

A meeting of the McAlester Regional Health Center Authority was held at 4:00 PM, on Wednesday August 07, 2019 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 09:22 AM on Tuesday August 06, 2019.

TRUSTEES PRESENT:

Susan Kanard ~ Brent Grilliot ~ Weldon Smith, Chairman ~ Marti Fields ~ Mary Shannon ~ Evans McBride ~ James Bland ~ Mark Sehgal, MD.

TRUSTEES ABSENT: Kevin Priddle

HOSPITAL STAFF:

David Keith, Sonya Stone, Recording Secretary, Jim Fraser, Tim Cathey, M.D., Lucy Muller, Heather French, Kim Stout, Shawn Howard, Julie Powell, Jeff Warmuth, Kim Hall, Whitney Hull, Lee Martin, Darryl Linnington, Chris Plunkett

OTHER ATTENDEES:

Karen Rieger, Legal Counsel, Pete Stasiak, City Manager, Kenneth Miller, MD, Susan Holt, Vision Philanthropy Group (via conference phone)

CALL TO ORDER:

Chairman Smith called the meeting to order at 4:00 PM. He opened the floor to Mr. David Keith who shared a recognition award from the American Heart/American Stroke Associate with the Gold Plus Target Stroke Honor Roll Elite Award. He added MRHC received this award due to being compliant with evidence based care standards related to stroke for two consecutive years. MRHC is the only Rural Hospital I Oklahoma to receive this recognition.

Public Comment: None

Consent Agenda:

1. MRHCA Board of Trustees minutes for July 10, 2019
2. MRHC Contract Log for July 2019
3. Appointment of Dr. David Auld as Respiratory Therapy Medical Director
4. Qualifying Criteria for the Director of Respiratory Care Services
5. Appointment of Dr. Juston Evenson as Anesthesia Services Medical Director
6. Qualifying Criteria for the Director of Anesthesia Services
7. Appointment of David Keith to the Tecumseh Health Reciprocal Risk Retention Group Subscribers' Advisory Committee
8. Appointment of Bryce Segotta as the MRHC Safety Officer and Lou Ann Wiedemann as the MRHC Privacy Officer.
9. Appointment of Tyler McIntosh to the McAlester Ambulatory Surgery Center Board of Managers replacing Sherry Winczewski
10. MRHC Board of Trustees Education & Discussion: Module 7 Quality and Patient Safety
11. CEO Report & Key Take-a-ways

A **Motion** was made (Grilliot) and seconded (Shannon) to approve the consent agenda items one (01), through nine (09) as presented. The vote was taken as follows: Aye: Brent Grilliot, Mary Shannon, Mark Sehgal, MD, Evans McBride, Susan Kanard, James Bland, Marti Fields and Weldon Smith.

Nay: None. Absent: Kevin Priddle. Abstain: None. Chairman Smith declared the **motion** carried.

Initials _____

Mr. Weldon Smith requested that items 10 and 11 of the consent agenda be pulled off for a brief discussion. Both items were intended for informational purposes only and did not require approval of the Board.

Consideration and Approval of Fourth Amended and Restated Operating Agreement of the McAlester Ambulatory Surgery Center: Mr. Darryl Linnington reported as a result of the recent transfer of ownership for the McAlester Ambulatory Surgery Center the nature of the legal entity has changed from non-profit under the IRS code 501C3 to a disregarded entity or wholly owned subsidiary of MRHC. The change requires MRHC to update the Article of Organization, the Operating Agreement and to change the billing address from Saint Francis to MRHC. He added the previous Board of Managers members also changed as a result of the transfer of ownership. Mr. Linnington requested approval from the Board and stated upon approval the documents will be filed with the Secretary of State the next day. A **Motion** was made (Kanard) and seconded (Bland) to approve Fourth Amended and Restated Operating Agreement of the McAlester Ambulatory Surgery Center as presented. The vote was taken as follows: Aye: Susan Kanard, James Bland, Brent Grilliot, Evans McBride, Marti Fields, Mark Sehgal, MD, Mary Shannon and Weldon Smith. Nay: None. Absent: Kevin Priddle. Abstain: None. Chairman Smith declared the **motion** carried.

Consideration and Approval of Third Amended and Restated Articles of Organization with the Secretary of State for the McAlester Ambulatory Surgery Center: Discussed in the paragraph above.

