

**SHERIDAN MEMORIAL HOSPITAL
BOARD OF TRUSTEES
JUNE MEETING MINUTES
WEDNESDAY, July 6, 2011 3:00 P.M.**

MEMBERS PRESENT: Ron Mischke, Dixie See, Gary Miller, Michael Strahan, M.D.,
Gene Davis and Bill Huppert

MEMBERS ABSENT: Harlan Rasmussen

Others Present: Mike McCafferty, Brad Hanebrink, D.O.

CALL MEETING TO ORDER

Ron Mischke called the June meeting to order at 3:05 p.m.

APPROVAL OF AGENDA and MINUTES

The minutes from the May Board Meeting, held on May 25, 2011 were reviewed. A motion was made by Dixie See to approve the May minutes. Gene Davis seconded the motion. It was noted that the minutes should be changed to reflect that Gary Miller was absent and Bill Huppert was in attendance at the May 25, 2011 meeting. Correction noted and motion carried.

The minutes from the Special Board Meeting, held on June 2, 2011 were reviewed. A motion was made by Bill Huppert to approve the minutes. Dixie See seconded the motion. Motion carried.

There were no additions to the meeting agenda. A motion was made by Gary Miller to approve the agenda for the June Board Meeting held on 7/6/2011. Bill Huppert seconded the motion. Motion carried.

PUBLIC COMMENTS

None

QUALITY COMMITTEE REPORT

Lajune Bacon, Quality Services Manager, announced that the information for the Quality Council fiscal-year annual report will be presented at the August Quality Committee meeting. Ms. Bacon reported on scorecard data: Service reflects the AVATAR overall score for the period of April 2010-April 2011 was 91.15 with Pediatrics being the highest department. Service also reflected the overall percentile for HCAHPS was 86%. Ms. Bacon stated that this percentile includes 2500 hospitals of the AVATAR hospitals that choose to participate. Everyone continues to work diligently on patient concerns and the last set of received written comments was all positive. Core measures for both congestive heart failure and pneumonia performance indicators were discussed. Case management looks at 100% of all admissions and training with Emergency Department staff is being provided. Length of

stay and medical stay criteria were discussed. Ms. Bacon noted that physicians provide guidance in regards to appropriate billing of medical necessity issues. The Pain Management Team is working on a new Performance Improvement project to help patients transition from hospital to home to manage and control their pain. Patients are given pain medicine before discharge, assured they have their prescription filled and a way to pick up or have delivered before their next dosage is needed, all which helps with pain control. Mr. McCafferty noted that he has met with medical staff and emergency department physicians relative to pain medication issues. All physicians are also aware that there is a State of Wyoming database to access. Dr. Strahan noted that pain management is one of the hardest things for physicians to balance with the standard of care required and recognition of patients that are seeking pain medications.

MEDICAL STAFF REPORT

Dr. Hanebrink reported that the Medical Staff Quarterly Meeting was held on June 14, 2011. Main topics for discussion were the Medical Staff Officer Nominations for 2012 and recommended review of the Medical Staff Bylaws. Dr. Hanebrink noted that he has served four years as Chief of Medical Staff and his tenure will end in January 2012. Three nominations have been received for the upcoming year: Dr. John Addlesperger, Dr. Barry Mangus, and Dr. Hugh Batty. Elections will be held in September and the one elected would take office in January 2012. Dr. Hanebrink stated that he would like to continue to serve in some capacity. Discussion was held on the process for nominations and elections for Chief of Medical Staff and Officers, which is done among peers. Dr. Hanebrink recommended that the Chief of Staff term may be less than four years but should be more than one year.

ELECTRONIC MEDICAL RECORD (EMR)

Mr. Nyle Morgan, Chief Information Officer, provided an update on the EMR process. Mr. Morgan distributed information on the process and announced the official kick off is July 19, 2011. Mr. Morgan explained that representatives from Cerner have been at SMH to meet with SMH team members. The Cerner group will return for the kick off on July 19, 2011. A successful project will involve four stages; installation, implementation, transition and adoption, which when complete, will demonstrate the value of the product. There are about 40 member's serving as part of the design team at SMH, which includes physicians. Several team members will attend upcoming trips to Kansas City for development, design work and training. Project milestones with key dates were discussed with the conversion date set for August 20, 2012. A countdown clock has been installed in the SMH Cafeteria that shows the number of days until the "go-live" date. Mr. Morgan explained integration testing to assure that all systems talk to one another. Physicians will take part in the training process, which includes physician entries and dictations. Mr. McCafferty explained a YouTube video that is available to show employees at Cerner in a smart room using equipment. This video reflects how patient information feeds into the medical record. The video could be shown during an upcoming Board meeting or sent to Board Members to view. Mr. Morgan explained that Cerner has a combination of custom and created libraries full of previous installs (i.e. order flow can look at last six hospitals and then make changes to meet our needs). Discussion was

held on different hospitals that use Cerner. It was noted that Billings Clinic has used Cerner for five years. Mr. Morgan stated that historical data, with master patient index for all past patients, will be converted and brought forward with medical record number, lab results, radiology results, etc. Mr. Morgan further explained that we are looking at a summary of the charges record also being brought forward. He explained that we will keep the old system up with details, until those balances are worked off of the books.

