

A meeting of the McAlester Regional Health Center Authority was held at 4:00 PM, on Wednesday March 07, 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 09:35 AM on Tuesday March 06, 2018.

**TRUSTEES PRESENT:**

Cara Bland ~ Ray Dixon, M.D. ~ Evans McBride MD ~ Susan Kanard ~ Mary Shannon, Vice Chairman ~ Brent Grilliot ~ Mark Sehgal, MD ~ Kevin Priddle ~ Weldon Smith, Chairman.

**TRUSTEES ABSENT:** None

**HOSPITAL STAFF:**

David Keith ~ Sonya Stone, Recording Secretary, Kim Stout, John Domanski, Darryl Linnington, Heather French, Shawn Howard, Julie Powell, Whitney Hull, Jimmy Davenport.

**OTHER ATTENDEES:**

Rachel Jordon, Legal Counsel, Joe Chacko, Jason Chacko, Pete Stasiak, Norman Gayle, Dr. Terrance Dolan, A.N. Crowson.

**CALL TO ORDER:**

Chairman Smith called the meeting to order at 4:00 PM. He recognized Dr. Ray Dixon as a new Board of Trustee member replacing Dr. L.M. Milton. Chairman Smith opened the floor to Mr. David Keith and Mr. Darryl Linnington. Mr. Linnington introduced Mr. Joe Chacko and Mr. Jason Chacko with the Chacko Group with Morgan Stanley. Mr. Joe Chacko provided an overview of their company and stated they are looking forward to providing investment services to McAlester Regional Health Center (MRHC). Mr. David Keith introduced Ms. Rachel Jordan the new attorney for the hospital. She is associated with Crowe & Dunlevy law firm in Oklahoma City, OK. Ms. Jordan shared her personal and professional background information with the Board of Trustees.

**Public Comment:** Mr. Pete Stasiak shared his favorable experience during his stay at MRHC. He stated he was very pleased with the care and service he received while at our hospital.

**Consent Agenda:**

1. MRHCA Board of Trustees minutes for February 07, 2018

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

**Regional Medical Laboratory Presentation:** Dr. Terrance Dolan provided an informative presentation regarding the Regional Medical Laboratory (RML) Services. He reported RML is a for-profit, community based asset owned by the Catholic Church through Ascension Health via Saint John Health System. He added RML performs approximately 9 million laboratory tests performed annually. Dr. Dolan reported 98% of all tests sent to RML are performed within Oklahoma. He stated billing claims are processed within the RML billing department. He added RML provides courier services with a fleet of 52 vehicles and have never missed a day due to inclement weather or holiday. Dr. Dolan reported the RML Core Competencies include laboratory revenue cycle, managing hospital laboratories, outreach (non-hospital) laboratory and client/instrument IT interface. He provided an overview of the proposed laboratory cost savings model. The proposed model included determining an average

baseline cost per billed unit, developing a referred test fee schedule and identifying expenses. In closing Dr. Dolan provided an executive summary of the projected savings for the MRHC Laboratory. Discussion followed. Mr. Keith reported over the past few years, attempts have been made to change the culture, processes and systems of the lab but have been unsuccessful. He added mixed in with that, there is a shortage of lab scientist and cultural resistance. He determined a need to reach out to experts who have a managed hospital labs in a multitude of other hospitals. Mr. Keith stated RML has predicted a significant cost saving without changing any staffing levels by repositioning and reorganizing the way we do business. He stated RML will also help our lab prepare for the CAP survey; this is an overall win for the hospital.

**Discussion regarding the Atoka County Medical Center Management Services and Operating Agreement:**

Mr. Darryl Linnington provided a status report on the Atoka County Medical Center (ACMC) Management Services and Operating Agreement negotiations. He reported the ACMC has been improving in volume, revenue, cash collections and bottom line under the Interim leadership of Mr. Shawn Howard. He reported he has been working with Atoka to craft a complex long term agreement. Mr. Linnington reviewed the Draft ACMC Management Services and Operating Agreement included in the preliminary meeting packet and shared the process and discussions leading up to a final agreement. Mr. Priddle expressed concerns regarding staffing provisions for ACMC. Mr. Howard reported the MRHC staff is primarily offering guidance to bolster the current ACMC staff and improve service line profitability. Discussion followed regarding outreach to ACMC and other regional areas.