A **Motion** was made (Shannon) and seconded (Fields) to approve the Third Amended and Restated Articles of Organization with the Secretary of State for the McAlester Ambulatory Surgery Center as presented. The vote was taken as follows: Aye: Mary Shannon, Marti Fields, Mark Sehgal, MD., Evans McBride, Susan Kanard, Brent Grilliot, James Bland and Weldon Smith. Nay: None. Absent: Kevin Priddle. Abstain: None. Chairman Smith declared the **motion** carried.

Price Transparency: Mr. Fraser reported there are mandatory changes on the horizon requiring price transparency in regards to billing charges. He stated historically, charges are driven by reimbursement systems with cost shifting to insurers for recovery of un-insured patients. He stated there is little relation to the actual costs plus mark-up and the billing amounts barely resembled amounts actually collected. There is split billing, surprise billing and confusion to patients in regards to paying their bills. He stated there is heightened consumer awareness and more consumers are shopping around for affordable healthcare. In addition, there is a regulatory initiative on the State and Federal level that required hospitals to have their chargemaster posted online by January 1, 2019. MRHC did meet that requirement and routinely updates any price changes. Mr. Darryl Linnington reported MRHC now has new software called Change Healthcare that will enable MRHC to estimate the approximate costs to a patient on a case by case basis. He added if a patient does not have insurance, MRHC can also offer the cash price policy at the time of service which offers Medicare like rates. He reported some challenges are with the MRHC's contracts with major payers that will not allow MRHC to waive the out of pocket expense. Additional discussion occurred regarding MRHC Strategies for price transparency and bundled payment options.

EMS Summit Update: Mr. Lee Martin reported he recently attended an EMS Summit on July 25, 2019 at the Pittsburg County Health Department. The attendance was favorable. Mr. Martin is collecting data from each of the providers such as "the number of transfers out of the hospital". He stated he will gather data through the end of next week and then forward the collective information out to each provider so everyone has the same data and answers. Mr. Martin stated he will then set up a meeting with the County Commissioners and City Manager to formulate a plan to move forward with a stronger EMS plan that meets the need of the Community.

Vision Philanthropy Group (VPG) Update: Ms. Susan Holt, President and Senior Consultant with Vision Philanthropy Group, presented "A Campaign for Transformative Philanthropy: We Choose Hope". VPG was acquired by the MRHC Foundation to lead philanthropy efforts on a Cancer Center Expansion Project. After sharing a short history of the company, Ms. Holt shared the company's perspectives on philanthropy and the company's campaign planning methodology including internal and external assessment. She shared the plan to identify targets, address the Foundation structure and leadership, prepare a roadmap to execute the plan and address any challenges that arise. Ms. Holt stated the assessment and final plan is expected to be finalized in five months.

Chief of Staff Report: No report given

Board QI Report:

1. Accreditation Survey Update: Ms. Whitney Hull provided an update on the DNV/CMS accreditation survey. She shared finding level definitions to include Condition Level (CL), Non-Conformity (NC)-1 and Non-Conformity (NC)-2. As a result of the DNV survey, the hospital received two CL findings, nine NC1s and two NC2s. Discussion was held regarding the details of the findings and efforts to correct them. Ms. Hull shared the next steps for the DNV survey include a follow up survey from DNV and the submission of a corrective action plan. She was excited to report CMS returned to MRHC on July 15, 2019 for their follow up to a validation survey conducted on August 2018. She stated MRHC's deemed status was restored as MRHC was found to have demonstrated "substantial compliance with applicable Medicare Conditions of Participation."

Finance Committee Report:

