

A meeting of the McAlester Regional Health Center Authority was held at 4:00 PM, on Wednesday January 05, 2022 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 11:14 AM on Tuesday January 04, 2022.

**TRUSTEES PRESENT:**

Mary Shannon, Chairwoman ~ Weldon Smith ~ Susan Kanard ~ James Bland ~ Johnny Zellmer, MD ~ Damon Mascoto (arrived at 4:01 PM), Brent Grilliot, Sayer Brenner

**TRUSTEES ABSENT:** Marti Fields

**HOSPITAL STAFF:**

David Keith, Sonya Stone, Recording Secretary, Shawn Howard, Kim Stout, Cheryl Perry, Whitney Hull, Lucy Muller, Scott Yoder, Wendy Thorpe, Dr. David Auld.

**OTHER ATTENDEES**

Karen Rieger, Legal Counsel, (via conference phone), Pete Stasiak, McAlester City Manager, Russell Ramzel, Legal Counsel

**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 December 01, 2021
2. December 2021 Agreement Log
3. Annual Attestation: Oklahoma Health Care Providers Responsibilities & Rights Under Certain Medical Treatment Laws.
4. Annual Attestation: Southeast Hospice Orientation & Attestation
5. Annual Attestation: Conflict of Interest

A motion was made (Grilliot) and seconded (Kanard) to approve items 1,2, 3,4, and 5 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 Smith, and Mary Shannon. Nay: None. Absent: Marti Fields, Damon Mascoto. Abstain: None. Chairwoman Shannon declared the motion carried.

**Discussion and Consideration of Strategic Plan for FY 2022-2025:** Ms. Whitney Hull reported the Strategic Planning met and recommended final revisions to the plan. The proposed revisions were incorporated into the Strategic Plan as specified by the Board. She provided a brief overview of the proposed revisions and shared the interactive status report followed by a recommendation for approval. Ms. Mary Shannon reported the Strategic objectives will be discussed in the sub-committee meetings and reported up to the Board on a regular basis. A motion was made (Zellmer) and seconded (Bland) to approve Strategic Plan for FY 2022-2025 as presented. The vote was taken as follows: Aye: Johnny Zellmer, MD, James Bland, Susan Kanard, Brent Grilliot, Damon Mascoto, Weldon Smith, Sayer Brenner, and Mary Shannon. Nay: None. Absent: Marti Fields. Abstain: None. Chairwoman Shannon declared the motion carried.

**Finance Committee Report:**

1. **Discussion and Consideration of November 2021 Financial Reports:** Ms. Perry presented the November 2021 Financial Report. Ms. Perry stated the Cath Lab had strong volumes performing 30 procedures, which is 58% improvement over run rate and shows promise for a good future working with Oklahoma Heart and bolstering our affiliation. Ambulatory Surgery Center had a positive Operating Income for November driven by the highest volumes seen since pre-Covid with 150 surgeries. Hospice had a strong month, partially due to catchup on back claims, but mostly due to continued focus on operations. Volumes for other areas were not as strong. In the hospital, patient days were down 15% to run rate, or the prior three-month average, while discharges were down 6.5%. The acute

