

**BOARD OF TRUSTEES
JANUARY MEETING MINUTES
Wednesday, January 29, 2014 3:00 P.M.**

MEMBERS PRESENT: Ron Mischke, Gary Miller, David Smith, Gene Davis, Kevin Bailey,
Dixie See Dr. Strahan

MEMBERS ABSENT:

Others Present: Mike McCafferty and Dr. Sara Smith

CALL MEETING TO ORDER

Mr. Ron Mischke, Chairman called the meeting to order at 3:05 p.m.

PUBLIC COMMENTS, INTRODUCTIONS ~

None

APPROVAL OF AGENDA and MINUTES

The agenda for the January Board of Trustees Meeting was available for review. Amendment was made to move item "X. Foundation Report" to the top of the agenda. A second amendment was made to add the item "Approval of the Board Special Meeting Minutes of January 14, 2014". Motion was made by Mr. Gene Davis to approve the amended January Board agenda. Mr. Kevin Bailey seconded the motion. Motion carried.

The minutes from the December Board Meeting, held on January 8, 2014 were reviewed. A motion was made by Ms. Dixie See to approve the December Board meeting minutes. Mr. Gene Davis seconded the motion. Motion carried.

The minutes from the January 14, 2014 Special Board Meeting were reviewed. A motion was made by Dr. Strahan to approve the January Special Board meeting minutes. Ms. Dixie See seconded the motion. Motion carried.

OLD BUSINESS

No old business to discuss.

FOUNDATION COMMITTEE REPORT

Mrs. Ada Kirven, Executive Director of SMH Foundation introduced three guests from the Whedon Cancer Detection Foundation, Ms. Kay Wallick, Mr. Holland Duell, and Program Coordinator, Ms. Terry Henn. Whedon Board Members, Dr. Howard Mussell, MD., Holland Duell and Kay Wallick are guided by the Whedon Trust to consider and support various projects which provide support for early detection of cancer. The Whedon Foundation currently contributes to breast, prostate, bladder, skin, cervical, colon and other cancer screenings in the region. Sheridan Memorial Hospital Foundation Director announced the new partnership between The Whedon and Sheridan Memorial Hospital Foundations. A \$50,000 grant from the Whedon Cancer Detection

Foundation has been granted to Sheridan Memorial Hospital Foundation in support of preventative cancer screening and diagnostic testing at Sheridan Memorial Hospital. This grant will assist patients which currently have no insurance or are underinsured. The Hospital's finance and billing departments work closely with our patients each day; they navigate the healthcare system and utilize the payment opportunities for qualified screening procedures. Ultimately, The Whedon Foundation has granted another opportunity for Sheridan Memorial Hospital and local physicians to provide the best care and support possible for patients. Both organizations feel this is a great opportunity to assist regional patients and look forward to a long relationship and partnership together. Mr. McCafferty added his appreciation of the Whedon Foundation and its members in support of Sheridan Memorial Hospital in the present, past, and future.

Mrs. Kirven also reported the SMH Foundation, at its recent Board meeting, selected a date for a strategic planning session in March 2014. Items to discuss include how the Foundation can continue to expand to do and assist with funding for important healthcare projects for SMH.

QUALITY COMMITTEE REPORT

Dr. John Addlesperger, Chief Medical Officer, reported from the previous Quality Council Committee meeting. Safety event reports were given for Board member review. Dr. Addlesperger explained that there is an improvement project underway for reporting incidents. The Quality Department is looking into a software system to help track reports easily and effectively in order to identify trends and analyze data. This will increase the ability to report and identify improvements in a timely manner. Safety events were reported from November in the Board packet for review as well. Dr. Addlesperger reported no serious safety events. There were five falls reported which the organization is looking at ways to avoid. The committee has also spent time discussing RAC audits, which continues to be a difficult hurdle to overcome, but there have been changes in the process that are making a difference. For example, we now are able to be proactive and see what may trigger an audit. It is essential that we continue to watch for instructions from CMS in this regard and continue to receive assistance from the Executive Health Resource (EHR) outsourced company that can help reduce challenges with RAC audits by ensuring that documentation is correct within the electronic medical record. This assistance will help reduce the number of audits and in cases that an audit occurs, move the process efficiently for a quicker turnaround time. Dr. Addlesperger additionally noted that the new Quality Manager, Maria Lukas-Asbury will start Monday, February 3, 2014. Mrs. Lukas-Asbury comes with many years of experience in Quality initiatives as well as teamwork and communication training and will be a welcomed asset to the organization.

