

A meeting of the McAlester Regional Health Center Authority was held at 4:00 PM, on Wednesday March 04, 2020 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 08:42 AM on Tuesday March 03, 2020.

TRUSTEES PRESENT:

Susan Kanard ~ Brent Grilliot (arrived at 4:02PM) ~ Weldon Smith, Chairman ~ Marti Fields ~ Mary Shannon ~ Evans McBride ~ James Bland ~ Mark Sehgal, MD ~ Kevin Priddle

TRUSTEES ABSENT: None

HOSPITAL STAFF:

David Keith, Sonya Stone, Recording Secretary, Tim Cathey, M.D., Darryl Linnington, Kim Stout, Sherry Winczewski, Dr. John Tedesco, Heather Eddy, Julie Powell, John Stark, Shawn Howard.

OTHER ATTENDEES:

Elizabeth Scott, Legal Counsel (via Conference phone), Pete Stasiak, Brian Bell, Brenda Christman (via conference phone)

CALL TO ORDER:

Chairman Smith called the meeting to order at 4:00 PM. He recognized Mr. David Keith for receiving an award for "Rural Health Leader of the year for 2020" from Rural Health Association of Oklahoma. He opened the floor to Ms. Kim Stout who introduced Mr. John Stark the new OR Director. Mr. Stark briefly shared a summary of his personal and work history.

Public Comment: None

Consent Agenda:

1. MRHCA Board of Trustees minutes for February 05, 2020.
2. Credentialing & Privileging List as follows:

Credentialing & Privileging for Appointment (Provisional) for one year:

- a) David Duvall, MD ~ Provisional ~ General Surgery
- b) Mahate Parker, MD ~ Provisional ~ OB/GYN
- c) John Tompkins, MD ~ Provisional ~ Orthopedics with the exception of Pediatrics, Hands & Knees

Credentialing & Privileging for Advancement from Provisional Status as follows:

- a) Anna Wanahita, MD ~ Active ~ Neurology/Telemedicine ~ One Year

Voluntary Resignations:

- a) Clay Bowen, DO ~ Emergency Medicine ~ 01/31/2020

3. Physician Proctoring Agreement between Dr. William Eckstein, MD Pediatrics and Dr. Vanessa Meuniot, DO.
4. Appointment of Shawn Howard to the Southeast Imaging Board of Managers Board, replacing Jim Fraser.

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5. Appointment of Darryl Linnington to the Belfair Board of Managers, replacing Jim Fraser.

A **Motion** was made (Fields) and seconded (Bland) to approve the consent agenda items one (01), two (2), three (3), four (4) and five (5) of the consent agenda as presented. The vote was taken as follows: Aye: Marti Fields, James Bland, Mark Sehgal, MD, Evans McBride, Susan Kanard, Mary Shannon, Kevin Priddle, Brent Grilliot and Weldon Smith. Nay: None. Absent: None. Abstain: None. Chairman Smith declared the **motion** carried.

BKD Provider Based Billing Presentation: Mr. Darryl Linnington introduced Mr. Brian Bell and Ms. Brenda Christman. He added BKD is helping MRHC to look at reimbursement opportunities for provider billing according to the hospital's rural status. Mr. Brian Bell reported his company was engaged to do an assessment of the current physician practices to determine what it would look like to convert the clinics to departments of the hospital or to a Rural Health Clinic. The analysis showed the hospital would not qualify for Rural Health Clinic reimbursement and the Provider Based Billing model was the best option for the hospital. He reported onsite interviews were held and a Financial Impact Analysis was completed. He stated a decision will need to be made on how to move forward in order to meet all the requirements for the 340B drug savings program and to record revenue and expenses on the June 30, 2020 Cost Report. Mr. Bell joined the Board in discussion on the 340B program and how it impacts the hospital. He reported following the filing of the Cost Report, the hospital should be able to register for the 340B program by January 2021 and start purchasing on 340B account by April 2021. Mr. David Keith reported this is an opportunity that many hospitals have taken advantage of to maximize their rural status to bring additional revenues to the hospital. Mr. Linnington reported there may be challenges due to the recent Meditech Expense upgrade. Mr. Bell reported the acquisition of Critical Access Hospitals is another opportunity to expand the 340B program. Ms. Brenda Christman discussed the coding process after the conversion and Mr. Bell concluded the presentation by sharing the timeline and next steps for converting the physician offices to provider-based departments of the hospital.

Novel Coronavirus Update: Dr. Tim Cathey provided an update on a rapidly evolving global health issue. He reported according to the CDC website the COVID-19 virus is likely to become a pandemic and at some point a wide-spread of the virus is expected. The results of a study in China involving 44K patients showed the death-rate was 16% of patients over 80 years of age and 8% of patients over 70 years of age. He reported we know the virus is worse among the elderly and patients with co-morbidities. There will be many disruptions throughout the United States. Dr. Cathey reported a vaccine is expected to be developed within the next 12 to 18 months. Dr. Cathey stated in a report out of Singapore who has one of the best health systems in the world, children are not getting sick with this virus. He reported MRHC staff are actively preparing for an influx of patients, stockpiling supplies and personal protective equipment and developing a plan to protect staff, visitors and patients. He reported test kits that are 99% accurate will be pushed out in the near future that will increase the number of exposures. Dr. Cathey stated the virus originated from a bat.