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length of stay dropped to 3.93 which can be a good trend if it is related to improved case management. Some of the drop was related to the reduction in Case Mix Index (CMI) which was 1.33 in November. This was a 12% drop from the prior three-month average and was the lowest number since pre-Covid in the fall months. Part of this drop in CMI was partially driven by the lack of general surgeons in November. IP surgeries dropped 26% while OP surgeries were down 11% from run rate. ED visits were down slightly from run rate but even with October's volumes. The Sleep Lab remained closed. The CT was down for 5 days in November but despite this outpatient Imaging numbers were improved 2% driven by X-ray and Nuclear Medicine. Therapy rebounded in November with a 17% improvement over run rate. About \$800k of the decline in Gross Hospital Revenue compared to run rate was attributable to the CT and lack of General Surgery coverage in November. The CT was downtime equated to approximately \$435k of Gross Revenue of \$144k of Net Revenue lost or postponed. Issues in General Surgery coverage put Rural Health Clinic approximately 59 cases behind the normal caseload of General Surgery cases performed in a month. This was the equivalent of \$365k Gross Revenue or \$170k of Net Revenue lost. Additionally, the payer mix shifted from Blue Cross to Medicare which impaired another \$67k of Net Revenue. These issues combined with the volume and the CMI mentioned above made for a difficult revenue month. Volumes in MMS dropped from the three-month average in November, but that was expected due to the Thanksgiving holiday. Excluding the Surgery Clinic, most of the volume reductions seem to be tied to providers being off or slowdowns in schedules from the patient side. The overall reduction in volume was 11%. The General Surgery clinic was down 79% from run rate. Expenses in November for all MRHC ran higher than expected. In the area of salaries, most of this was anticipated. Incentives for pandemic pay and extra shifts totaled \$191k. The pandemic pay incentive ended in November and there is no plans to renew. Internal agency contracts and bonus pays were approximately \$40k. Internal agency contracts are currently not being renewed and bonus pays are generally related to retention/sign-on payments. Contract labor was high again, about \$131k over run rate. The growth was across several departments with the highest dollars in Nursing and Respiratory. There was also a Thanksgiving bonus paid to employees that totaled \$57k to thank employees for their hard work this year. This was decided on and issued prior to the wage scale adjustment. Outside of payroll, there were some other expenses of note. Benefits were higher than run rate by approximately \$50k and tied to some large health insurance claims. Legal fees were about \$50k greater than run rate in November and driven by various issues. The new property insurance payment under Tecumseh was paid in November and had July-October expenses of \$48k as surplus. Two months of telephone bills hit in November as the October accrual for \$30k was missed. Finally, Purchased Services was higher than normal with three departments having notable issues. Lab had an accounting error for \$33k which will reverse in December. IT had 2 months of payments for \$41k to vendor Nuance. These will be monthly and monitored going forward. Also, the Business Office received some "catch-up" billing from both their early-out vendors for \$33k and the collection group Zion for \$25k. Ms. Perry stated the good news is we have a new General Surgeon starting January 1<sup>st</sup>. We have reached an agreement with a Sleep Lab vendor. Cath Lab volumes are headed in a positive direction. MRHC received grant funds to help with two large capital projects. APRA and HHS Phase 4 Funding totaled \$4.5 million. This APRA funding can be used toward our new Arvest DSC. Ms. Perry stated the next steps are - tighten spending. Meetings to start immediately. Monitor turnover and attack it before wage scale adjustments hit. Engage employees and cultural ambassadors for new approaches. Optimize vendors for collections. Optimize COVID reimbursement from government. Consider freezes. A **motion** was made (Bland) and seconded (Brenner) to approve the finance report for November 2022 as presented. The vote was taken as follows: Aye: James Bland, Sayer Brenner, Weldon Smith, Johnny Zellmer, MD, Damon Mascoto, Susan Kanard, Brent Grilliot, and Mary Shannon. Nay: None. Absent: Marti Fields. Abstain: None. Chairwoman Shannon declared the **motion** carried.

