

A meeting of the McAlester Regional Health Center Authority was held at 4:00 PM, on Wednesday October 03, 2018 at McAlester Regional Health Center in the Administration Board Room. Public notice, setting forth there on the day, time and place for this regular meeting had been delivered to the office of the City Clerk at 09:32 AM on Tuesday October 02, 2018.

TRUSTEES PRESENT:

Evans McBride MD (arrived at 4:12 PM) ~ Susan Kanard ~ Mary Shannon, Vice Chairman ~ Brent Grilliot ~ Weldon Smith, Chairman ~ Mark Sehgal, MD

TRUSTEES ABSENT: Ray Dixon, M.D, Cara Bland, Kevin Priddle

HOSPITAL STAFF:

David Keith, Sonya Stone, Recording Secretary, Shawn Howard, Jim Fraser, Dee Misrasi, Heather Eddy, Darryl Linnington, Whitney Hull, Kim Stout, Tim Cathey, MD, Ryan Gathard, Brent Stinnett, Jason Bray,

OTHER ATTENDEES:

Rachel Jordan, Legal Counsel, (via conference phone), Russell Ramzel, Legal Counsel (via conference phone), Pete Stasiak, City Manager, Billi Lycette, Vizient, Karen Hendren, Vizient, Lora Johnson, Vizient, Rob Haight, BKD

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 05, 2018
2. Credentialing and privileges List as follows:

Approval of appointment for provisional credentialing and privileges for one year per the recommendation of the Medical Executive Committee:

- a. John Tompkins, MD ~ Affiliate Health ~ Orthopedics

Approval of appointments for Reappointment (Advancement) credentialing and privileges for two years per the recommendation of the Medical Executive Committee:

- a. Salvatore Labruzzo, MD ~ Affiliate Staff ~ Teleradiology
- b. David Auld, MD ~ Active Staff ~ Internal Medicine/Pediatrics
- c. John Clay Bower, DO ~ Active Staff ~ Family Medicine/Ventilator Management/Emergency Medicine
- d. Kristin McElyea, DO ~ Active Staff ~ Family Medicine/Ventilator Management

Approval of appointments for Reappointment credentialing and privileges for two years per the recommendation of the Medical Executive Committee:

- a. Norman McAlester, MD ~ Active Staff ~ Emergency Medicine
- b. Victoria Keeton, DO ~ Active Staff ~ Emergency Medicine
- c. Stacy Hardy, MD ~ Active Staff ~ Internal Medicine
- d. Abdol Khorasanchian, MD ~ Active Staff ~ Internal Medicine/Cardiology
- e. Gary Lee, MD ~ Active Staff ~ Ventilator Management

- f. Stanley Higgins, MD ~ Affiliate Staff ~ Teleradiology
- g. Rastislav Osadsky, MD ~ Affiliate Staff ~ Teleradiology
- h. Harlold Zane Delaughter, DO ~ Active Staff ~ Family Medicine/Ventilator Management/Emergency Medicine

- 3. Appointment of Dr. Tim Cathey to the McAlester Medical Services, LLC Board replacing Mr. David Keith
- 4. Updated MRHCA Board of Trustees Committee Assignments for FY 2018/2019

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

Purchase Services Program Presentation: Mr. David Keith opened the presentation with an overview of the hospital's participation with the Vizient LifeCare Organization. He introduced Ms. Karen Hendren from LifeCare joined by Ms. Lora Johnson and Ms. Billi Lycette from Vizient who presented the new Purchase Services Program. Ms. Lycette reported the Vizient Purchase Services Program engaged 46 Health Systems across the US targeting over \$200M in implemented savings in 2018. She added Vizient worked with MRHC over the past several months to identify savings opportunities in the organization. This information is compared to data collected in other participating organizations. Ms. Johnson reported eighteen initiatives were identified overall as a target focus and approved by MRHC to move forward. Vizient will develop and recommend strategy to leverage volume with existing vendors to reduce cost or do a Request for Proposal (RFP) for the service. Vizient will also negotiate and implement new agreements benefiting all hospitals with the ultimate goal of generating a significant cost savings and maintain the gain. Ms. Hendren reported in the first year for every contract dollar identified as a savings; 30% will go to Vizient and 70% will go to MRHC. After the first year, MRHC will recoup 100% of the savings.