ADMINISTRATION REPORT

Mr. McCafferty reported that ground breaking has taken place; construction has begun and going as planned on the Welch Cancer Center project. As of today, 20 trees have been successfully relocated from the construction site onto the hospital campus. Fifteen of those trees are 20 foot spruce trees and would have cost around \$3,000 each to replace. KWN Construction is currently in the process of excavating and laying filler soil on the site to help create a solid foundation for the new facility. The compacting and settlement process were further explained. Mr. McCafferty also stated that the concrete will be poured for the facility the first part of August.

Mr. McCafferty provided a physician recruitment update and noted activity over the last month. Two candidates were interviewed for the one open Emergency Department position. Mr. McCafferty explained that both candidates will also come to work on a locum basis. Mr. McCafferty further explained that the goal is to make an offer within the next couple of months. In July, Mr. McCafferty is scheduled to meet with an Emergency Department physician, who is currently in residency (two years out) and is coming for a tour and to observe in the department.

Medical Oncologist discussion and plans continue to be developed for a full-time oncologist.

Mr. McCafferty stated that in June, he interviewed an Internal Medicine candidate who currently is in residency. The candidate is from Sheridan and he will have more information on her status within the month. In August, two Internal Medicine candidates, who are also in residency, will come for interviews. Dr. Nicole Caldwell started at Big Horn Mountain Medicine on July 1, 2011. Mr. McCafferty reported that he is happy with recruitment prospects in Internal Medicine and is looking at one other person, who is three years out. This totals four Internal Medicine physicians (three from Sheridan) that will all finish within the next three years. This provides for a good transition with the current physicians and is the strategy we try to work – good foresight and not crisis management.

Mr. McCafferty provided a Strategic Plan update on the proposed new Medical Office Building. He stated that SMH has been working with TSP and meeting with physicians and medical staff to discuss future direction and to obtain input to redefine the strategy. SMH has been presented with three opportunities including parking and building scenarios on the east campus, which are still being reviewed. TSP is putting together figures to accompany all three plans. Once received, figures will be presented to the Building Committee. Mr. McCafferty will keep Board and physicians informed of the status. Based on physician interest and growth opportunities for the future of the hospital campus, the building will

range between 30,000-70,000 square feet. Gene Davis stated that parking appears to be the largest challenge to overcome and there is a need for a good cost effective strategy on this issue.

Cath Lab and ICU discussion was held for the purpose of how to approach the bond issuance over the next four years to include funding for Welch Cancer Center, and a Cath Lab and ICU. We could be looking at the potential of up to \$10M for bonds. Mr. McCafferty reported that Mr. Johlman is watching interest rates and we need to be ready to act as needed. Mr. McCafferty stated that he was here today to ask the Board to give authorization to move forward with the development and pricing of the Cath Lab & ICU. It was reported that some preliminary design work has been done to date. We would like to move to the next level and pin down real dollars associated with the plans in order to have good conversations with bonding companies at a deeper level for the exploration of both projects. Architect estimations will cost between \$40,000-50,000. Mr. McCafferty noted that because of the internal and connectivity issues in ICU and Cath Lab, we will work with TSP as they have been part of the current areas. Discussion continued on all financial capabilities. The Board would remain informed of associated costs with bond issue. Mr. Johlman will also research bank and/or lending institutions to make sure bonding issue is the best path. However, even with a bank or lending institution, it is still an important aspect to know what the associated cost is going to be. Mr. McCafferty stated that he will present a breakdown of options for the projects at the next Board meeting. Costs and time frame for bond is 5-7 years. Gene Davis noted that the exploration and potential for the ICU and Cath Lab is part of SMH Strategic Plan. Mr. Davis recommended going forward with the architect and made a motion for \$50,000 to be utilized to obtain architectural estimates for both projects. Dixie See seconded the motion. Discussion continued and Bill Huppert stated his concerns with the timing of EMR, Cancer Center, Cath Lab and ICU, which seems a lot at one time. Mr. McCafferty agreed that it is a big consideration as we move forward; however, we must operate moving forward by gathering information on expenses and will keep all factors in perspective. Motion carried.

