

A meeting of the McAlester Regional Health Center Authority was held at 4:00 PM, on Wednesday November 03, 2021 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 03:10 PM on Tuesday November 02, 2021.

TRUSTEES PRESENT:

Mary Shannon, Chairwoman ~ Weldon Smith ~ Marti Fields ~ Susan Kanard ~ James Bland ~ Johnny Zellmer, MD ~ Damon Mascoto, Brent Grilliot, Sayer Brenner

TRUSTEES ABSENT:**HOSPITAL STAFF:**

David Keith, Sonya Stone, Recording Secretary, Shawn Howard, Kim Stout, Cheryl Perry, Dr. Kamron Torbati, Chief of Staff, Brent Stinnett, Whitney Hull, Lucy Muller

OTHER ATTENDEES

Karen Rieger, Legal Counsel, (via conference phone), Andrew Hejtmanek, BKD (Zoom), Elaine Turner, Legal Counsel. Jimmy Williams

CALL TO ORDER: Chairwoman Shannon called the meeting to order at 4:00 PM.

Public Comment: None

Consent Agenda:

1. MRHCA Board of Trustees minutes for October 06, 2021
2. Credentialing & Privileging Appointments as follows:
 - A. Appointment for credentialing & privileging for provisional for one year as follows:
 1. Miranda Beeman, DO ~ Family Medicine ~ One year (provisional)
 2. Abhijit Gundale, DO ~ Otolaryngology ~ One year (provisional)
 3. Melissa Gupton, DO ~ Emergency Medicine ~ One year (provisional)
 4. Christopher Hitchcock, APRN ~ Nurse Practitioner (Supervising: Pedro Cardich, MD) ~ One year (provisional)
 5. Jinok Chung, DO ~ Cardiovascular Disease, Critical Care, Internal Medicine ~ One year (provisional)
 - B. Appointment for credentialing & privileging for advancement (Remain Provisional) Moonlighting for one year as
 1. Matthew Sims, DO ~ Emergency Medicine ~ One year (Active)
 - C. Appointment for credentialing & privileging for reappointment (Active) for two years as follows:
 1. Stephen Orgill, DO ~ Psychiatry ~ Two years (Active)
 2. Brandon Guthery, MD ~ Pathology ~ Two years (Active)
 - D. Temporary Privileges Granted (Informational only)
 1. Abhijit Gundale, MD ~ Otolaryngology ~ 09/29/21 – 11/29/21
 2. Miranda Beeman, MD ~ Family Medicine ~ 09/29/21 – 11/29/21
3. October 2021 Agreement Log
4. Appointment of Dr. Kamron Torbati to the McAlester Ambulatory Surgery Center Board of Managers replacing Dr. John Tedesco.

A motion was made (Grilliot) and seconded (Kanard) to approve items 1,2, 3, and 4 of the Consent Agenda as presented. The vote was taken as follows: Aye: Brent Grilliot, Susan Kanard, Johnny Zellmer, MD, Sayer Brenner, James Bland, Weldon

Initials _____

Smith, Damon Mascoto, and Mary Shannon. Nay: None. Absent: Marti Fields. Abstain: None. Chairwoman Shannon declared the motion carried.

Audit & Corporate Compliance Report:

- 1. Discussion and Consideration of FY Audit Report ending June 30, 2021:** Mr. Andrew Hejtmanek, BKD presented a draft of the FY Audit Report ending June 30, 2021. He stated he anticipates issuing their audit of the financial statements including an unmodified (or clean) opinion. There were no difficulties encountered by BKD when conducting the audit, no disagreements with management, no contentious accounting issues, and no consultations with other accountants. He reported the proposed audit adjustments were discussed at length with the Audit Committee. Mr. Hejtmanek reviewed the Balance Sheet: Assets, liabilities, and net position. He also reviewed the Statements of Revenue, Expenses, and changes in net position. He reported there was a deficiency for adjusting journal entries, which is a common issue for healthcare entities with complex accounts receivables. In addition, there were some audit differences that were passed on, meaning no entries were made. He advised on a few of these Accounting evaluate its procedures to ensure accurate estimates and classifications. He shared benchmarks that compare similarly sized Oklahoma regional hospitals based on financial statements of the Authority. The benchmarks comparisons include Day's cash on hand, days revenue in accounts receivable (net), current ratio, average age of plant, debt to capitalization, and operating margin. A motion was made (Brenner) and seconded (Mascoto) to approve the FY Audit Report ending June 30, 2021 as presented. The vote was taken as follows: Aye: Sayer Brenner, Damon Mascoto, James Bland, Brent Grilliot, Susan Kanard, Marti Fields, Johnny Zellmer, MD, Weldon Smith, and Mary Shannon. Nay: None. Absent: None. Abstain: None. Chairwoman Shannon declared the motion carried.