1. Consideration and approval of June 2019 Financial Reports:

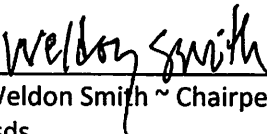
Mr. Fraser presented financial report for the month ending June 2019. McAlester Regional health Center reported a net operating income of \$148k, as compared to a budgeted net operating loss of \$115k and a prior year net operating loss of \$207k. From an EBIDA (earnings before interest, depreciation and amortization) standpoint, MRHC reported a positive of \$580, compared with a budgeted income EBIDA of \$315k and a prior year income EBIDA of \$152k. Mr. Fraser reported there was an increase in the operating expenses this month due to an inventory correction. Year -to-date, MRHC reported a net operating income of \$1103k, as compared to a budgeted not operating income of \$832k and a prior year net operating loss of \$797k. From an EBIDA (earnings before interest, depreciation and amortization) standpoint, MRHC reported a positive \$6,040k, compared with a budgeted \$6053k and a prior year positive EBIDA of \$3,609k. Volumes were mixed, with inpatient discharges are up 359 from 326 prior year, outpatient registrations are up 6,516 from 6,019 prior year, emergency department visits are down 2,276 from 2,366 prior year, total surgeries are up 274 from 239 prior year. Unrestricted cash balances have decreased to 125.4 days from 136.3 days from prior year. Labor management resulted in paid FTEs running at 702; this is up 75 FTEs from the prior year. Mr. Fraser reported BKD is currently auditing the hospital's financial statements and the completed audit is expected to be finalized in the near future. A **Motion** was made (Sehgal) and seconded (Grilliot) to approve the June 2019 Financial report as presented The vote was taken as follows: Aye: Mark Sehgal, MD., Brent Grilliot, Susan Kanard, James Bland, Marti Fields, Mary Shannon, Evans McBride and Weldon Smith. Nay: None. Absent: Kevin Priddle. Abstain: None. Chairperson Smith declared the **motion** carried.

- 2. Consideration and approval of Amended MRHC Investment Policy:** Mr. Fraser reported the Investment Committee reviewed the current Investment Policy and determined some additions were needed to assure the hospital is in compliance with their existing investment portfolio. Among the revisions include the addition of 'Alternative Investments' with a 0 target, 3% Maximum and 0 Minimum to the Asset Allocation Guidelines section. Also under the 'Types of Assets section', 'Exchange Traded Funds – E.T.F. was added. Mr. Evans McBride reported Morgan Stanley the hospitals Investment Advisors and the Finance Committee has reviewed and approved the Investment Policy. A **Motion** was made (McBride) and seconded (Bland) to approve the amended MRHC Investment Policy as presented. The vote was taken as follows: Aye: Evans McBride, James Bland, Mark Sehgal, MD, Susan Kanard, Marti Fields, Mary Shannon, Brent Grilliot and Weldon Smith. Nay: None. Absent: Kevin Priddle. Abstain: None. Chairperson Smith declared the **motion** carried.
- 3. Consideration and approval of 2020 Operating and Capital Budget:** Mr. Fraser provided an overview of the 2020 Operating and Capital Budget. He reported the budget reflects having full time cardiology and orthopedic services. On the Operating Budget, contract labor is managed very aggressively in an effort to eliminate all contract labor by the end of August. The budgeted income from operations is \$1.5M and EBIDA is approximately \$7M. Mr. Fraser reported that the accounting team worked with department leaders to develop their budgets which prolonged the finalization. Mr. Fraser stated he is confident the hospital can operate within the parameters of this proposed budget. Mr. Fraser shared details of the budgeted goals and reminded the Board all capital items will be presented to the Finance Committee and MRHCA Board of Trustees for approval. Mr. Evans McBride reported the Finance Committee reviewed and approved the 2020 Operating and Capital Budget; however they identified approximately \$5M in opportunities to decrease expenses. He said the Finance Committee challenged the Finance Team to identify areas of cost savings that can be incorporated back into the budget in the future. A **Motion** was made (McBride) and seconded (Shannon) to approve the 2020 Operating Budget and Capital Budget as presented. The vote was taken as follows: Aye: Evans McBride, Mary Shannon, James Bland, Brent Grilliot, Susan Kanard, Marti Fields, Mark Sehgal, MD and Weldon Smith. Nay: None. Absent: Kevin Priddle. Abstain: None. Chairperson Smith declared the **motion** carried.

New Business: None

Adjournment:

A **Motion** was made (Fields) and seconded (Shannon) to adjourn at 7:08 PM. The vote was taken as follows: Aye: Marti Fields, Mary Shannon, Mark Sehgal, MD, Evans McBride, Susan Kanard, Brent Grilliot, James Bland and Weldon Smith. Nay: None. Absent: Kevin Priddle. Abstain: None. Chairperson Smith declared the **motion** carried.


Weldon Smith ~ Chairperson
/sds


Mary Shannon ~ Secretary