

**BOARD OF TRUSTEES
DECEMBER MEETING MINUTES
TUESDAY, DECEMBER 30, 2008 3:00 P.M.**

MEMBERS PRESENT: Harlan Rasmussen, Randy Bomar; Ron Mischke, and Bill Huppert.

MEMBERS ABSENT: Dixie See, Michael Strahan, M.D.; and Gary Miller .

CALL MEETING TO ORDER

Harlan Rasmussen called the meeting to order at 3:00 p.m.

APPROVAL OF MINUTES

The previous meeting minutes of December 3, 2008 were reviewed. After review, Randy Bomar made a motion to approve the minutes; Bill Huppert seconded the motion and motion carried.

PUBLIC COMMENTS, INTRODUCTIONS

Ron Patterson asked if any information on Westerly Expansion could be forwarded to him.

QUALITY COMMITTEE REPORT

The Quality Committee met on 12/18 and Ron Mischke noted the Service Excellence scorecard and HCAHPS scores indicate that physicians are buying into program as seen by the progression on the physician score chart.

Lajune Bacon distributed a handout and gave a power point presentation on HCAHPS which stands for Hospital Consumer Assessment of Healthcare Providers and Systems. Three broad goals have shaped this assessment: the survey produces data about patients' perspectives of care that allow objective and meaningful comparisons of hospital on topics that are important to us and consumers; survey results are for public reporting which creates new incentives for hospitals to improve quality of care; and this public reporting enhances public accountability in health care by increasing the quality of hospital care. As part of CMS, RHQDAPU (Reporting Hospital Quality Data Annual Payment Update) program, hospitals subject to IPPS payment provisions must collect and submit HCAHPS data in order to receive their full Inpatient Prospective Payment System (IPPS) annual payment. This is a financial incentive to participate in reporting hospital quality data because if a hospital fails to report their HCAHPS Survey, annual payment may be reduced by 2 percent.

SMH HCAHPS percentile rankings were explained and several individual scores from July 07-Oct 08 showed increase in the one-year period. Quietness of the hospital environment percentile went from 52 to 86%. Len Gross explained that by placing a noise meter (box

with red lights and when noise is at a certain level the lights flash) in a unit it brought an awareness/reminder that noise level was too high for a hospital environment. Another ranking was the Responsiveness of Hospital Staff percentile showed our hospital at 99% compared to other hospitals that use the AVATAR system which numbers about 2000. Communication with Doctors percentile increased when shown their scores of 37% went to 67% which is a very impressive increase of a 4.5 point jump; this information was published in physician newsletter. Communication with Nurses increased; Communication About Medication is an area that needs work in % ranking and Lajune will share more at the next meeting about what Pharmacy is doing with medication reconciliation. Discharge Information was at 89% in May and October at 82% and currently QS is working on a plan with discharge information and a campaign to present to Quality Council in January. Staff recently attended a conference of patient transition to home to avoid coming back to hospital and this information will be the basis of the campaign. Randy Bomar pointed out that the range on this chart is done on a very different scale compared to the others and that there may not be as much variable as it appears.

Hospital Compare contains comparison data on pneumonia, congestive heart failure, heart attacks, MCAHPS and mortality and is on a website published by Medicare but to be aware if looking at data as their range is 4/07-3/08 which is different than our reporting period. Lajune stated our commitment regarding the number of falls remains a high concern.

Harlan Rasmussen commended Quality Services for a good job. Ms. Bacon introduced QS Assistant Aaron Odom who is currently working with Lynn Custis on comply tracking, CME physician program, Policies and Procedures as well as the scribe for Quality Council. Randy Bomar questioned the RHQDAPU payment provisions and if we have received money back in the past and what does it go toward; Lajune will follow-up with Ed Johlman.

MEDICAL STAFF REPORT

Dr. Hanebrink mentioned that Amy Mehlhaff has routed a list of physicians who have been granted Honorary Staff Membership at SMH (see attached).

Dr. Hanebrink reported that he will make some committee re-assignments but they won't involve any board decisions that they are based on physician availability and interest.

Dr. Hanebrink announced that a new Diagnostic Radiologist, Gary Dunn, M.D. will be coming mid-March but he has not yet reviewed his credentialing chart.