Finance Committee Report:

- 1. Discussion and Consideration of September 2021 Financial Reports:** Ms. Perry presented the September Financial report. She stated the hospital volumes were slower in September from the prior few months as the latest COVID seemed to ease. Outpatient registrations were down 4% from run rate driven by outpatient imaging and ED visits slowing 6% and 19%. Patient days did increase 5% from run rate but discharges slowed 7% which pushed the average length of stay (ALOS) up 13%. The bulk of the ALOS increase can be traced to the acute floors. Hospital surgeries were up 12% from run rate in September and Mammography had a 31% improvement over the prior three months' volumes. The hospital gross patient revenue was in line with run rate. Fluctuations in revenue were mostly tied to volumes and Case Mix Index (CMI). CMI was up 9% to 1.63 in September driven by respiratory failure patients who either had COVID or otherwise needed a vent, and end state renal failure patients who received dialysis. Payer mix also shifted from Medicare and Self Pay to Blue Cross and Medicaid in September and should help improve collections and Net Revenue approximately \$240k. The biggest note in expenses for the hospital was the continued staffing issues across all areas of the organization. In September over \$1130k was paid in pandemic pay as well as \$356k for Contract Labor. In Pharmacy, supply costs were up approximately \$110k to run rate with about \$83k of that total tied to higher cost drugs/COVID. During the recent surge several air scrubbers had to be leased and that cost was recorded in lease expenses for \$33k. The scrubbers have been sent back as the need for them has slowed. Finally, the first half of an implementation fee for an IT system was expensed in Purchased Services at the rate of \$28k. Volumes in MMS were up 8% in September from the three-month run rate. The Pulmonology Clinic visits doubled compared to August. Several other clinics just returned to normal operations. Internal Medicine had visits that mirrored pre-pandemic numbers. Gross revenue per clinic day for MMS was up 4% for the month of September compared to run rate. Ambulatory Surgery Center had a good volume month with 116 surgeries. This was down from August's numbers because one of the providers was off for over a week. Gross Revenue increase approximately 11% from run rate. Work on income improvement continues. Directors are scrutinizing their financials and contracts for improvements. Retention and recruitment plans are underway to lower salary and contract labor costs. Department or programs that are struggling are being reviewed for the ability to course correct and be productive. A motion was made (Bland) and seconded (Zellmer) to approve the Financial Reports for September 2021 as presented. The vote was taken as follows: Aye: James Bland, Johnny

Initials _____

Zellmer, MD, Weldon Smith, Marti Fields, Sayer Brenner, Damon Mascoto, Susan Kanard, Brent Grilliot, and Mary Shannon. Nay: None. Absent: None. Abstain: None. Chairwoman Shannon declared the **motion** carried.

2. **Discussion and Consideration of Revised Investment Policy:** Mr. Jimmy Williams reported he met with the Investment Committee and the Finance Committee to establish a policy for the hospital to help bring more opportunity in regard to current investments without undo risks. He stated the equity markets today have outperformed what we can do in the bond capabilities and cash positions. He stated the MRHC portfolio is primarily Bonds. The Committees looked at an analysis of the Bond Portfolio incorporating the 5.4% inflation rate and what it would look like to have a 40% equity allocation from its current 30% allocation maximum. The Committees met and decided on a very good approach of 35% maximum equity position with the latitude that it could go down. He reported there is a section in the policy that addresses those things that cannot be invested. He stated funds are still being transitioned from the previous Investment Manager Morgan Stanley. He has been in contact with them to make sure there are no hiccups; however, it does take a little time to unwind the funds. He expects all the funds to be transitioned over to him by the end of the week. Mr. Williams asked the Board to approve the revised Investment Policy that was vetted and recommended by the Finance and Investment Committee. He reported the Board will receive a wealth report from his office every Tuesday. The report is an update of what is going on in the world so you will be aware we have our eye on the ball. Mr. Williams stated he is willing to come to the monthly Board meeting if needed to address any questions the Board may have. A **motion** was made (Mascoto) and seconded (Brenner) to approve the revised Investment Policy as presented. Aye: Damon Mascoto, Sayer Brenner, Susan Kanard, Brent Grilliot, James Bland, Johnny Zellmer, MD, Marti Fields, Weldon Smith, and Mary Shannon. Nay: None. Absent: None. Abstain: None. Chairwoman Shannon declared the **motion** carried.