Foundation Update: Mr. Ryan Gathard reported the MRHC Foundation is seeking a grant to relocate our Southeast Clinics to our downtown location. The Foundation has submitted a request to the Puterbaugh Foundation for financial support. The proposal is to renovate the second floor of the hospital-owned property located at 10 south 3rd Street, downtown McAlester in preparation of relocating Family Medicine, Internal Medicine, Mercy Clinic, Residency Program and Pediatrics. This move will result in available hospital space for specialty services and increase space needed for Mercy Clinic and the Residency Program in order to meet accreditation requirements and meet community needs in a more accessible location.

Space Finding Update: Dr. Tim Cathey presented an update on the Space Utilization Strategic Planning Project. He provided an overview of the utilized square footage throughout the facility and described the current and near future space needs with our growing facility. Dr. Cathey stated with growth the hospital faces limitations such as available capital, regulatory requirements, provider support and availability when considering the most efficient use of space. Dr. Cathey shared possible options that are being considered to expand; however some space will require spending capital money to renovate. He closed by stating growth issues are good problems to have.

Consideration and approval of bid rejection from Built Right for OR door replacement: Dr. Cathey reported that a Request for Proposal (RFP) went out for the OR door replacement. Only one bid was received in the amount of \$228,000. Dr. Cathey stated due to the excessive amount of the bid, he made a recommendation to reject the bid from Built Right in the amount of \$228,000 in order to pursue a more cost effective option. Following discussion, Evans McBride moved to approve the rejection of bid from Built Right for the replacement of OR doors in the amount of \$228,000 as presented. The motion was seconded by Brent Grilliot,

and the vote was taken as follows: **Aye:** Evans McBride, Brent Grilliot, Susan Kanard, Mark Sehgal, MD, Mary Shannon and Weldon Smith. **Nay:** None. **Absent:** Ray Dixon, MD, Kevin Priddle and Cara Bland. **Abstain:** None. Chairperson Smith declared the **motion** carried.

CEO Report: Mr. David Keith provided an overview of the October 2018 CEO report included in the preliminary meeting packet. He reported Latimer County Hospital has closed. He stated that he has received numerous phone calls from individuals seeking the MRHC's assistance. He added discussions will take place in the near future with the Attorney for Latimer County Hospital before any action or decision to support is made. Mr. Keith reported an agreement was signed with Jackson County Memorial Hospital in Altus to share Information Technology (IT) Services. The Professional Services Agreement will benefit both hospitals and is expected to reduce costs. Mr. Keith mentioned the development of a new narrow network product that will be introduced in SE Oklahoma. He has requested Mr. Darryl Linnington to provide an update to the Board on the new Narrow Network in at an upcoming Board meeting. Mr. Keith reported the MRHC Middle Management recently attended a retreat and subsequently identified five of their top issues they felt was important for focus by the Administrative Team. That information will be shared with the Board in their upcoming strategic planning meeting set for January. Mr. Keith handed out strategic topic of discussion to the members, and requested they identify five which they would like the AET to report on during that strategic meeting. Mr. Keith noted that MRHC received a "Best Hospital" award from US News and World Report. Ms. Kim Stout and Dr. Tim Cathey provided an update on the recent CMS validation survey. Mr. Keith reported Ms. Kim Stout will be providing an update on a plan to reorganize the Credentialing department. Mr. Jason Bray provided an update on the implementation of Meditech 6.1. Ms. Heather Eddy will be presenting the results of the Employee Satisfaction Survey to the Personnel Committee in October and then to the Board in November. Mr. Linnington provided an update on the Belfair project and the efforts to finalize an agreement.

Chief of Staff Report: No Report

Personnel Committee Report: Ms. Susan Kanard reported the Personnel Committee met to discuss the renewal agreement for the Chief Executive Officer.

1. **Consideration and approval of the September 11, 2018 Personnel Committee Minutes.** TABLED
PENDING LEGAL OPINION.