FINANCE COMMITTEE REPORT

Ed Johlman, Chief Financial Officer, reported that May was a good month; however, ranked the third slowest month of the fiscal year. The month showed a strong financial return; Mr. Johlman explained that favorable lower expenses and contractual adjustments allowed the hospital to make profit on direct operations. Mr. Johlman noted that June was expected to see the highest consolidated month since August 2010. Information will be included in the fiscal year-end report during the next Board Meeting. Discussion was held on fixed expenses and the decrease in supply expenses due to many factors, which includes the Duprey contract. Mr. Johlman explained that working with ECRI, he anticipates supply costs will decrease further in addition to the hiring of a purchasing agent. Thanks were extended to Department Managers who continued to do an amazing job managing expenses on the hospital side for the last fiscal year. In the Strategic Plan the operating goal for Finance is to lower supply costs from 17% to 14% in two years. Mr. Johlman noted improvements with Medicare payments with higher length of stay days reported. He also stated that payor mix makes a big difference on the bottom line. Gary Miller reported that the hospital paid off

\$1M on the current bond. Discussion was held on the capital equipment purchased under the new budget. Both the Eye microscope and ultrasound system have been ordered. There was no variance in costs and no action required.

Gary Miller discussed Accounts Receivables and what a great job they have done in this area. The suggestion was made to invite the billing staff to attend the next Board meeting to be recognized for their efforts. Mr. Johlman agreed that Laurie Green and billing staff have done an outstanding job. Mr. Johlman explained that it is a hospital-wide effort, which includes medical records department, coders, and Admissions staff. He reported that everyone recognizes this as an important issue. Mr. Miller noted his appreciation on behalf of the Finance Committee, stating that this quality improvement impacts the whole hospital and community.

FOUNDATION REPORT

Kevin Bailey, Foundation Chairman, reported in the absence of Foundation Director Ada Kirven. Campaign contributions are coming in and to date the Foundation has received a total of \$2.78M for the Welch Cancer Center project with \$1.2M remaining to collect. Mr. Bailey announced the 2nd Annual SMH Foundation Golf Tournament will be held on Friday, August 26, 2011 with all proceeds going towards the Welch Cancer Center Campaign. The golf tournament is being organized by the SMH Foundation staff and volunteers. Mr. Bailey thanked Mrs. Kirven, Tina Mediate, Marie Byrum and other hospital employees for their efforts and support to make this event a successful one.

BUILDING COMMITTEE REPORT

Dixie See presented the Building Committee report in the absence of Facilities Manager, Rob Forister. Ms. See reported that O'Dell Construction will begin the work on the women's locker room project next week. The room service project was discussed and the return air work for the additional hood needs to be completed. It is estimated that the room service will "go-live" the end of September, 2011.

OTHER BUSINESS

Bill Huppert reported on behalf of the Board Nominating Committee. Mr. Huppert announced the committee recommendation for the Sheridan Memorial Hospital Board of Trustee Officers for 2011-2012 Fiscal Year would be as follows: Chairman – Ron Mischke; Vice-Chairman - Bill Huppert; Secretary - Dr. Strahan; and Treasurer – Gary Miller. Dixie See made a motion to accept the recommended nominations. Gene Davis seconded the motion. Motion carried unanimously for the slate of officers.

Ron Mischke stated that he would be making committee assignments prior to the next Board meeting and asked members to notify him if there was a committee that they would be interested serving on.

Ron Mischke announced that Board Trustee, Harlan Rasmussen, completed his 10- year term in June, 2011, which resulted in an opening for a member on the Sheridan Memorial

Hospital Board of Trustees. The Sheridan County Commissioners announced the opening and received applications from very qualified candidates. Interviews were held and Tom Ringley, County Commissioner, was delighted to announced that Mr. Kevin Bailey was appointed as the new SMH Board Trustee for a five-year term, effective at the July, 2011 Board Meeting. Mr. Ringley also announced that current Board Trustee, Gary Miller, submitted his application to serve for an additional five-year term and was re-appointed.

The July Board of Trustee meeting will be held on August 10, 2011, not August 3, 2011, as previously scheduled.

EXECUTIVE SESSION

The meeting moved into closed session at 4:15 p.m. for the discussion of real estate. The meeting then reconvened into public session at 4:45 p.m.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 4:45 p.m.

Recorder,
Roxanne Araas

Michael Strahan, M.D., Secretary