on Wednesday April 04, 2018 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 09:40 AM on Tuesday April 03, 2018.

TRUSTEES PRESENT:

Cara Bland ~ Evans McBride MD (arrived at 4:08) ~ Susan Kanard ~ Mary Shannon, Vice Chairman ~ Brent Grilliot ~ Mark Sehgal, MD ~ Kevin Priddle ~ Weldon Smith, Chairman.

TRUSTEES ABSENT: Ray Dixon, M.D.

HOSPITAL STAFF:

David Keith ~ Sonya Stone, Recording Secretary, John Domanski, Darryl Linnington, Shawn Howard, Julie Powell, Jim Fraser, Tim Cathey, M.D., Jason Bray,

OTHER ATTENDEES:

Rachel Jordon, Legal Counsel, Christopher Beene, M.D., Mayor John Brown, Jeff Sommers, Elise Brennan, Legal Counsel.

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 March 07, 2018
2. Credentialing List
3. Appointment of Jim Fraser to the Ambulatory Surgery Center Board of Managers replacing Dr. Kenneth Murphy.
4. Appointment of Darryl Linnington to the Dialysis Board of Managers replacing T. Shawn Howard.

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

Consideration and approval of Resolution authorizing CEO to sign the Atoka County Medical Center Management Services and Operating Agreement on behalf of the Board of Trustees:

Mr. Darryl Linnington reported the Atoka County Medical Center (ACMC) Management Services and Operating Agreement is included in the preliminary meeting packet for review. He added the Resolution authorizes the CEO to sign the agreement on behalf of the Board. He stated the Resolution is at the request of Bond Council and ACMC. He added ACMC presented a similar Resolution to their Board. Ms. Elise Brennan reported the Agreement is a three year contract; that was heavily negotiated and reviewed by Bond Counsel; and as a Chapter- 9 debtor, does not require bankruptcy court approval. Mr. Shawn Howard provided an update on ACMC operations. He reported cash has increased and the hospital has a patient census of ten. He stated overall the hospital is doing very well. Mr. Keith reported MRHC and ACMC physicians are enjoying the relationship which has proven to be beneficial to both hospitals. A motion was made (Shannon) and seconded (Grilliot) to approve the Resolution authorizing CEO to sign the Atoka County Medical Center Management Services and Operating Agreement on

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behalf of the Board of Trustees as presented. Aye: Mary Shannon, Brent Grilliot, Susan Kanard, Cara Bland, Mark Sehgal, MD, Kevin Priddle, Evans McBride and Weldon Smith. Nay: None. Absent: Ray Dixon. Abstain: None. Chairperson Smith declared the **motion** carried.

Analysis of Lease and Amendment by and between the City of McAlester and McAlester Regional Health Center Authority:

Ms. Elise Brennan reported on the Lease and Amendment by and between the City of McAlester and the Trustees of the McAlester Regional Health Center Authority - which was requested at a previous Board meeting. Ms. Brennan indicated that the assets of MRHC ultimately belong to the City of McAlester. It is within the purview of the City to sell the hospital. However, the Hospital Authority holds the lease, which does not come due until 2047. As a result, MRHCA and the City of McAlester have to be in full agreement for a total sale of operations and property to occur. Chairman Smith stated he would like to make it very clear; the MRHCA is not interested in selling the hospital.

Educational presentation: Affiliations, Mergers & Acquisitions: Mr. David Keith introduced Mr. Jeff Sommers with Stroudwater who is regionally and nationally recognized for his work. Mr. Sommers provided a Board education presentation regarding affiliations, mergers & acquisitions. He stated the best time to discuss this topic is when you don't require it. Mr. Sommers cautioned the Board of strategic risks associated with affiliations, mergers and joint ventures and shared scenarios of failed relationships. He advised the Board of warning signs to look for when a hospital is struggling and discussed how to evaluate the environment to maximize on the opportunities. In closing, Mr. Keith stated that according to statistics, when systems buy local rural hospitals, communities lose employment and the cost of care often increases.

CEO Report: Mr. David Keith opened up the floor to Dr. Christopher Beene to provide an update regarding the Medical Staff. Dr. Beene reported he has assumed the role as Interim Chief of Staff following the resignation of Dr. Jason McElyea. The Medical Staff is currently working on nominations to fill the role for the next fiscal year with elections coming up in May 2018 and the transition occurring in June 2018. Mr. Keith shared his appreciation to Dr. Beene for his willingness to serve. Mr. Keith stated before locking in the 2018 -2021 Strategic Plan he shared the top six objectives that were selected by Leadership and presented to the medical executive committee and medical staff. Mr. Keith reported there are twenty three (23) short-term objectives for FY 2018 which spans all four long-term goals and a total of sixty (60) initiatives that will be addressed over a three year period. He reported six (6) short-term objectives have been identified and will be priority focus over the next six (6) months. They are as follows: Redesign the overall Quality Management System to ensure engagement and accountability for the hospital and its affiliates including MMS; Evaluate MRHC's Safety, Security and Disaster Preparedness against the new CMS guidelines; Physician recruitment and development in order to improve access and service delivery; Transition Primary Care Clinics in order to promote health and reduce overall health care costs; Develop plan to expand outreach and Accountable Care Organization (ACO) participation; and Develop a 5 year strategic financial plan to include specific initiatives to strengthen financial ratios for MRHC. He reported leaders have been chosen and charters are under development to drive the six (6) short term objectives with the full support of Administration. He added his goal is to complete twelve (12) of the identified objectives in FY2018. Mr. Keith opened the floor for discussion. An update was provided by Mr. Tim Cathey regarding the Wellness Center.