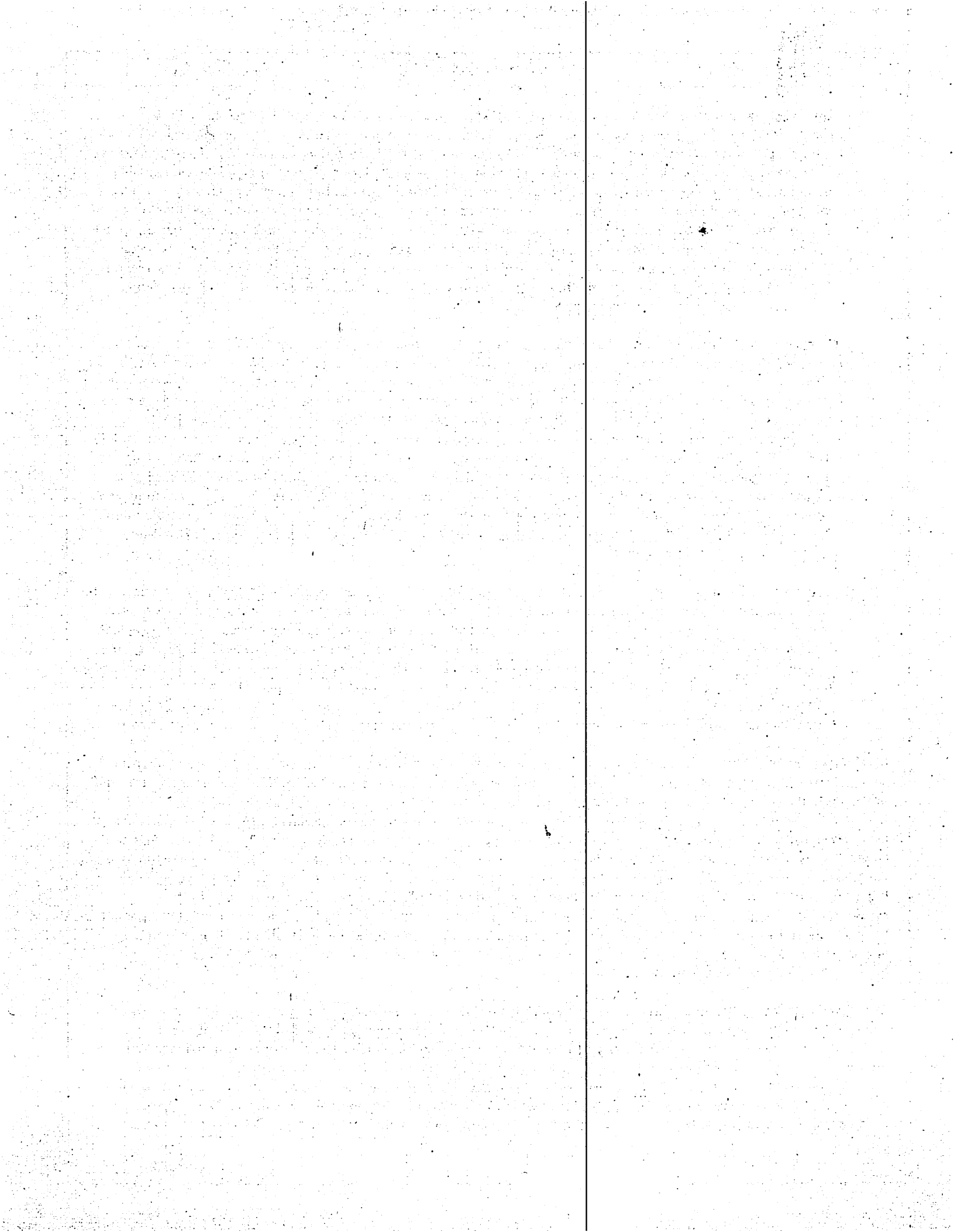
2. **Discussion and Consideration of Bid for IT Security Upgrade:** Ms. Wilson presented the bids for the Upgrade of IT Security for Discussion and Consideration. She stated on November 9<sup>th</sup> and 16<sup>th</sup>, McAlester Regional Health Center published an RFP for an Upgrade to our IT Security system. We received sealed bids from Pinnacle, True Digital Security, and MGT of America. More time was needed to evaluate the bid differences. The bid from Pinnacle was for \$143,349.02 as a 12-month service. True Digital Security was for \$180,040.00 as a 12-month service. MGT of America was for \$151,050.00 as a 12-month service. Upon review the recommendation from the review committee was to award the initiative to Pinnacle. A **motion** was made (Bland) and seconded (Zellmer) to approve bid or IT Security upgrade as presented. The vote was taken as follows: Aye: James Bland, Johnny Zellmer, MD, Susan Kanard, Brent Grilliot, Damon Mascoto, Weldon Smith, Sayer Brenner, and Mary Shannon. Nay: None. Absent: Marti Fields. Abstain: None. Chairwoman Shannon declared the **motion** carried.

