

**BOARD OF TRUSTEES
DECEMBER MEETING MINUTES
WEDNESDAY, DECEMBER 22, 2010 3:00 P.M.**

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

MEMBERS ABSENT: Harlan Rasmussen

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

CALL MEETING TO ORDER

Ron Mischke called the meeting to order at 3:00 p.m.

APPROVAL OF AGENDA AND MINUTES

The minutes from the November Board Meeting, held on December 1, 2010 were reviewed. A motion was made by Gene Davis to approve the December 1, 2010 minutes. Gary Miller seconded the motion. Motion carried.

There were no additions to the December 22, 2010 agenda. A motion was made by Gene Davis to approve the agenda for the December Board Meeting. Dixie See seconded the motion. Motion carried.

PUBLIC COMMENTS, INTRODUCTIONS

Randy Warnke and Brian Bolton, KWN Construction, were in attendance to make a presentation on the Welch Cancer Center Project.

QUALITY COMMITTEE REPORT

Lajune Bacon, Quality Services Manager, stated that the Quality Committee did not meet during the month of December. Ms. Bacon presented the SMH 2010/2011 Quality Improvement Plan. She noted the changes for the Board to review and asked for questions or modifications. After discussion, it was felt that the objective for The Quality Council to meet at least ten times a year may be too restrictive. It was recommended that it be changed

to read that The Quality Council would meet at least nine times a year to allow for holidays. A motion was made by Dr. Strahan to accept the 2010/2011 SMH Quality Improvement Plan with the noted change in the meeting times. The motion was seconded by Gene Davis. Motion carried.

MEDICAL STAFF REPORT

There were no Medical Staff privileges presented. Due to the absence of Dr. Hanebrink, no Medical Staff report was presented.

ADMINISTRATIVE REPORT

Randy Warnke and Brian Bolton with KWN Construction were introduced by Rob Forister. Mr. Forister explained KWN was hired for the design of Welch Cancer Center. Mr. Warnke and Mr. Bolton were in attendance to update the Board on design progress and present cost estimates for construction and total complete project. The information presented was informational only and did not require any Board action. Mr. Bolton explained there is a four-step process which needs to be completed prior to construction. Mr. Bolton explained his purpose was to present the conceptual schematic design and the cost estimate based on floor plans. Design and construction designs are not done before guaranteed maximum price. The submitted construction plan and cost estimate was based on conception project budget. Mr. Bolton explained that construction costs are broken into three categories: pre-construction, construction cost for building and site improvement. Costs for new medical equipment are tracked outside of the contract. Projection for the building size was 12,362 square feet and through the design process with staff input, the current schematic building design has increased to 14,492 square feet at a cost of \$279 per square foot. Mr. Bolton continued by stating that the increased cost estimates for demolition, site development and architectural fees have increased the estimated price of the project to \$4,043,268.00. Mr. Bolton explained that the process has begun to reduce costs; the goal being, to reduce the size back to the original proposal of 12,000 square feet. Items to help further reduce costs were discussed and included; reductions in the size of the lobby, use of different exterior building materials, and changing the building's mechanical and electrical units. Discussion was held on the information presented, costs of construction, reduction of costs and facility program for the building design to meet both present and future needs. Mr. McCafferty explained the building design is still a work in progress. The Board has not approved a design, received a guaranteed maximum project price or authorized the moving forward with the Welch Cancer Center at this time. Mr. Bolton felt it would be another four (4) months before guaranteed maximum price is presented. He explained that the end of the design phase should be completed within the next month and half. Upon completion of the design phase, a guaranteed maximum price should be available but will not be out for competitive bidding at that time. Competitive building costs and costs of construction on the facility have some constraints with different phases. Mr. Bolton will return with documents at later date to show the phases. Construction documents need to be 100% complete before going to bid. Rob Forister explained that costs stated are only estimates until a competitive bidding price is provided. After further discussion, Ron Mischke asked the design team to meet with the Building Committee to continue to work on the design and reduction of costs. Mr. Mischke also deferred to the Building Committee to bring back a recommendation to the Board. At this point in time, no plan or funding mechanism is in place as no authorization has been received.

Mr. McCafferty asked Nyle Morgan, Chief Information Officer, to present an update on the Electronic Health Record software process. Mr. Morgan reported that since the last meeting, a team of staff members, leadership and physicians traveled to hospitals in Arizona and Alabama to view software systems from AllScripts and Cerner. Mr. Morgan noted that additional time is needed to determine which system will be the right fit for Sheridan Memorial Hospital. At this time, he does not have a recommendation for a preferred vendor to supply the software. Mr. Morgan stated that this will have an impact on everything in the organization, it is imperative that it is done well. He explained with that in mind, the committee felt that there is more work to be done for the investment, resources, and implementation on how it will affect physicians and nursing. Both vendors are excellent and either could provide what is needed but it is not worth the risk to rush to a decision. There has been committee discussion and physicians have spoken with peers around the country but there has not been a good consensus at this time. The knowledge gained in site visits was valuable for the team. Mr. Morgan reported that he is in the process of having the contracts reviewed by our attorney and his goal is to have this project wrapped up in the next few weeks. Dr. Strahan said he is impressed with the multiple levels and different aspects of the process. To get input from the physicians to make a smooth transition is key to the process.

