

BOARD OF TRUSTEES
SEPTEMBER MEETING MINUTES
Wednesday, October 2, 2013 **3:00 P.M.**

MEMBERS PRESENT: Ron Mischke, Gary Miller, David Smith, Gene Davis, Dr. Strahan

MEMBERS ABSENT: Kevin Bailey, Dixie See

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

There were no public comments.

Mrs. Jody Hecker with SMH introduced Ms. Laura Lehan with PeAk Consulting, as Ms. Lehan has partnered with SMH to do some customer service/service excellence training with staff.

Ms. Leslie Stratmoen is the new News Director with Sheridan Media.

APPROVAL OF AGENDA and MINUTES

The agenda for the September Board of Trustees Meeting was available for review. Motion was made by Mr. David Smith to approve the September Board agenda. Mr. Gene Davis seconded the motion. Motion carried.

The minutes from the August Board Meeting, held on August 28, 2013 were reviewed. Mr. Gene Davis noted that there is a correction in the revenue figure; it should state \$11M not \$2M and that he has talked with Mrs. Amy Ligocki to amend the minutes. A motion was made by Mr. Gene Davis to approve the August Board meeting minutes with the amendment. Mr. David Smith seconded the motion. Motion carried.

OLD BUSINESS

No old business to discuss.

QUALITY COMMITTEE REPORT

Dr. Strahan stated that they had a really good Quality meeting. Mr. James Rader developed a policy for biomedical equipment owned by physicians, outside the hospital. The policy addressed inspections, testing and maintenance of the equipment (clinical and non-clinical) to make sure they are working properly and are safe to use. Mrs. Kirsi Ludwig has been working on Core Measures with the IT Department and Mrs. Miriam Nance has been working on RAC audits; 65 audits, 7 in appeals court, with a 97% success rate. There were 5 cases in which a root cause analysis (RCA) was performed. The RCA identified issues within the hospital that have addressed preventing potential problems. Quality is looking at the systems in place to ensure problems can be taken care of. Dr. Strahan commended staff in the quality meeting for staying late to go through these items. Mr. Mischke asked if this information is going to be part of the regular report for the board. Dr.

Addlesperger indicated that this is the same information that has been provided before but in a condensed form and has to do with value-based purchasing. The numbers reported will represent the current year.

MEDICAL STAFF REPORT

The Medical Staff report was given by Dr. Sara Smith. Dr. Laman was nominated as Vice Chief of Staff but has declined the nomination. An election in December will determine the next term's Vice Chief of Staff. Dr. Hanebrink is willing to serve as Vice Chief of Staff until the end of the year. Dr. Sara Smith has been elected as Chief of Staff and Dr. Marino has been elected as Secretary/Treasurer for the next year's term. Mr. Gary Miller asked Dr. Smith if it was her father that was Chief of Staff a number of years ago and she stated yes. The Board commented that this is the first father daughter duo that they know of. Mr. Mischke thanked Dr. Smith for serving.

EMR REPORT

Mr. Nyle Morgan, Chief Information Officer, stated that he has nothing to report at this time. Mr. Gene Davis commented that Mr. Morgan gave a great presentation at the Wyoming Hospital Association convention a couple of weeks ago, which was held in Sheridan. Mr. Mischke stated his compliments to Mr. Morgan as well.

ADMINISTRATION REPORT

Operation plan overview –

Mr. McCafferty stated that there is a four (4) year strategic plan in effect. The Operation Plan in effect is a two (2) year plan, which takes us to the end of 2015, in conjunction with the four (4) year strategic plan. The plan under the Operational level serves as a “what to do” to achieve the strategic plan. The strategic plan addresses our Mission, Vision, and Pillars of Excellence and the goals under each pillar.

Mr. McCafferty referenced the Service Standards that the hospital is implementing which will result in a culture of kindness and safety; how employees are to act and treat people. The Service Standards specify what customer relations are and how to turn customer service into action, along with what the expectations are on how each one of us shall behave and how to treat our customers. The employees of SMH will hold each other accountable for our actions; the employees and the medical staff as a whole. Mr. McCafferty stated that the foundation for our success and reputation is only as good as how we treat our customers, their overall experience and how we make them feel. Mr. Mischke asked who developed the Service Standards and Mr. McCafferty indicated that they were developed by the leadership group and management. Mr. McCafferty stated that Mrs. Jody Hecker and Ms. Laura Lehan will be working together to implement the service standards with the employees. There was an in-depth discussion with HCAHPS being a recurring theme throughout what we do, tied to safety, value-based-purchasing, quality and the patient experience. We will continue to build on patient experience, promoting a culture of kindness and having employees