After Mr. Kim Love's presentation, Dr. Hanebrink received suggestions from several physicians suggesting an evening meeting, hosted by The Medical Society, to get as many physicians as possible to raise suicidal educational awareness. He felt that this was a great idea and will work on that with Board permission. Ron Mischke encouraged inviting the Dentists to that meeting and/or anyone prescribing medications. Harlan Rasmussen would like to encourage or help facilitate making this happen. Mike McCafferty stated that he has met with Mr. Love and will include WHA in future discussions and appreciates the physicians joining in educating people on this issue.

ADMINISTRATION REPORT

Long Range Planning

Facility Growth - Mike McCafferty has met with Dr. Strahan regarding long range planning and will discuss, with Harlan Rasmussen, the direction for holding a meeting between board members and medical staff to reassess priorities related to facilities and services. It is planned to hold this meeting sometime late January or February.

Services Growth - Outpatient Surgical Center Update - Mike McCafferty reported that he will be meeting with surgeons next week to look at documents associated with an operating agreement. KWN Construction and CTA met with hospital staff/physicians to discuss site plan concepts, floor plan for surgery center and to get feedback. CTA Architects Engineers of Billings will come back with concepts for site plan, floor plans and elevations for consideration. By the January Board Meeting, Mike anticipates presenting a concrete look at concepts for the center. All site plans established will utilize current Kentucky Road to access surgery center. Bill Huppert asked if this will be a single or two-story building and at this time it is planned as a single unit.

Health Insurance Update - Len Gross reported that annually HR gets bids for employee health insurance. The good news this year is that employees will not have an increase in premium costs and are also given an additional option to have a lower deductible plan without having a Health Savings Account. However, 80% of employees chose to stay with the HSA option. Harlan Rasmussen asked if there was any difference in plans. Len explained the differences in deductibles and that one has a co-pay and pharmacy card while the other plan had all costs applied towards deductible but the coverage between the two is the same and both include dental plans. Ron Mischke asked if it is normal to offer two selections/options of health insurance to employees and Len explained that this is a unique benefit to SMH staff.

FINANCE COMMITTEE REPORT

Bill Huppert reported that the Finance Committee met prior to the meeting and reviewed November financial statements, vouchers and Mike McCafferty's credit card expenses.

Net loss for the month was \$320,448 and total revenue was \$7,380,576. Operating expenses were high as supply costs and contract labor continue to impact this area. Contractual adjustments were \$3,467,744 but YTD remains profitable. It was reported that we are seeing a consistent increase financial trend in Medicare/Medicaid and charity care expenses.

Two Capital Equipment Budget requests were presented for Board consideration:

1. IT Infrastructure network upgrade for \$542,000 was a non-budgeted capital item purchase request. The upgrade will provide a very reliable, redundant, fast infrastructure within the hospital to help move us toward an electronic medical records system and allow better communication among doctors and other hospitals. Within the FY09 budget there is \$329,000 worth of equipment, which was approved by Board for this FY.

Managers have agreed that several purchases can be moved to next FY budget as programs are not ready to be implemented. Also there is some savings from purchases that have been made and combined this would help to fund a large portion of the IT project leaving a remaining balance for purchase at \$213,000.

Mike McCafferty explained that one item approved in the FY09 Budget was the Diligent Minimal Lift system for \$294,000 that was going to be funded through the Foundation, but has been determined not to be a needed this FY. Mr. McCafferty has had meetings with the Foundation and opportunities to discuss the IT infrastructure system purchase and has approached them for \$213,000 and is asking for Board approval for IT upgrade. Harlan Rasmussen held a time for discussion on this request including past Hayes Consultant studies and recommendations. Randy Bomar asked if the entire budget package of \$542,000 was needed all at one time and Nyle Morgan, CIO explained the goals of the networking needs and to do it correctly, we need to do it all at one time and not in phases. Implementation should be 3-5 months. Bill Huppert asked if this amount was a good figure and Mr. Morgan said he felt that it is but that there may be some reductions due to trade-ins. Harlan Rasmussen asked Mike McCafferty for a recommendation. Mr. McCafferty stated that he was asking for the Board to authorize moving \$329,000 from current FY to be applied toward the IT purchase and permission to go to Foundation to ask for \$213,000 and if not approved by Foundation, to come back to the Board. Mr. McCafferty said he felt this was the largest priority for capital equipment at this time. Ron Mischke moved and Bill Huppert seconded the motion that the Board initially approve \$542,000 for the IT infrastructure system contingent upon Foundation funding balance of \$213,000. Noted \$329,000 was approved to be expended from FY09 budget – motion carried.