3. **Discussion and Consideration of Bid for Lawn Care:** Ms. Wilson reported on September 14th and 21st, McAlester Regional Health Center published an RFP for Lawn Care. Only one sealed bid was received from B & B Outdoor Innovations. The bid was opened on October 13, 2021, at 10:00am. The bid from B & B included three options, priced as follows: 1-year agreement - \$2600 per service, 3-year agreement - \$2300 per service, 5-year agreement - \$2000 per service. Following a review of the bid, the reviewers felt that awarding B&B Outdoor Innovations was the best option for MRHC and the 5-year proposal would serve the organization best. A **motion** was made (Bland) and seconded (Fields) to approve the bid from B&B Outdoor Innovations for the 5 year agreement proposal of \$2000 per lawn care service as presented. Aye: James Bland, Marti Fields, Johnny Zellmer, MD, Sayer Brenner, Susan Kanard, Weldon Smith, Damon Mascoto, Brent Grilliot, and Mary Shannon. Nay: None. Absent: None. Abstain: None. Chairwoman Shannon declared the **motion** carried.

Discussion and consideration of options for replacement of inoperative CT scanner: Mr. Shawn Howard reported the CT has been having problems. Last week the power unit went out ruining the tube. A new tube was order that took several days to get the part in. The initial service contract did not cover the replacement of the tube that cost \$62,500. The Service crew brought the new tube and power unit in to install but the power unit was bad. The bad power unit made two electrical board in the CT fail. Mr. Howard reported a conversation with Fuji who has the service contract regarding our options for the CT going forward. Fuji came back with a proposal for to renegotiate the service contract, switch out our entire CT with a brand new upgraded 128 slice CT with more capacity as well as additional features the current CT does not have. The renegotiated agreement will extend the service agreement out further, they will waive the 2 years left on our current agreement, and they will waive the \$62,500 for the cost of the tube. With this new agreement we would actually save \$330,000 over the next 7 years. Fuji gave a guesstimate on the life of the new CT as 7 to 7 1/2 years. Ms. Cheryl Perry stated that is the length of the service agreement and we will basically decide what we want to do at the end of the service agreement. Mr. Howard stated the new CT could possibly be operational in the next couple of weeks if they have one in stock. Discussion occurred regarding acquiring another CT for the hospital to meet future volumes and moving the smaller 32 slice Siemens CT in Eufaula to MRHC to use as a backup and the cost associated with the move. Ms. Karen Rieger, Atty stated there is language in the Public Trust Act that allows a contract of this type on an emergency basis. She stated a meeting was held previously and it was determined this contract fell within the Public Trust language. The Board agreed there is an emergency need for the CT. A motion was made (Fields) and seconded (Zellmer) to approve the

renegotiated Service Agreement for a replacement CT as presented. The vote was taken as follows: Aye: Marti Fields, Johnny Zellmer, MD, Weldon Smith, Sayer Brenner, Damon Mascoto, Susan Kanard, Brent Grilliot, James Bland, and Mary Shannon. Nay: None. Absent: None. Abstain: None. Chairwoman Shannon declared the motion carried.