commit to the service standards implemented, which should result in improving employee satisfaction as well. Mr. McCafferty emphasized points under each of the pillars. Under the Service pillar, the service standards are the key to a positive patient experience. Within the Quality pillar, value-based-purchasing is referenced. SMH needs to focus on the consumer; putting the patients' safety along with the quality of services while delivering value at the forefront. SMH needs to make our patients feel safe and cared for, along with providing the value. In regards to safety, we have compiled baseline scores and goals; we will now focus on ways to improve our scores. Mr. Miller asked how the goals were set. Mr. McCafferty indicated that Sheridan Memorial Hospital set them, not another entity or from anyone outside our organization.

Mr. McCafferty stated that the Federal Government will use value-based-purchasing to pay hospitals. We can earn 2% back (or even a bit more) by achieving higher HCAHPS scores. This will impact our short term finances and bottom line. There are four (4) different domains that are focused on: clinical care, patient experience, outcome measures and efficiency of care. Dr. Addlesperger noted that the total performance score is weighted by risk in each core measure and Sheridan Memorial Hospital will be reimbursed depending on the score.

Specific to the efficiency of care domain, this is what Medicare spends per beneficiary. National average is .98% and SMH is at .94%; our cost is .4% below the national average per each diagnosis. Mr. Mischke asked how we are reimbursed. Dr. Addlesperger indicated that the total performance measure will be calculated after the performance period and we will then be reimbursed for the year (a year in arrears). The Quality pillar is tied into these measures and can make an impact on the organization as a whole.

In regards to the Finance pillar, the 2013-2014 net operating margin is set at 2% as outlined in the Operational Plan.

Specific goals with the Growth pillar are referenced and associated with communication and recruitment.

Mr. Davis stated the net operating margin goal is 2% and if CMS takes 2%, Sheridan Memorial Hospital could lose anywhere from \$70,000 to \$140,000 in inpatient reimbursements. Mr. Johlman, the CFO, stated that we would increase our contractual write offs and then decrease them in the future. Mr. McCafferty stated that this is an evolving expectation of a reimbursement system.

Mr. McCafferty stated that the Service Standards are really important and we will need to communicate that to the employees. The Board of Trustees are asked to read through the standards and to understand the expectations. The standards will be put on the website in the near future.

Mr. McCafferty reported that the Wyoming Business Coalition has approached groups of employers from around the state, asking them to band together to look at ways to measure quality from hospitals and healthcare providers and how to best shop for quality and price. The Executive Director spent time talking to the Chamber of Commerce in towns across the state about quality in hospitals and what it means to them. This is consistent with the government value-based purchasing program. They use a survey tool (a voluntary survey) from Leapfrog. The Wyoming Hospital Association is looking at the value of Leapfrog to determine whether it is a good strategy to measure quality and gather data. Dr. Strahan stated that the Leapfrog questions are not relevant to a

rural Wyoming hospital. Dr. Addlesperger has contributed to the conversation with the Wyoming Hospital Association and the Wyoming Business Coalition about the shortcomings of Leapfrog. The Wyoming Hospital Association is not fully committed to Leapfrog. Dr. Addlesperger has presented this to the Wyoming Business Coalition and the Wyoming Hospital Association explaining that the structure of this survey tool is not appropriate for rural hospitals and that there is strategy to understanding the value-based-purchasing model. Dr. Addlesperger stated it was a good meeting and there is another meeting scheduled in October to discuss quality solutions. Also noted was that the Wyoming legislature is involved and that it is imperative that we all work together to have a say in how the Wyoming legislature will mandate utilizing quality measures. Dr. Addlesperger reported additional information from an article distributed to the Board members on “High-Reliability Health Care: Getting There from Here” by Mark Chassin and Jerod Loeb of The Joint Commission. This article gives insight to how hospital can establish higher reliable processes and asked the Board members to read it and provide any feedback on institutional quality.

Mr. Miller and Dr. Strahan both indicated that there are many different organizations asking for different measures, which can be expensive and time consuming. Mr. McCafferty noted that there is much complexity with this issue. If the Wyoming Business Coalition and the Wyoming Hospital Association could come to a consensus it would be helpful.

Value-based purchasing outcome domains are as rich as anything Mr. McCafferty has seen. We must be effective in our approach; we need to embrace this and excel. Sheridan Memorial Hospital will need to deliver better service and value at a higher quality.