Audit & Corporate Compliance Committee Report:

1. **Consideration and approval of the September 25, 2018 Audit & Corporate Compliance Minutes:** Following a brief discussion and review of the minutes, Ms. Susan Kanard moved to accept the Audit & Corporate Compliance Minutes for September 25, 2018 as presented. The motion was seconded by Mr. Brent Grilliot, and the vote was taken as follows: **Aye:** Susan Kanard, Brent Grilliot, Mark Sehgal, MD, Evans McBride, Mary Shannon and Weldon Smith. **Nay:** None. **Absent:** Ray Dixon, MD, Kevin Priddle and Cara Bland. **Abstain:** None. Chairperson Smith declared the **motion** carried
2. **Consideration and approval of FY2018 Audited Financial Report:** Mr. Robert Haight with BKD provided an overview of the McAlester Regional Health Center Authority Audit for Fiscal Year ended June 30, 2018. Mr. Haight reported an unmodified or clean opinion was issued on the Financial Statements. He added with any audit there were a few identified audit adjustments; however the audit overall was a pretty clean audit. Following the review of the audit details, Dr. Mark Sehgal moved to approve the FY 2018 Audited Financial Report as presented. The motion

was seconded by Mary Shannon, and the vote was taken as follows: **Aye:** Mark Sehgal, MD, Mary Shannon, Brent Grilliot, Susan Kanard, Evans McBride and Weldon Smith. **Nay:** None. **Absent:** Ray Dixon, MD, Kevin Priddle and Cara Bland. **Abstain:** None. Chairperson Smith declared the motion carried.

Finance Committee Report:

1. **Consideration and approval of September 25, 2018 Finance Committee Minutes:** TABLED
PENDING LEGAL OPINION
2. **Consideration and approval of August 2018 Financial Reports:** Mr. Jim Fraser provided an overview of the August 2018 Financial Report. He reported for the month ending August 31, 2018, MRHC reported a positive net operating income and a positive EBIDA. Volumes were mixed with inpatient discharges down, outpatient registrations and emergency department visits were up and surgeries were down. Home Health was profitable. The unrestricted cash balance was 115.6 days. Mr. Fraser reported the hospital did very well operationally in August. Mr. Fraser reported the Hospital engaged BKD to do a productivity study. All department leaders will be interviewed to determine standards for each department and be held accountable to meet and maintain those standards. BKD will also identify opportunities for improvement. He stated the staff was surprisingly cooperative and open to suggestions. The final report is expected in the next few weeks. Mr. Keith recommended that BKD present their findings to the Board in the next few months. Following discussion, Mary Shannon moved to approve the August 2018 Financial Reports as presented. The motion was seconded by Mark Sehgal, MD and the vote was taken as follows: **Aye:** Mary Shannon, Mark Sehgal, MD, Susan Kanard, Brent Grilliot, Evans McBride, and Weldon Smith. **Nay:** None. **Absent:** Ray Dixon, MD, Kevin Priddle and Cara Bland. **Abstain:** None. Chairperson Smith declared the motion carried
3. **Consideration and approval of CER for Stryker System 8 Cordless Power Driver:** Mr. Jim Fraser presented a CER for a Stryker System 8 Cordless Power Driver. He reported the battery sets are of good quality and able to go through the automatic washer which is good from an infection control and safety aspect. The battery sets will also decrease the need for sterilization and repair cost. The new battery sets will replace the current battery system which is 11-12 years old. Bids were received from ConMED and Stryker. Stryker provided the most cost effective bid and will be consistent with other products. The cost of the Stryker System 8 Cordless Power Driver is \$65,321.15 after a \$5000.00 trade in allowance from the old system. This proposal is not a budgeted item. Following discussion, Mark Sehgal, MD moved to approve the CER for a Stryker System 8 Cordless Power Driver at a cost of \$65,321.15 as presented. The motion was seconded by Ms. Mary Shannon, and the vote was taken as follows: **Aye:** Mark Sehgal, MD, Mary Shannon, Evans McBride, Susan Kanard, Brent Grilliot and Weldon Smith. **Nay:** None. **Absent:** Ray Dixon, MD, Kevin Priddle and Cara Bland. **Abstain:** None. Chairperson Smith declared the motion carried.
4. **Consideration and approval of CER for a Nuclear Medicine Camera Replacement:** Mr. Jim Fraser presented a CER for a used (2016) Siemens Nuclear Medicine Camera. The hospital will have the ability to perform a software upgrade to the most current operating platform. The camera will replace a 20 year old camera that is unreliable and the availability of parts is difficult. The requested Nuclear Medicine Camera will bring new technology that will provide better quality exams in a shorter period of time resulting in increased patient satisfaction. In addition, the new camera will be able to perform cardiac studies which are not possible with the current camera. Bids were received from Siemens for a new and used camera and Vizient for a used camera. The recommendation was for the used Siemens Nuclear Medicine Camera at a cost of \$146,000 which