Board QI Report: Ms. Whitney Hull reported the Board QI Committee met on October 26, 2021. The physician representation was unable to attend. She stated we must follow DNV standards. One person cannot assure the entire hospital is compliant on everything. So, some of the changes that are being done for quality oversight is assigning a good responsible leader for each chapter of the DNV standards. The Committee looked over the quality oversight data. This was the first time the full Quality Score Card was presented to this group. DNV requires us to manage, monitor, and analyze certain data points. When DNV comes for a survey, they ask for this data that will be on one uniform scorecard. Each leader that is responsible for that data reports to that data in the Quality Management Oversight Committee. Discussion regarding areas of improvement including pharmacy processes, Covid related issues, medication reconciliation, and restraints. Ms. Hull reported utilization data and payer processes were also discussed. Quarter two HCAHPS results was presented to the Committee. The HCAHPS scores showed no improvement over the last time. She stated she is looking forward to the outcome following the implementation of new transitional care processes that will improve customer service. Ms. Hull stated responsive of hospital staff took a dip and as a result HR's 'Cultural Ambassadors' group is taking the lead to educate the staff on the importance of the program to help this area to improve. Ms. Sonya Stopp attended the Board QI Committee to provide an update on the State Audit for Home Health/Hospice. There were multiple deficiencies but not were condition level. The deficiencies were standard level and mostly around documentation requirements. Ms. Stopp is focusing on educating her staff and making sure the correct data point is getting put into their documentation. There were a couple of quality improvements issues resulting in a deficiency regarding budget reporting up to the Board and a lack of 2019 quality improvement activities. Ms. Hull reported there will be some changes in the reporting process in the future. There were no other deficiencies, and her corrective actions were accepted.

Strategic Planning Committee Report: Ms. Mary Shannon reported the Strategic Planning Committee met on November 1, 2021. It was a very good meeting. Mr. David Keith reported that he and Ms. Whitney Hull had a debrief meeting with Stroudwater. He stated he informed Stroudwater that none of the MRHC Board members were surprised at the results of their assessment. He reported Stroudwater felt MRHC was heading in the right direction in spite what they are seeing in the environment. Stroudwater reported that MRHJC's approach was comprehensive and spot on with what is happening in healthcare. They recommended we prepare for a higher acuity of inpatients and find a critical access hospital as well as finding a partner that brings value to the institution. Stroudwater was pleased with our dialogue with Oklahoma Heart Hospital. They stated we should have a partner in place by 2023. Stroudwater liked our leadership transition strategy, and they think we have a very good chance of fully recovering from the pandemic. Mr. Keith stated we need to continue to quickly move on our Strategic objectives. Ms. Shannon reported the strategic plan was reviewed and will be forwarded to the December Board of Trustees meeting for approval. Ms. Whitney Hull reported the strategic plan was not brought forward to the Board routinely in the past. A decision was made to assign the strategic plan objectives to key leaders who will be responsible for taking the objectives to the applicable Board Subcommittee. An update on the objectives will be placed on the Board agenda each month to inform the Board of the progress. Additional discussion occurred regarding recommendations from Stroudwater regarding partnership opportunities.

Chief of Staff Report: Dr. Kamron Torbati stated the CT is down, and it is critical for a hospital the size of ours. MRHC is down one general surgeon and the Covid levels have leveled out which has decreased the load; however, the providers are managing. He added the hospital is actively recruiting for a general surgeon and there is a plan in place to address the CT issue soon. Discussion occurred regarding recruitment of international nurses.

Chief Administration Officer (CAO) Report: Mr. Shawn Howard provided an overview of the Chief Administration Officer Report. Mr. Howard reported MRHC is pleased to announce Dr. Abhijit Gundale the new ENT will be here on Monday. He reported there are some favorable candidates for General Surgery and interviews begin next week. In addition, two interviews are scheduled for Cardiologist next week. One candidate has a spouse who is a Nephrologist which MRHC also has a need. Mr. Howard discussed how OU Medical and MRHC staff responded to the explosion at MCAAP. He stated the community and staff worked well together and he was impressed by how quickly and efficiently the situation was addressed.