FINANCE COMMITTEE REPORT

Mr. Gene Davis, Committee Chair, reported on the Finance Committee.

Mr. Davis indicated that the year-to-date revenue is up \$3.7 million from prior year. Expenses are only up 3%. Sheridan Memorial Hospital has had a good two months; we are at \$11.3 M in consolidated revenue for August.

Mr. Ed Johlman, CFO also reported that we are off to a good start for the year, but still need to work on expenses. The growth in net revenue is in the double digits. The Cath Lab has had a good start with \$1.1 million for 2 months of the fiscal year (July and August). The hospital has seen high revenue and good expense management overall. Mr. Mischke stated the community has faith and confidence in the hospital.

The accounts receivable is improving, but there are still pieces that need to be addressed. It was reported that the Big Horn Health Network (BHHN) is showing a good trend financially as well.

FOUNDATION COMMITTEE REPORT

Mrs. Ada Kirven, Executive Director reported that the Foundation continues to be busy. She thanked the Foundation Board Members who went to Powell to hear a speaker on philanthropy and how a Foundation provides for and to a community. Our Foundation members continue to have great conversations, with leadership and the community in regards to how they can work with the

healthcare community to keep communication with the important donors of the hospital. The Foundation continues to help with strong positive relationships within the hospital and the community.

Mrs. Kirven also reported that The Link – Partner's in Pink is scheduled for Oct 19, 2013. This will be the fifth year of the fun run. The Foundation has printed 1,800 mailing labels and expects a great turnout. This run is once again promoting breast cancer awareness. The major event sponsors are Cloud Peak Energy and Hammer's of Sheridan. Tina Mediate, Jennifer Destafano and Mary Kay Liggett are chairing the event. All proceeds from the event will benefit mammography.

In other Foundation business, the community garden is in the process of being cleaned up. If anyone is interested in a plot, please reserve your spot now as there is a lot of interest and they are already accepting reservations for next year. Both Mrs. Kirven and Mr. Davis stated that the cancer patients seem to enjoy the garden being where they can see it and enjoy it.

Mrs. Kirven reported on the women's golf tournament which was hosted along with the Powder Horn Ladies Golf League. Mrs. Kirven stated that everyone was a winner. No scores were kept and no trophies were given. It was a great day and a wonderful event. There were about 80 golfers and 50 volunteers. The participants raised about \$27,000 to benefit the cardiac cath lab. Mrs. Kirven received a round of much deserved applause.

BUILDING COMMITTEE REPORT

Mr. James Rader reported that the Building Committee met last week. Mr. Rader updated the group that the Urgent Care is now scheduled to open October 21, 2013. The State is scheduled to license the project prior to its opening.

Mr. Rader also updated the group on the ICU expansion project. Mr. Rader is still working on receiving data and pricing. He is looking at turnkey pricing prior to launch.

Mr. Rader is also working with TSP on a plan to re-roof the hospital. Priority would be the top floor of the old hospital, which would be approximately \$74,800. The breezeway between the admissions area and the patient wing would be \$25,000 and the admissions area itself is \$57,085. These areas would need to be done this year as there are prominent leaks. Mr. Rader is asking for approval to start the process. The process entails a rubber membrane with a rock overlay, which can be done anytime of the year. This is the same type of roof already in existence. If anything different is done it will be at a higher cost.

Mr. Rader indicated that they are not going to do any reroofing above the ICU, since they are looking at remodeling the ICU area. The air handlers would need to be moved in addition to other necessary items. Therefore, it makes more sense to wait and address the roof when doing the remodel and expansion.

Mr. Davis stated that in the capital plan 2014 budget, the Board already approved a roofing budget of \$332,800. In the building committee meeting, the committee made a recommendation to the Board to approve this project, with a budget of \$150,000, addressing the immediate roofing needs. Mr. Davis made the motion to approve and proceed with this project. Mr. Smith seconded. Motion carried.

OTHER BUSINESS

There is a conflict of interest policy that needs to be completed by each board member and will need to get back to Mr. McCafferty as soon as possible.

In looking at future meetings, the December board meeting is tentatively scheduled for January 2, 2014. Mr. Mischke asked everyone to think about this date and come to the next board meeting on October 23, 2013 with a plan in regards to the December meeting.

EXECUTIVE SESSION

With no further business, the meeting moved into closed session at 4:20 p.m. for discussion of personnel and real estate matters.

The meeting then reconvened into public session at 4:50 p.m.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 4:50 p.m.

Recorder, Patty Forister

Michael Strahan, M.D., Secretary