3. **Discussion and consideration to reject Bid for Robotic Arm:** Ms. Wilson presented the bids for the Robotic Arm Assisted Surgery for discussion and consideration. She stated on November 16<sup>th</sup> and 23<sup>rd</sup>, McAlester Regional Health Center published an RFP for Robotic Arm Assisted Surgery. We received one sealed bid from Stryker. Zimmer/Biomet did not provide a sealed bid, indicating they thought there was an extension to the bid deadline. We were unable to accommodate that request. The sealed bid opening was scheduled for 2pm on December 15<sup>th</sup>. However, since there was only a single bid from Stryker, MRHC elected to not open the sealed bid and made a recommendation to reject the proposal. The recommendation is to reject this initiative with the intention of republishing with changes to the bid specifications. A motion was made (Grilliot) and seconded (Mascoto) to reject the sealed bid from Stryker as presented. The vote was taken as follows: Aye: Brent Grilliot, Damon Mascoto, Johnny Zellmer, MD, Sayer Brenner, Susan Kanard, James Bland, Weldon Smith, and Mary Shannon. Nay: None. Absent: Marti Fields. Abstain: None. Chairwoman Shannon declared the motion carried.
4. **Discussion and consideration of Third Quarter Budget:** Ms. Cheryl Perry presented the Third Quarter Budget for approval. She reported the budget was not ready in time for the Finance Committee to review. She reported that changes to the wage scale and various other changes including improvements in the Cath Lab. Contract labor was kept low in anticipation of improvement in that area. She reported that overall, she expects February and March to be better months. The Debt Service Covenant is based on EBIDA. The Arvest Waiver Letter will allow for the American Rescue Plan Act funds received from the Government to be used in the Debt Service Covenant calculations. This will help MRHC to meet our debt service convenience ratio from October 2021 through March 2022. Discussion occurred regarding efforts to tighten the expenses to remain in compliance with future debt services convenience ratios. A motion was made (Brenner) and seconded (Bland) to approve the Third Quarter Budget as presented. The vote was taken as follows: Aye: Sayer Brenner, James Bland, Brent Grilliot, Susan Kanard, Damon Mascoto, Johnny Zellmer, MD, Weldon Smith, and Mary Shannon. Nay: None. Absent: Marti Fields. Abstain: None. Chairwoman Shannon declared the motion carried.
5. **Discussion and consideration of changes to the FY Audit Report ending June 30, 2021:** Ms. Cheryl Perry reported the Audit was previously presented to the Board. The audit is being presented again due to receiving the waiver letter from Arvest Bank. The waiver letter is not sufficient for MRHC to maintain our debt with Arvest as a long term debt. Ms. Perry shared the changes to the audit compared to the previously presented audit. Mr. Keith pointed out some deviations in the net assets that reflect improvement from past FY audits. A motion was made (Bland) and seconded (Zellmer) to approve the FY Audit Report ending June 30, 2021 as presented. The vote was taken as follows: Aye: James Bland, Johnny Zellmer, MD, Weldon Smith, Sayer Brenner, Damon Mascoto, Susan Kanard, Brent Grilliot, and Mary Shannon. Nay: None. Absent: Marti Fields. Abstain: None. Chairwoman Shannon declared the motion carried.

**Chief of Staff Report:** Ms. Mary Shannon welcomed Dr. David Auld as the new Chief of Staff. He thanked the Board for their service as Board members. He reported it is a good time to be a part of the medical staff here at MRHC, the services provided are doing very well. MRHC has struggled with nephrology services for years with only one nephrologist trying to meet the needs of the community. MRHC has two new nephrologist now and they are doing very well. We also have two pulmonologist that come twice a week in addition to the pulmonologist from OHH. Pulmonology services are now meeting the need in the community by offering services locally, so patients do not have to drive out of town for this service. MRHC Administration is working to replace a General Surgeon very soon. He shared his excitement that MRHC has a second CT machine, stating the medical staff has been in support of this for a long time. Dr. Auld requested feedback from the board on what their expectations are for him in regard to the Board meetings. Mr. Weldon Smith requested that he provide a written report. Mr. Keith asked that he relay to the Board unfiltered ideas, thoughts and concerns of the medical staff. Dr. Auld reported the biggest issue to date is the need for more nurses so that more beds could be opened up and we could keep more patients here. He added this will also generate more revenue.