MEDICAL STAFF REPORT

Dr. Sara Smith reported she returned recently from Chief of Staff Bootcamp in Santa Monica, CA January 24-25, 2014. This was a full two day seminar learning in the areas of physician leadership, healthcare trends, credentialing standards, communication tools, and quality initiatives to name a few. Dr. Smith reported feeling more prepared to carry out the duties of the position and has learned a lot about all aspects of medical staff leadership.

In addition, Dr. Smith presented two privilege requests for membership and clinical privileges of the following provider credentials files recommended by the Medical Executive Committee for Board review and approval. Credentials files were discussed in executive session before reconvening into

public session for action. Ms. Angela Knutson, PA is requesting Physician Assistant privileges in the Urgent Care and Emergency Department to work on a part-time basis. After review of credentials file in executive session, Dr. Strahan made a motion to approve Ms. Knutson for membership and privileges as requested. Mr. Gene Davis seconded the motion. Motion carried. Mrs. Robin Horsley, APRN is requesting Advanced Practice Registered Nurse privileges as an employee and member of the Hospitalist program. After review of credentials file in executive session, Dr. Strahan made a motion to approve Ms. Horsley for membership and privileges as requested. Ms. Dixie See seconded the motion. Motion carried.

EMR REPORT

Mr. Nyle Morgan had no report on the EMR at this time.

ADMINISTRATION REPORT

Mr. McCafferty will be organizing strategic planning meetings with the Board of Trustees, physicians, staff, and the County Commissioners in the next few months. These meetings will help plan the future direction of the Hospital. Mr. McCafferty noted that input from the physicians is essential in the organizational goals and actions. Mr. McCafferty explained two concepts that have come from Physician input and have helped drive organizational improvement and opportunity.

The first is the reduction of supply costs. Mr. Len Gross, who is helping spear-head the supplies project, reported that we have successfully decreased supplies expenses from 19% of net revenue to 18% by December 31, 2013; with an additional goal to decrease to 16% by July 1, 2014. Each 2% goal is estimated to be around 2 million dollars. We couldn't have done it without the extensive assistance and cooperation from the physicians, particularly from the Surgery Department and OR in assessing the costs of certain equipment by a process of researching different vendors to see what products are still high quality but less expensive. Mr. Gross also explained that the savings show up in the overall operations that patients see in the lack of increase of charges. A prime example is how the Hospital falls well below the cost of a knee or hip surgery compared to other hospitals of our volume which is a direct reflection of improvement in our pricing structure compared to our competition.

A second improvement project that originated with physician input is the efforts to increase the utilization of the Transitional Care Unit (TCU). Mr. Nyle Morgan, project manager for the TCU, explained that the efforts being done to increase the utilization of the TCU will allow physicians to transfer patients into the unit more efficiently. Mr. Morgan noted there is a focused team of care providers to include physicians, physical therapists, nurses, social workers and minimum data set (MDS) coordinators working together with a passion to improve the utilization of the Unit. There has been definite improvement in the data from past to present. We have gone from 300 days (approx. 1 patient per day, per year) to reporting 1800 days which equals around 6 patients per day in the TCU. The goal of the Unit is to continue to improve and to stay viable and to play a vital role to ensure readmissions stay low. Mr. Morgan further noted, as long as we have the capacity we are able to take patients who meet the criteria in the TCU. Members of the team hope to increase patient numbers to 10 patients per day. A patient's stay could be from 0-100 days and may include

stroke patient, medically complex patients or patients who are in transition from inpatient stay but still need to be monitored before they go home.