Chief of Staff Report: Dr. John Tedesco reported MRHC hit a couple of home runs with the physicians with the recruitment of Dr. Duvall, Surgeon and the recent signing of Dr. Oberste, Gastroenterologist.

CEO Report: Mr. Keith provided an overview of the March CEO report. 2020. He reported there are major cuts to Medicare and Medicaid offered up by President Trump. Expect push back by both Republican and Democrats. He stated there are disagreements between insurance companies and healthcare providers over surprise billing. We can expect Federal and State legislation by May that will confuse the public even more. Mr. Keith reported Blue Cross Blue Shield (BCBS) is challenging the MRHC logo. BCBS claims our logo looks too much like their logo. The MRHC attorney is in conversation with BCBS to resolve this issue. MRHC may be required to update the MRHC logo slightly to avoid legal fees if negotiations are not successful. The Governor wants the SHOPP assessment fee raised to 4.0% in exchange in exchange for no managed care outsourcing.

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OHA may push for a compromise. Mr. Keith reported there was poor financial performance in January due to adjustments to reserves. Pressure to improve revenue cycle is paramount. MRHC has new financial leadership in place. He stated MRHC Administration is reducing labor and other costs in advance of the new fiscal year beginning in July 2020 and target metrics are in place. McAlester Medical Services (MMS) volumes are impressive. Consolidation of clinics, monthly reporting of performance and improved revenue cycle are priorities to improved financial performance. Transitioning MMS to rural health clinics and utilizing 340-b drug pricing is part of the long-term financial strategy. Mr. Keith reported MRHC continues to improve quality, favorably impacting the Value Based Purchasing targets and subsequent Medicare payments. Mr. Keith opened the floor to Mr. Darryl Linnington who provided the Board a progress report for the Meditech Expanse. The new software went live on March 1, 2020. The command center fielded real-time questions and tracked system incidents. He stated there were 400 logged incidents; however most have been resolved and the remainder need additional training. To date, most of the work is related to revenue. He stated we have a great team and overall the project went well.

Audit & Corporate Compliance Committee Report: Ms. Julie Powell provided an overview of the Audit & Corporate Compliance Committee meeting held on February 25, 2020. She reported Mr. Mark Rose presented the results of an IT Audit that occurred in 2019. 12 critical risks were identified; however all critical areas were addressed and eliminated. The total risks identified within each risk rating category included 49 High Risk; 46 Moderate Risk and 12 Low Risk. High Risk Findings include vulnerability management deficiencies, centralized log and alert management, data encryption, third-party vendor monitoring and managed response plans. IT has engaged True Digital Security to help our team create a road map to correct the critical issues that MRHC has at this time and provide tools and services that can secure and protect MRHC systems and communications. Ms. Lou Ann Wiedemann provided an update on HIPAA Privacy. For the Fourth quarter of 2019 there were three potential breaches reported. Ms. Powell reported she provided a 2020 Compliance Audit Plan. There will be an emphasis on finances this year due to deficiencies and the finance staff will assist her with the audit. The Plan includes targeted areas of the focus for 2020 to include: Code of Ethics, Conflict of Interest, Payer Credentialing, gifts and Gratuities Log for physicians and employees, PEPPER Targets, MRHC audit plan/revenue cycle & financials and a Probe and Education for Wound Care. Ms. Powell also reviewed the 2020 Compliance Activity Log that detailed action taken in regards to compliance issues.

Finance Committee Report:

1. **Consideration and approval of January 2020 Financial Reports:** For the month ending January 2020, McAlester Regional health Center reported a net operating loss of \$316k, as compared to a budgeted net operating income of \$201k and a prior year net operating income of \$49k. From an EBIDA (earnings before interest, depreciation and amortization) standpoint, MRHC reported a positive of \$103k, compared with a budgeted income EBIDA of \$651k and a prior year income EBIDA of \$463k. Year-to-date, MRHC reported a net operating loss of \$225k, as compared to a budgeted net operating income of \$814k and a prior year net operating income of \$1,119k. From an EBIDA (earnings before interest, depreciation and amortization) standpoint, MRHC reported a positive \$2,744k, compared with a budgeted \$3,960k and a prior year positive EBIDA of \$3,867k. Volumes were mixed, total discharges are up 421 from 382 prior year, outpatient registrations are up 7,193 from 7,066 prior year, emergency department visits are down 2,445 from 2,579 prior year, total surgeries are down 169 from 282 prior year. Unrestricted cash balances are up to 122.4 days from 119.0 days from prior year. Paid FTEs are running 693; this is up 18 from prior year. Discussion occurred regarding the lack of Insurance reimbursement and possible adjustments to the financial report following a review. A Motion was made (McBride) and seconded (Grilliot) to approve the January 2020 Finance Reports as presented with the expectation of an anticipated adjustment. The vote was taken as follows: Aye: Evans McBride, Brent Grilliot, James Bland,

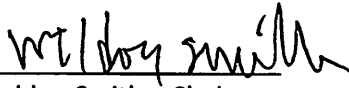
Susan Kanard, Kevin Priddle, Marti Fields, Mark Sehgal, MD., Mary Shannon and Weldon Smith. Nay: None. Absent: None. Abstain: None. Chairman Smith declared the **motion** carried.