**Chief Administration Officer (CAO) Report:** Mr. Shawn Howard shared information regarding the new surgeon that will be joining MRHC in mid-January. He discussed the financial impact that Covid is having on most hospitals. He stated it is very hard to manage the cost when we have to meet the needs of the community. Funds that are set aside is intended for situations like this to help the hospital sustain. Mr. Howard reported a task force has been formed to address customer service and communication issues in the Emergency Department. The goal is to establish an education plan on through-put expectations and communication with patients and family. He reported Phase 1, demolition and underground utilities for the new Urgent Care is complete. Phase 2, construction, went out for bid and was publicly opened on October 4, 2021. He

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shared the Pet CT change order project mobilized and started construction on July 13. Contractors are currently working to complete the lead lined Hot Lab. The project is 95% complete pending the arrival of lead lined doors. The project to remove and replace the current MRI began on October 11, 2021 and is currently awaiting arrival of switch gears which is the power source for the MRI. He reported the MRHC Lab received a USDA grant for equipment toward a fully automated lab system. This will forward the Lab project to being 95% complete. Mr. Howard reported the new CT is installed, upgraded, and operational. He reported efforts are still underway to move a second CT from Eufaula to MRHC as a backup. Mr. Howard reported phase 1 of the wage increases process was a big success. He reported MRHC is continually optimizing Meditech, Ms. Wendy Thorpe the new Executive Director of IT is delinquently staying on target with upgrades.

**Chief Executive Officer (CEO) Report:** Mr. David Keith reported the Supreme Court called a special meeting on January 7, 2022 to address the CMS and OCHA covid vaccine mandates. He added the outcome will be very interesting. He reported there is progress on the drafting of changes to the Public Trust and the Open Records Act. The Oklahoma Hospital Association and Municipal League have teamed up to support the draft legislation and push hard this legislative session. The Oklahoma Rural Health Association is preparing to support the legislation as well. Representative Jim Grego has agreed to author the document and assist with moving this forward. Mr. Keith updated the Board on the Tecumseh Risk Reciprocal of which MRHC is a member. He stated the Board can expect a review of MRHC's general and liability performance in an upcoming meeting. Mr. Keith reported the Business and Service Line Development Committees agreed to evaluate the Million Building. The value proposition of the Million Building may have changed because of the financial impact of COVID. He added other hospital owned properties may be included in that evaluation. MRHC was awarded a USDA grant to help support telehealth services. The grant will be used for equipment and staff and will be tracked by the Finance Department to ensure compliance. Mr. Keith shared Board educational information regarding health plans, hospital consolidations, physician workforce, suppliers, uninsured, employer healthcare cost, health equity, Medicare, and demand projections. Ms. Kim Stout provided an update on nurse staffing.