Mr. McCafferty again noted that these two concepts have involved vital physician input and because of their contributions there has been around a \$1.2 million savings within the past 9-12 months. This just shows that little ideas add up over time; listening, paying attention and putting together action plans can make the organization successful.

Saunders' Building Lease Update– Mr. McCafferty updated the Trustees on a renegotiated lease agreement for use of the Saunders' Building, located directly across from the hospital. In the year 2000, a Charitable Remainder Annuity Trust, CRAT, was established with First Interstate Bank as the Trustee, Dr. Jerry Saunders as the donor, and the Sheridan Memorial Hospital Foundation listed as beneficiary. At the end of the twenty-year CRAT in 2020, the Trust assets will be distributed to the Hospital Foundation, including the building. Because of the building's excellent location and the Hospital's need for additional operating space, Sheridan Memorial Hospital has leased the building from the First Interstate Bank and the CRAT. The new lease was agreed to by all parties involved and will improve hospital cash flow through the end of the lease agreement when the building will revert to the Sheridan Memorial Hospital Foundation as beneficiary.

Mr. McCafferty updated the members on continued discussions for an ICU remodel and expansion. The initial anticipated cost of a remodel was projected at 1.3 million dollars but now has increased significantly to 5.2 million dollars. Mr. McCafferty stated that we need to be aware of every aspect of this project moving forward and take diligence in our decisions of how we proceed financially as well as what is best for our patients. There is a significant amount of funding that will come from donations received by the SMH Foundation for the project and we need to ensure we have a well-developed plan moving forward. Every aspect of the project needs to be researched and discussed to include what service lines will be provided, the size and structure of the remodel and what level of care and technology patients can benefit from it. Currently the ICU is averaging 2.5 days for patients. The projection to expand from six to eleven beds has been discussed. The building committee will continue to review all aspects of the project so that there is confidence to proceed with a well-developed business plan.

FINANCE COMMITTEE REPORT

Mr. Gene Davis reported we are now at the halfway point in the fiscal year. We are seeing a significant difference than last year in our financials. The finance committee met and discussed many areas of the financial statements, one of which is the unexpected higher contractual adjustments. Mr. Ed Johlman is looking into this matter. Mr. Johlman further reported that December's gross revenue increased and that December ended out to be a profitable month.

BUILDING COMMITTEE REPORT

Mr. James Rader, Facilities Director reported that the re-roofing project is underway. They have completed the 3rd floor rooftop and are now above the admissions area. Depending on the weather, the job is projected to be completed by the end of month. This is ahead of schedule and has been handled well.

Mr. Rader also gave the members a breakdown of the ICU projected expenditures that include construction, design, fixtures, furniture, clinical equipment, and per room costs. The square footage is looking to be at least 3 times larger with expanded waiting areas with the use of shell space below. Other Building Committee business included discussion of an upgrade to the generator which will be further discussed at committee level.

OTHER BUSINESS

Mr. Ron Mischke reminded members and attendees of Dr. Scott retirement recognition reception following the Board meeting at 5:00 pm in the area next to the conference rooms. Dr. Scott is retiring after 35 years of women's health services as an OB/GYN in Sheridan County. In that time, Dr. Scott has delivered approximately 5,000 babies.

EXECUTIVE SESSION

With no further business, the meeting moved into closed session at 4:15 p.m. for discussion of personnel.

The meeting then reconvened into public session at 4:35 p.m. Medical staff privileges were discussed. Please see the Medical Staff report for action taken.

A motion was made by Mr. David Smith to resend the approval of the January 14, 2014 special Board meeting meetings due to requested amendments discussed in executive session. Dr. Strahan seconded motion. Motion passed. The proposed amendments will be reviewed by members prior to the next Board meeting and be on the February 26, 2014 meeting's agenda for approval as amended.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 4:40 p.m.

Recorder, Amy Ligocki

Michael Strahan, M.D., Secretary