**CEO Report:** Mr. David Keith provided an overview of the CEO Report included in the preliminary meeting packet. He began with a legislative update regarding House Bill 1033 the Step-Up Oklahoma Revenue Plan that failed to pass and Senate Bills to outsource Medicaid that have captured the attention of LifeCare. Mr. Darryl Linnington provided an update on the Eufaula Diagnostic Imaging Center that recently opened in January 2018 and the Eufaula Urgent Care that is targeted to open in May 2018. He added the Imaging Center is doing very well and the Eufaula community is very eager for the Urgent Care to open. Mr. John Domansky provided an update on the Veterans Administration Clinic Project. He reported conference calls with the VA, Architects and MRHC are occurring weekly to coordinate the project. He added bid packages will be going out for bid soon and the goal is open the Clinic in the fall of 2018. Mr. Domansky also provided an update on the Urologic Specialists of Oklahoma (USO). He reported construction continues and final preparations are being made to open the Clinic March 20, 2018. A ribbon cutting ceremony is scheduled for March 29, 2018. Mr. Shawn Howard provided a brief overview of the parking lot restructuring project. He stated Engineers have assessed the parking lot and made recommendations that will add 188 additional parking spaces; re-stripping is also planned. Mr. Howard also provided an update on the Emergency Department Project. He reported the hospital is awaiting State approval on Phase II of the project. He stated attempts are being made to reach out to the State for a quick response and turnaround. Ms. Kim Stout reported a new Director has been hired at the Wellness Center. She reported she is working with him to oversee renovations planned for the Wellness Center including painting, carpet cleaning and roof repairs to address leakage. Ms. Stout reported the new Director is also addressing the housekeeping issues at the Center. Mr. Keith reported Jim Fraser, the new Chief Financial Officer (CFO) will arrive next week. Mr. John Domansky, the interim CFO will transition over to Physician Services to help strengthen the program. He also reported that Tim Cathey, M.D. will be replacing Mr. Shawn Howard as Assistant Administrator as Mr. Howards transitions to his new role as CEO of ACMC. Mr. Keith reported he included the Board policies in the preliminary meeting packet for annual review by the Board and Subcommittees. He added following the review and possible revisions, the policies will be brought back to the Board for approval to meet DNV requirements.

**Board QI Committee Report:**

Dr. Mark Sehgal reported the Committee discussed the Infection Control Report. He stated there was improvement in the Infection control scores with the exception of a few areas that slightly affected the overall score. He opened the floor to Ms. Whitney Hull who provided an overview of a Quality Reporting Charter

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Project. She reported the old quality reporting process did not work well. She added the quality restructuring was developed following a recommendation from DNV in a past survey. The restructuring proposal was presented to the Quality Oversight Committee on February 22, 2018 and Leadership had a full day of education on February 26, 2018. Ms. Hull stated that all required data is reported to a data repository before moving forward to the Quality Oversight Committee (QOC) consisting of ten key voting members. Data that has been vetted by the QOC is then presented to the level of Administration, Board sub-Committees and Governing Body. Mr. Keith stated formerly, the Quality system was process orientated. The new process reports only the data that is necessary to report. More efforts are being placed on data that are not trending favorably and responsible stakeholders must provide a corrective action plan for improvement. Ms. Hull reported key individuals have been identified and assigned to be responsible for the National Integrated Accreditation for Healthcare (NIAHO) standards. Audits are being performed in all areas pertaining to the NIAHO standards in preparation for the next Det Norske Veritas (DNV) survey. Ms. Stout reported that she and three other staff members visited a hospital in West Virginia who was the recipient of the Malcolm Baldrige National Quality Award. She stated much of their research was incorporated into the structure of the new quality reporting project.