Board QI Committee Report: Dr. Mark Sehgal reported Ms. Whitney Hull presented the HCAHPS scores and a review of the Quality Improvement Council. He added he is expecting the newly implemented Leadership Rounding to drive an improvement in patient satisfaction scores by addressing their immediate needs and concerns. Dr. Sehgal added the Committee also reviewed the MRHCA Board of Trustees Quality Improvement Committee Policy and recommended minor modifications that will be presented to the MRHC Board of Trustees for approval.

Audit & Corporate Compliance Report: Mr. Weldon Smith opened the floor to Ms. Julie Powell who provided an update regarding the Audit & Corporate Compliance meeting held on March 27, 2018. She reported education on the Office of Inspector General (OIG) was shared with Committee at the request of OIG and a report regarding an Informational Technology Risk Audit conducted by True Digital Security was discussed. Ms. Powell reported that three policies were reviewed and recommended modifications were made to the MRHCA Board of Trustee Audit & Corporate Compliance Policy, Compliance Hotline Policy and Code of Conduct Policy. She added recommended updates by Crowe and Dunlevy Law firm to the Compliance Program were reviewed and approved. In closing, Ms. Powell provided an update on compliance investigations for last quarter were reviewed.

Consideration and approval of Finance Report for February 2018: Mr. Fraser, CFO, introduced himself to the Finance Committee. He stated he comes from Manhattan Kansas where he served as the Vice President of Finance of Via Christi Hospital Manhattan and Wamego Health Center. Mr. Fraser stated for the month ending February 28, 2018, McAlester Regional Health Center reported a net operating loss compared to a budgeted net operating income. From an EBIDA standpoint, MRHC reported a positive EBIDA compared with the budget. However for the Year-to-Date EBIDA standpoint, MRHC reported a net operating loss compared to budget. Volumes were mixed, with inpatient discharges down to 305 from 400 prior year; outpatient registrations down to 5,684 from 6,284; emergency department visits down to 1,989 from 2,045 prior year; total surgeries down to 184 from 305 prior year. Unrestricted cash balances decreased from prior year primarily due to ongoing delays in obtaining Geri-Psych billing approval (obtained in Jan 18); operating cash-on-hand increased to 139 days compared with 135 days in the prior year. Mr. Fraser stated he wants cash to net revenue to be between 98 – 103%. Continued improvement in labor management resulted in paid FTEs running 645, a reduction of 92 from prior year. Discussion occurred regarding the McAlester Medical Services, LLC (MMS) progression. Mr. Fraser reported he predicted the program to show a significant improvement in the near future. Mr. McBride reported items for future discussion include a review of bad debt, a deep dive into net patient revenue and the future outlook of the MRHC debt covenant. A **Motion** was made (Bland) and seconded (Sehgal) to approve the February 2018 Financial Reports as presented. The vote was taken as follows: Aye: Cara Bland, Mark Sehgal, MD, Mary Shannon, Evans McBride, Kevin Priddle, Susan Kanard, Brent Grilliot and Weldon Smith. Nay: None. Absent: Ray Dixon, MD. Abstain: None. Chairperson Smith declared the **motion** carried.

New Business: None

Executive Session: 25 O.S. § 307(B)) ~ Discussion and Action ~ Weldon Smith, Chairman

25 O.S. § 307(B) (4): “Confidential communications between a public body and its attorney concerning a pending investigation, claim, or action if the public body, with the advice of its attorney, determines that disclosure will seriously impair the ability of the public body to process the claim or conduct a pending investigation litigation, or proceeding in the public interest.”

1. Discussion regarding pending legal action

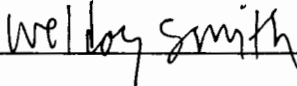
A motion was made 6:22 PM by (Priddle) and seconded (Sehgal) to enter into Executive Session. The vote was taken as follows: Aye: Kevin Priddle, Mark Sehgal, MD, Cara Bland, Brent Grilliot, Susan Kanard, Evans McBride, Mary Shannon and Weldon Smith. Nay: None. Absent: Ray Dixon. Abstain: None. Chairperson Smith declared the **motion** carried unanimously.

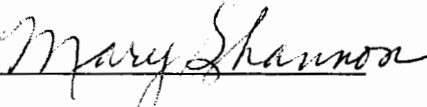
A motion was made 7:14 PM by (Priddle) and seconded (Sehgal) to come out of Executive Session. The vote was taken as follows: Aye: Kevin Priddle, Mark Sehgal, MD, Cara Bland, Brent Grilliot, Susan Kanard, Evans McBride, Mary Shannon and Weldon Smith. Nay: None. Absent: Ray Dixon. Abstain: None. Chairperson Smith declared the **motion** carried unanimously.

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Action taken during Executive Session: A motion was made (Kanard) and seconded (Shannon) to proceed with legal action against Latimer County General Hospital for Breach of Contact. The vote was taken as follows: Aye: Susan Kanard, Mary Shannon, Cara Bland, Brent Grilliot, Kevin Priddle, Evans McBride, Mark Sehgal, MD and Weldon Smith. Nay: None. Absent: Ray Dixon. Abstain: None. Chairperson Smith declared the **motion** carried unanimously.

Adjournment: With no further questions or business to come before the Board, a motion was made (Kanard) and seconded (Shannon) to adjourn the meeting at 7:53 PM. The vote was taken as follows: Aye: Susan Kanard, Mary Shannon, Cara Bland, Brent Grilliot, Kevin Priddle, Evans McBride, Mark Sehgal, MD and Weldon Smith. Nay: None. Absent: Ray Dixon. Abstain: None. Chairperson Smith declared the **motion** carried unanimously.


Weldon Smith ~ Chairperson


Mary Shannon ~ Secretary

/sds