2. **Consideration and approval of CER for Temperature and Humidity Controls (Emergency Purchase):** Mr. Shawn Howard presented a Temperature and Humidity Control System CER for consideration and approval. Mr. David Keith reported the hospital received a DNV finding on the Temperature & Humidity Control System and an emergency purchase was necessary to prevent the hospital from being in immediate jeopardy. Currently there are areas throughout the hospital that are required by CMS to be monitored for temperature and humidity and we are not in compliance with this regulation. In addition the current system is dated and inaccurately reporting. Mr. Howard added the Temperature & Humidity Control System was purchased from Carrier to support the existing Carrier equipment and the system is now in all the sensitive areas requiring infection control monitoring. The new system has the capability to contact the on call staff remotely so adjustments can be immediately addressed from a cell phone. Mr. McBride stated the question in Finance Committee was around the item itself; will it be a substitution or a request to exceed the capital budget. Mr. Darryl Linnington presented the item as a substitution taken in part from the building penetration/ Waterproofing budget of \$291,759. The cost of the Temperature and Humidity Control System is \$109,977. Mr. Keith reported the penetration/waterproofing will still be done in house and in phases. A **motion** was made (McBride) and seconded (Priddle) to approve the CER for the Carrier Temperature & Humidity Control System and the capital substitution of \$109,977 taken from the Building Penetration/Waterproofing Budget as presented. The vote was taken as follows: Aye: Evans McBride, Kevin Priddle, Mary Shannon, Mark Sehgal, MD., Susan Kanard, Brent Grilliot, James Bland and Weldon Smith. Nay: None. Absent: None. Abstain: None. Chairman Smith declared the **motion** carried.
3. **Consideration and approval of CER for remodel of Southeast Healthplex:** Mr. Howard presented a CER for the remodel of the upper floor in the Southeast Healthplex for consideration and approval by the Board. Family Practice, Mercy Clinic and the OSU Residents will be relocated to this location when the project is complete. Mr. McBride recommended funding the project from funded depreciation for now and pursue a bank loan at a later date. He added it is a capital need item that is not on the capital budget; this is what funded depreciation is supposed to be used for. Mr. Howard reported funds from the Puterbaugh Foundation will be used to begin the project. The Cost of the project is \$2,052,186. A **motion** was made (McBride) and seconded (Priddle) to approve the CER for the remodel of the upper floor of the Southeast Healthplex at a cost of \$2,052,186 and to fund the project with a blend of funded depreciation and/or grants and/or debt. The vote was taken as follows: Aye: Evans McBride, Kevin Priddle, Susan Kanard, Brent Grilliot, James Bland, Mark Sehgal, MD, Marti Fields, Mary Shannon and Weldon Smith. Nay: None. Absent: None. Abstain: None. Chairman Smith declared the **motion** carried.
4. **Consideration and approval of CER for Million Building Architectural Fees:** Mr. Howard reported the Historic building was assessed for architectural tax credits and it was determined that there is good opportunity for State, Federal and New Market Tax credits. The application process will take six months to a year to realize the tax credits. During this process we need an architect to assist with the application process. Mr. Howard reported the hospital will start utilizing the building by moving Home Health and Hospice to that location and part of the building will be used for general storage. The Home Health/Hospice fleet cars will also be parked in an enclosed area. Mr. Howard reported the remodel of the Million Building will be put on hold during the application process but the architect needs to be paid. He added the cost of the remodel is uncertain at this time. The cost of the architectural fees is \$193,525. A **motion** was made (Priddle) and seconded (Shannon) to approve the

CER for Million Building Architectural Fees at a cost of \$193,525 as presented. The vote was taken as follows: Aye: Kevin Priddle, Mary Shannon, Mark Sehgal, MD, Susan Kanard, James Bland, Marti Fields, Brent Grilliot and Weldon Smith. Nay: None. Absent: None. Abstain: None. Chairman Smith declared the motion carried.

New Business: None

Adjournment: A Motion was made (Priddle) and seconded (Sehgal) to adjourn at 6:15PM. The vote was taken as follows: Aye Kevin Priddle, Mark Sehgal, MD, Mary Shannon, Marti Fields, Evans McBride, Susan Kanard, Brent Grilliot, James Bland and Weldon Smith. Nay: None. Absent: None. Abstain: None. Chairperson Smith declared the motion carried.



Weldon Smith ~ Chairperson
/sds



Mary Shannon ~ Secretary