2. Capital Equipment Request– Nyle Morgan made a request for \$20,000 for a fire-suppression system to be used in the server room. The system uses inert gas rather than water and would keep equipment from being damaged in case of fire. The current sprinkler head system would be removed. The \$20,000 figure does not include the water system removal but Rob Forister said that it would be a minimal cost and that the actual bid on gas fire-suppression system is \$17,000. After discussion, Ron Mischke made a motion to purchase the fire suppression system, up to \$20,000, for the hospital server room and Randy Bomar seconded. Motion carried.

FOUDATION REPORT

Ada Kirven gave updates. Membership drive letters were sent out in November and currently there are 372 foundation partners. In December a partner breakfast was held and 240 members attended. Again this year, the employees selected to give their money towards the remodeling of ICU. Tom Ringley's last day as Foundation Director was on 12/31/08.

BUILDING COMMITTEE REPORT

Bill Huppert gave the report in Dixie See's absence. Building Committee met in December and toured the Dialysis Unit, which is set to open in February. The project is on budget

with an \$11,000 upgrade previously approved. Correspondence from the Department of Health regarding need for corridor along with drawing of proposal with map was distributed by Rob Forister. The committee decided to wait on corridor and to leave it open until approval for the Lab project by the State. The Building Committee requested a 5% contingency fund to handle punch list items for a total of \$40,000 (\$11,000 has previously been approved) and they are asking for an additional \$30,000 to pay for items such as an isolation room, and a portable scale for the wheelchair bound, etc. Rob Forister noted that in past projects a fund is established to have available for work /change orders as they are presented. Bill Huppert moved for approval of a contingency plan in the amount of \$30,000 for work orders on the completion of Dialysis Unit and Randy Bomar seconded. Harlan Rasmussen asked if the cost of the isolation room was known. Rob Forister stated that it would be with movable glass doors and cost \$16,000. Mr. Forister said he hopes remaining funds won't have to be used but they would be approved and available if needed. The Building Committee recommends the approval of the additional costs. The motion carried.

Bill Huppert discussed the proposed Lab flooring and plumbing needs of \$44,000. Even though the Lab project has not been approved by the State, now is the time to fix concrete/drain system and flooring before the Dialysis Unit is completed and not after patients are in Dialysis and receiving treatment. Mike McCafferty explained that the Lab project is budgeted and we have cost estimates but that it has not gone to bid. The Board has given authorization to create construction documents needed to go to bid when approved by the Department of Health. Discussion was held and the Building Committee recommended the work be done and to take into consideration that by waiting there could be construction equipment and patients coming in and out of the same entrance at the same time. Mike McCafferty recommended that the Board move forward with the \$43,633 drain system. Harlan Rasmussen asked about the time frame and Rob Forister stated that the plumbers are ready to go, before Dialysis Unit is completed, once permission is received. Randy Bomar made a motion to authorize up to \$44,000 for floor drains in the unallocated space anticipated to be the Lab, Bill Huppert seconded the motion. Motion carried

OTHER BUSINESS

Danae Brandjord, Marketing Manager, introduced two new staff; Jody Hecker, Patient Relations Coordinator and Patty Forister as the Volunteer Services Coordinator. Their job functions were explained. Harlan Rasmussen thanked Danae for her monthly report and noted the importance of marketing.

Mike McCafferty announced that during the Christmas season we were saddened to hear of the passing of a dear friend, John Miller, who worked in Radiology since 1977 and he will be missed.

The Board then adjourned into executive session at 4:30 p.m.

The meeting re-opened at 5:00 p.m.

In the Executive Session discussions were held on a personnel matter and real estate and no action was taken.

Dr. Hanebrink thanked everyone for attending the Employee Christmas party and Quarterly Staff meeting.

Dr. Hanebrink noted that the following physicians are being recommended by the Medical Executive Committee to the Board of Trustees to have changes made to their privilege/membership status for the 2009-2010 credentialing period:

- Recommend: Craig McLaws, CPM change from Active to Consulting Staff Membership. Motion was made by Randy Bomar and seconded by Bill Huppert. Motion carried.
- Recommend: Raoul Joubran, M.D. be re-appointed to Consulting Staff. Motion was made by Ron Mischke and seconded by Bill Huppert. Motion carried

Information only: Rita Cherni-Smith, M.D. will be dropping all privileges as of 12/31/08.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 5:15 p.m.

Recorder,
Joanne Redder
Dixie See, Secretary