**New Business:** None

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

**25 O.S. § 307(C)(11):** "All nonprofit foundations, boards, 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."

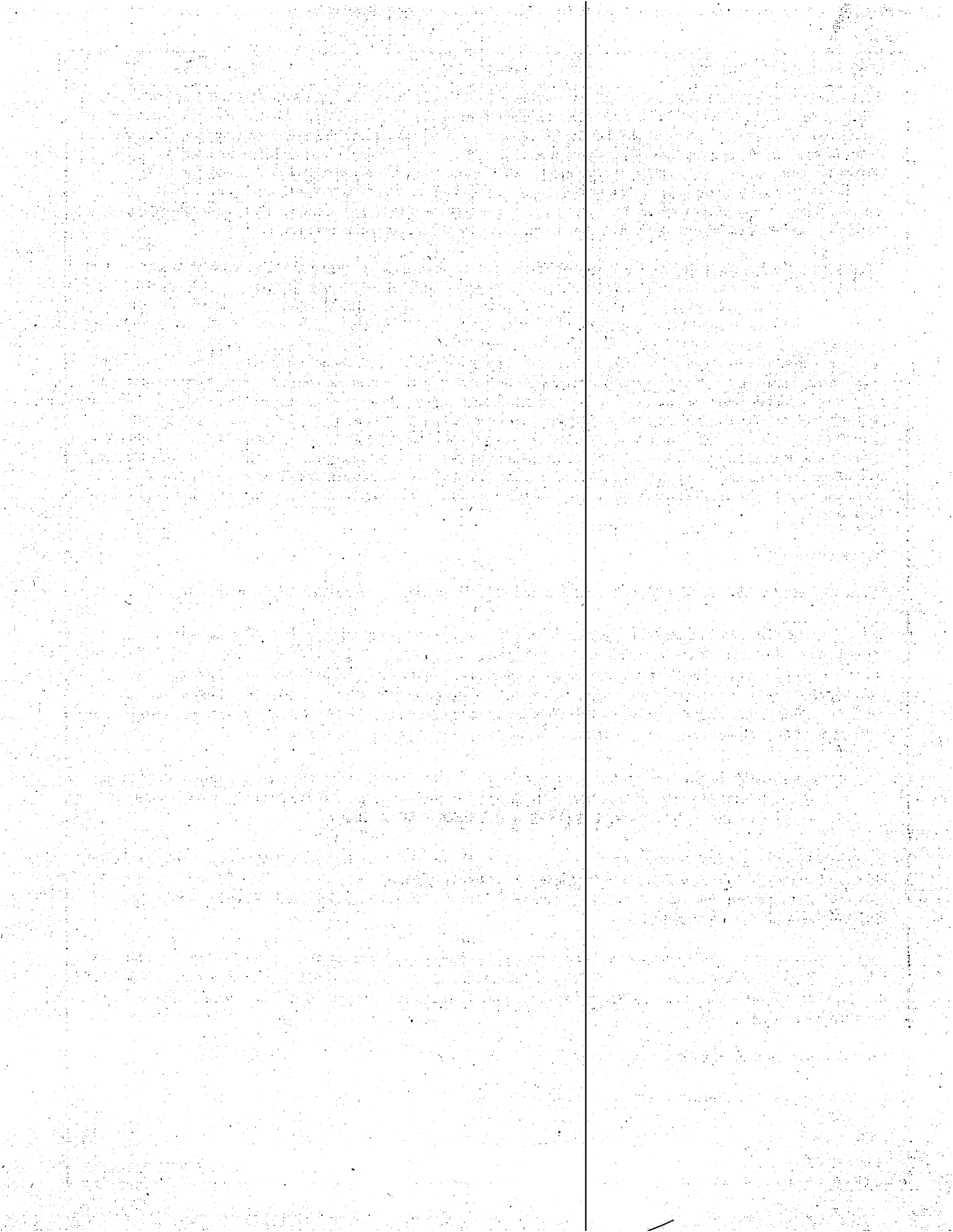
1. Discussion of potential proposal to retain Belfair of McAlester, LLC within the City of McAlester, including the potential transfer of property and financing, the public disclosure of which would interfere with the development of Belfair's services or violate the confidentiality of Belfair

A **motion** was made in public session at 5:35 PM by (Brenner) and seconded by (Kanard) to enter Executive Session. The vote was taken as follows: Aye: Sayer Brenner, Susan Kanard, Brent Grilliot, James Bland, Johnny Zellmer, MD, Damon Mascoto, Weldon Smith, and Mary Shannon. Nay: None. Absent: Marti Fields. Abstain: None. Chairwoman Shannon declared the **motion** carried unanimously.

A **motion** was made at 5:54 PM by (Kanard) and seconded by (Zellmer) to come out of Executive Session. The vote was taken as follows: Aye: Susan Kanard, Johnny Zellmer, MD, Sayer Brenner, James Bland, Weldon Smith, Damon Mascoto, Brent Grilliot, and Mary Shannon. Nay: None. Absent: Johnny Zellmer, MD. Abstain: None. Chairwoman Shannon declared the **motion** carried.

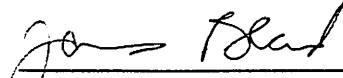
**No action was taken during Executive Session.**

**No Action was taken following Executive Session.**



**Adjournment:** A motion was made (Zellmer) and seconded (Brenner) to adjourn the meeting at 5:55 PM. The vote was taken as follows: Johnny Zellmer, MD, Sayer Brenner, Weldon Smith, Damon Mascoto, Susan Kanard, Brent Grilliot, James Bland, and Mary Shannon. Nay: None. Absent: Marti Fields. Abstain: None. Chairwoman Shannon declared the motion carried.

  
Mary Shannon ~ Chairwoman  
/sds

  
James Bland ~ Vice-Chairman