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is significantly a cost effective option. This proposal is not a budgeted item. Following discussion, Evans McBride moved to approve the CER for a used (2016) Siemens Nuclear Medicine Camera at a cost of \$146,000 as presented. The motion was seconded by Brent Grilliot, and the vote was taken as follows: **Aye:** Evans McBride, Brent Grilliot, Susan Kanard, Mark Sehgal, MD, Mary Shannon and Weldon Smith. **Nay:** None. **Absent:** Ray Dixon, MD, Kevin Priddle and Cara Bland. **Abstain:** None. Chairperson Smith declared the **motion** carried.

5. **Consideration and approval of CER for Ventilator Purchase:** Mr. Jim Fraser presented a CER for the purchase of two refurbished ventilators from Medtronic at a cost of \$56,625. Two ventilators were decommissioned last year due to age and the inability to be repaired, resulting in a need to rent ventilators to assure appropriate life support for the hospital. The Medtronic ventilators will be consistent with the existing ventilators for safe and effective patient care and will generate cost savings from decreased rental fees. Bids were received from Medtronic and Draeger. Clinicians preferred the Medtronic ventilators for standardization, functionality and safety. The ventilator purchase exceeds the budgeted amount of \$42,350 by \$14,275. Following discussion, Mary Shannon moved to approve the CER for two refurbished ventilators from Medtronic at a cost of \$56,625 as presented. The motion was seconded by Mark Sehgal, MD and the vote was taken as follows: **Aye:** Mary Shannon, Mark Sehgal, MD, Evans McBride, Susan Kanard, Brent Grilliot, and Weldon Smith. **Nay:** None. **Absent:** Ray Dixon, MD, Kevin Priddle and Cara Bland. **Abstain:** None. Chairperson Smith declared the **motion** carried.
6. **Consideration and approval of CER for South Parking Lot Expansion:** Mr. Jim Fraser presented a CER for a South parking lot expansion at a cost of \$395,555. The expansion is a result of a lack of parking spaces available to visitors, patients and employees. In addition, the new VA Clinic requires 77 parking spaces be made available for use by their patients, thus increasing the need for an additional parking area. Bids were received from Ross Construction, Built Right Construction and Miller-Tippins Construction. Ross Construction provided the lowest bid. This proposal is not a budgeted item. Mr. Evans McBride reported this proposal fits the established criteria for the use of funded appreciation funds. Following discussion, Evans McBride moved to approve the CER for the south parking lot expansion at a cost of \$395,555 as presented. The motion was seconded by Mark Sehgal, MD and the vote was taken as follows: **Aye:** Evans McBride, Mark Sehgal, MD, Susan Kanard, Brent Grilliot, Mary Shannon and Weldon Smith. **Nay:** None. **Absent:** Ray Dixon, MD, Kevin Priddle and Cara Bland. **Abstain:** None. Chairperson Smith declared the **motion** carried.
7. **Consideration and approval of CER for Coulter 900-2 Dual Analyzer:** Mr. Jim Fraser presented a CER for a Coulter 900-2 Dual Analyzer at a cost of \$141,000 which includes a two year service agreement. The Coulter Dual Analyzer is available through the Vizient contract and had the lowest price for an analyzer that is FDA approved for body fluid analysis. The Analyzer has a trade in value of \$24,000 and is a budgeted item that came in below budget by \$83,540. Bids were received from Beckman Coulter and Sysmex America. The Coulter 900-2 Dual Analyzer will replace and retire the current equipment that is beyond life expectancy and unreliable. Following discussion, Mark Sehgal, MD moved to approve the CER for the Coulter 900-2 Dual Analyzer at a cost of \$141,000 as presented. The motion was seconded by Brent Grilliot and the vote was taken as follows: **Aye:** Mark Sehgal, MD, Brent Grilliot, Evans McBride, Susan Kanard, Mary Shannon and Weldon Smith. **Nay:** None. **Absent:** Ray Dixon, MD, Kevin Priddle and Cara Bland. **Abstain:** None. Chairperson Smith declared the **motion** carried.