Chief Executive Officer (CEO) Report: Mr. David Keith reported business groups including the National Retail Federation, Trucking Association and US Chamber of Commerce have come together against the Biden Administration's Covid vaccine mandates fearing it will destroy and erode the Country. The concern is that upwards of 30% of all unvaccinated employees will resign if forced to take the vaccine. He reported CMS and the State has price transparency regulations that we have to meet by January 1, 2022. CMS has penalties up to \$2M for facilities that do not comply. With these regulations, although it is a big mess, there could be some things that are beneficial to our hospital. Mr. Keith reported MRHC is looking at opportunities to establish a critical access hospital. McAlester Regional AirCare is considering a second helicopter in support of our regional trauma efforts that will align with the MRHC regional strategy for a critical access hospital in SE Oklahoma. Discussion regarding MRHC proposed changes to the Trust Indenture that was presented to the City Council in a failed vote. Additional plans to update the Trust Indenture are planned for after the first of the new year. Plans to apply for the Medicaid Advantage program for VBH and Belfair are delayed due to the complexity of the application. The program allows placement of Medicaid recipients into assisted living facilities and remunerates based on levels of support and care. The application will be submitted after the first of the year.

New Business: None

Executive Session (25 O.S. § 307(B)) – Discussion and Potential Action – Mary Shannon, Chairwoman

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."

A **motion** was made at 6:09 PM by (Smith) and seconded by (Kanard) to enter Executive Session. The vote was taken as follows: Aye: Weldon Smith, Susan Kanard, James Bland, Brent Grilliot, Damon Mascoto, Sayer Brenner, Marti Fields, Johnny Zellmer, MD, and Mary Shannon. Nay: None. Absent: None. Abstain: None. Chairwoman Shannon declared the **motion** carried unanimously.

A **motion** was made at 6:48 PM by (Smith) and seconded by (Fields) to come out of Executive Session. The vote was taken as follows: Aye: Weldon Smith, Marti Fields, Johnny Zellmer, MD, Sayer Brenner, Damon Mascoto, Susan Kanard, Brent Grilliot, James Bland, and Mary Shannon. Nay: None. Absent: None. Abstain: None. Chairwoman Shannon declared the **motion** carried.

No Action was taken in Executive Session:

A **motion** was made (Brenner) and seconded (Zellmer) to approve a letter from the MRHCA Board Chair to Mayor John Browne (i) expressing the Board's current lack of interest in selling or leasing MRHC and (ii) emphasizing that any such sale or lease would require approval by the MRHCA Board, pursuant to Oklahoma law and the MRHCA Trust Indenture." The vote was taken as follows: Aye: Sayer Brenner, Johnny Zellmer, MD, Weldon Smith, Susan Kanard, James Bland, Brent Grilliot, Damon Mascoto, Sayer Brenner, Marti Fields, Johnny Zellmer, MD, and Mary Shannon. Nay: None. Absent: None. Abstain: None. Chairwoman Shannon declared the **motion** carried unanimously.

1. Discussion regarding legal matters related to Mr. Rob Samples and Assoc Senior Living Group ~ Elaine Turner, Hall & Estill

ACTION NEEDED: Approve or disapprove any actions regarding legal matters related to Mr. Rob Samples and Assoc Senior Living Group

ACTION: None

Initials _____

2. Discussion of investigation and potential action regarding MRHCA Trust Indenture compliance issues. ~

Karen Rieger, Crowe & Dunlevy

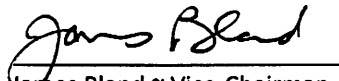
ACTION NEEDED: Approve or disapprove of any actions regarding the investigation and potential action regarding MRHCA Trust Indenture compliance issues

ACTION: Approve a letter from the MRHCA Board Chair to Mayor John Browne (i) expressing the Board's current lack of interest in selling or leasing MRHC and (ii) emphasizing that any such sale or lease would require approval by the MRHCA Board, pursuant to Oklahoma law and the MRHCA Trust Indenture.

Adjournment: A Motion was made (Smith) and seconded (Mascoto) to adjourn 6:55 PM. The vote was taken as follows: Aye: Weldon Smith, Damon Mascoto, Susan Kanard, Brent Grilliot, James Bland, Johnny Zellmer, MD, Marti Fields, Sayer Brenner, and Mary Shannon. Nay: None. Absent: None. Abstain: None. Chairwoman Shannon declared the motion carried.



Mary Shannon ~ Chairwoman
/sds



James Bland ~ Vice-Chairman