Mr. McCafferty stated that he held another meeting with the direct management team on Strategic Planning. He noted the consistency in items compared to other meetings and identified the following: Service Excellence (culture of service); Electronic Medical Record, expansion of ICU and services; expansion of Cardiology and services; expansion of Big Horn Health Network and primary care; expansion of Cancer Center and services; and physician growth opportunities. He continues to work on the 4-year Strategic Plan and when finished will present to the Board.

Mr. McCafferty presented a physician recruitment update. He stated that he continues to work on recruitment for Pediatrics, Internal Medicine, and Hematology/Oncology. He has had several discussions but nothing to report at this time.

FINANCE COMMITTEE REPORT

Gary Miller reported that the Finance Committee met and approved the vouchers and credit card statement for the month. Ed Johlman gave the November financial report and noted that this was the 24th consecutive month for a positive net-income. Inpatient activity was up and outpatient business was down for the month. Consolidated inpatient revenues were \$180K over budget and outpatient revenues were \$289K under budget. Mr. Johlman noted the shift change from inpatient activity to outpatient continues, although we treated fewer outpatients this month, the trend did not have a negative impact. November's consolidated operating expenses were under budget by \$24,000. Charity care activity is up due to recession hitting us; however, bad debt has had a decline. Trend is for spending more on charity care than last year and is a reflection of the economy and our ability to substantially assist our community. Dr. Strahan stated that looking at the services that the Free Clinic and Charity Care provided, the community is fortunate to have a strong network

system in place to be able to find medical care for most people. Discussion was held on Medicare and Medicaid reimbursement rates and how they will affect us in the future.

Gary Miller discussed a capital equipment request and information was distributed for a non-budgeted item that will be paid from trading out other budgeted items from the FY2011 capital budget. The new Bladder Scanner, which will be used primarily in Women's Health, was explained by Linda Benth, Women and Children Services Manager. Mrs. Benth stated that the portable, non-invasive 3D ultrasound is used for bladder surgery/repair. The benefit of the equipment is to prevent unnecessary catheterization, less trauma and pain to patients and reduces the likelihood of hospital acquired urinary tract infections. It was explained that the current machine is a 7-year old hand held device that won't hold a charge; the warranty is expired and has become unreliable. One advantage to the new scanner is that it will integrate with EMR for results. Gene Davis made a motion to approve the capital equipment expenditure of \$13,445 to purchase the new Bladder Scanner. Bill Huppert seconded the motion. Motion carried.

Mike McCafferty explained that at the last Board Meeting the Board discussed moving forward with the remodeling of Information Systems Department for \$50,000. However, the Board did not officially vote on the approval of the expenditure and he asked for formal authorization. Dr. Strahan moved to approve \$50,000 plus 10% contingency for the remodeling work to the department. The motion was seconded by Bill Huppert. Motion carried.

FOUNDATION REPORT

Ada Kirven, Foundation Director, announced that Tina Mediate is the new full-time Foundation Coordinator and will assist with upcoming Foundation events. The Foundation is excited to be involved with Welch Cancer Center expansion discussions and looks forward to the opportunity to start on this important project for the community. Dr. Strahan stated that all Board and Foundation Members are behind the Welch Cancer Center expansion project. Mr. McCafferty explained that there were a couple of ways to proceed and that they are waiting to receive a guaranteed maximum price from the design/build team. Mr. McCafferty stated that he will meet with the Building Committee to discuss how they would like to move forward and options available. At this point in time, the only commitment has been for project drawings. The Board of Trustees cannot request assistance raising funds from the SMH Foundation until Board authorization to move forward with the project is approved. Mrs. Kirven also noted that the Foundation Partners voted in December for their 2010 funds, \$30,000, to go towards the planned ICU expansion project.

BUILDING COMMITTEE REPORT

Dixie See reported that the Building Committee met this month. Discussion was held

regarding the Welch Cancer Center project. A meeting is scheduled for tomorrow to include Cancer Center staff and Brian Bolton.

Ms. See reported that the kitchen hood project is on budget. The timeline for the kitchen to be closed will be mid-January for a minimum of 30 days but no firm dates as of yet. There is a plan in place for preparing patient meals, which includes leasing a mobile kitchen. There will be a media announcement when dates are confirmed.

There is a focus on several interior projects. Projects will be brought before the Board with specifics on construction when they are ready for review. Ron Mischke asked if we require projects contingency with performance bonds with specifics within the construction.

OTHER BUSINESS

It was noted that the electronic Board packet process was working well.

EXECUTIVE SESSION

There was no Executive Session held.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 5:00 p.m.

Recorder,
Roxanne Araas
Michael Strahan, M.D., Secretary