#### **Finance Committee Report:**

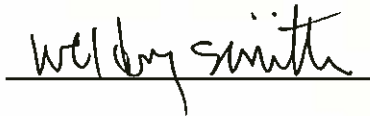
- 1. Finance Report for January 2018:** Mr. John Domansky provided an overview of the MRHC Financial Dashboard for January 2018. He reported for the month ending January 31, 2018, MRHC reported a net operating loss; however EBIDA was positive. Volumes were mixed and inpatient discharges, outpatient registrations and emergency department visits were up from prior year; surgeries fell slightly from the prior year. Mr. Domansky reported unrestricted cash balances increased from prior year primarily due to ongoing delays in obtaining Geri-Psych billing approval which was obtained in January 2018. Operating cash-on-hand increased to 141 days. He added continued improvement in labor management resulted in a reduction of 82 full time employees over last year. Mr. McBride raised a question regarding the change in bad debt over the past 12 months. He requested an explanation be brought back to the Board next month. A Motion was made (Priddle) and seconded (Grilliot) to approve the January 2018 Financial Reports as presented. The vote was taken as follows: Aye: Kevin Priddle, Brent Grilliot, Cara Bland, Susan Kanard, Evans McBride, Ray Dixon, M.D., Mark Sehgal, M.D., Mary Shannon and Weldon Smith. Nay: None. Absent: None. Abstain: None. Chairperson Smith declared the motion carried.
- 2. Consideration and approval of Investment Policy and Investment Committee Charter:** Mr. Darryl Linnington presented the updated Board of Trustees Investment Policy and the new Investment Committee Charter for approval. He reported the Policy and Charter were presented for review at the Board of Trustee meeting and Finance Committee in February 2018. Mr. Linnington provided an overview of the finalized Investment Policy and Investment Committee Charter, pointing out the recommended revisions. Discussion followed regarding the advantages and disadvantages of having an Investment Committee. Mr. Keith reported he would like to see transparency and more time spent on vetting Investment opportunities; an Investment Committee would provide that oversight and having an Investment Committee would be Best Practice. Chairman Smith reported he would like to see leaders from the Community involved in the Investment Committee who could bring a different skill set. Mr. Evans McBride opposed having a separate Investment Committee preferring that the Finance Committee continues to oversee Investments. Mr. Keith reported MRHC Leadership would like to recommend launching a new Investment Committee. Ms. Mary Shannon reported she sees value in having an Investment Committee and having that type of expertise involved with making those decisions. Dr. Sehgal stated the only downside to not having an Investment Committee is the Finance Committee would have to devote more time during regular meetings to discuss Investments or have a separate meeting. Mr. Smith queried the Board members on

their preference of establishing a new Investment Committee or restructuring the Finance Committee to continue with the investment oversight. The majority of Board members were in favor of a separate Investment Committee. A motion was made (Sehgal) and seconded (Dixon) to approve the creation of an Investment Committee based on the Investment Committee Charter and to approve the Investment Policy as presented. The vote was taken as follows: Aye: Mark Sehgal, M.D., Ray Dixon, M.D., Mary Shannon, Kevin Priddle, Susan Kanard, Brent Grilliot, Cara Bland and Weldon Smith. Nay: Evans McBride. 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, a motion was made (Grilliot) and seconded (Sehgal) to adjourn the meeting at 7:53 PM. The vote was taken as follows: Aye: Brent Grilliot, Mark Sehgal, M.D., Susan Kanard, Cara Bland, Kevin Priddle Ray Dixon, Mary Shannon, Evans, McBride and Weldon Smith. Nay: None. Absent: None. Abstain: None. Chairperson Smith declared the motion carried.



Weldon Smith ~ Chairperson



Mary Shannon ~ Secretary

/sds