8. **Consideration and approval of CER for Virtuo A Blood Culture Instrument:** Mr. Jim Fraser presented a CER for a Virtuo A Blood Culture Instrument at a cost of 150,000. The equipment is a budgeted item that came in under budget by \$87,735.27. The current blood culture analyzer does not have the capacity to analyze the MRHC blood culture workload and will be replaced with the new analyzer. The Virtuo A Blood Culture Analyzer was the only bid that met the College of American Pathologist (CAP) requirement and had a high workload capacity. The estimated return on investment (ROI) is approximately two years. Following discussion, Mary Shannon moved to approve the CER for the Virtuo A Blood Culture Instrument at a cost of \$150,000 as presented. The motion was seconded by Mark Sehgal, MD and the vote was taken as follows: **Aye:** Mary Shannon, Mark Sehgal, MD, Brent Grilliot, Susan Kanard, Evans McBride and Weldon Smith. **Nay:** None. **Absent:** Ray Dixon, MD, Kevin Priddle and Cara Bland. **Abstain:** None. Chairperson Smith declared the motion carried

New Business: None

Executive Session:

Executive Session (25 O.S. § 307(B)) – Consideration and discussion – Weldon Smith, Chairman

25 O.S. § 307(B) (1): “Discussing the employment, hiring, appointment, promotion, demotion, disciplining or resignation of any individual salaried public officer or employee.”

1. Discussion regarding the renewal of Chief Executive Officer’s agreement.

25 O.S. § 307(C) (10): “ All nonprofit foundations, board, bureaus, commissions, agencies, trusteeships, authorities, councils, committees, public trusts, task forces or study groups supported in whole or part by public funds or entrusted with the expenditure of public funds for purposes of conferring on matters pertaining to economic development, including the transfer of property financing, or the creation of a proposal to entice a business to remain or to locate within their jurisdiction if public disclosure of the matter discussed would interfere with the development of products or services or if public disclosure would violate the confidentiality of the business..”

1. McAlester Ambulatory Surgery Center purchase update.

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

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

Action taken following Executive Session:

1. **25 O.S. § 307(C) (10):** A Motion was made (McBride) and seconded (Sehgal) to approve the renewal agreement for the Chief Executive Officer as presented pending modifications as follows: Bonus to be paid out at the end of four years; In case of death, prorated share to be paid to beneficiary; and modification to termination for cause and without cause. The vote was taken as

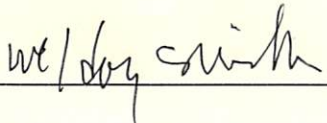
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follows: **Aye:** Evans McBride, Mark Sehgal, MD, Mary Shannon, Brent Grilliot and Weldon Smith.

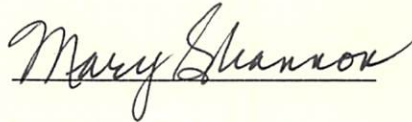
Nay: None. **Absent:** Ray Dixon, MD, Cara Bland, Kevin Priddle. **Abstain:** None. Chairperson Smith declared the **motion** carried.

2. 25 O.S. § 307(B) (1): No action taken.

Adjournment: With no further questions or business to come before the Board, A **Motion** was made (Grilliot) and seconded (Shannon) to adjourn the meeting at 6:52 PM. The vote was taken as follows: **Aye:** Brent Grilliot, Mary Shannon, Susan Kanard, Mark Sehgal, MD, Evans McBride and Weldon Smith. **Nay:** None. **Absent:** Ray Dixon, MD, Cara Bland, Kevin Priddle. **Abstain:** None. Chairperson Smith declared the **motion** carried.



Weldon Smith ~ Chairperson



Mary Shannon ~ Secretary

/sds