

**SHERIDAN MEMORIAL HOSPITAL
BOARD OF TRUSTEES
SEPTEMBER MEETING MINUTES
Wednesday, October 26, 2011 3:00 P.M.**

MEMBERS PRESENT: Ron Mischke, Gene Davis, Dixie See, Gary Miller, Kevin Bailey, Bill Huppert and Dr. Strahan.

Others Present: Mike McCafferty and Dr. Hanebrink.

CALL MEETING TO ORDER

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

PUBLIC COMMENTS

None

APPROVAL OF AGENDA and MINUTES

The minutes from the September Board Meeting, held on October 5, 2011 were reviewed. A motion was made by Kevin Bailey to approve the September Board Minutes. Gene Davis seconded the motion. Motion carried.

There were no additions to the October 26, 2011 Board Agenda. A motion was made by Dixie See to approve the October agenda. Bill Huppert seconded the motion. Motion carried.

QUALITY COMMITTEE REPORT

Dr. Strahan reported that the Quality Committee met Tuesday, October 20, 2011. Lajune Bacon, Quality Services Manager, presented the scores and the new opportunity for implementation. People scorecard numbers were good. During 2010-2011, a drop was seen in "Attributable Turnover." Attributable Turnover was explained. It was explained that it is important to get the right person hired and trained during the first year. The number of employees leaving during their first year has dropped dramatically and managers were commended for their work in this area. HR Avatar score has gone up above data base average and expectation. Outpatient core measures are reported quarterly and inpatient core measures are reviewed monthly. CHF, Surgical Improvement and Pneumonia indicators were all good for the last three (3) months. Ms. Bacon explained that during a recent Quality Council meeting, it was recommended to purchase flat screen monitors to display our Quality scores. This will be a jump in transparency. IT is working on getting the monitors in place. HCHAPS data and Avatar scores will be on display to show comparison between SMH and other hospitals in our competitive region. Dr. Strahan explained that "we want this information out for the public to see; we want our employees to know and realize how important the numbers are and how many facets of quality they address." Mr. Mischke acknowledged that SMH is one of the few hospitals around the nation that has a Quality Committee that sets expectations and thanked Ms. Bacon and Dr. Strahan for their great efforts.

MEDICAL STAFF REPORT

The Medical Staff report was provided by Chief of Staff, Dr. Hanebrink. Dr. Hanebrink introduced John Addlesperger, D.O, as next year's Chief of Staff. Mr. Mischke welcomed Dr. Addlesperger into the position, which he will assume in January 2012.

Dr. Hanebrink stated that there were no Medical Staff privileges to be presented this month but there would be several Affiliated Health Care Professionals to be presented for renewal of membership and clinical privileges at the November Board Meeting.

ELECTRONIC MEDICAL RECORD (EMR)

Nyle Morgan, Chief Information Officer, provided an update on the EMR process. A Project Paragon handout was distributed to Board members. The information included a project team photo, which includes SMH and Cerner staff for a total of 120 people. Key dates were provided with tasks, including start and finish dates. Medication Process Agenda was given as an example of the post system review. It identified how questions are answered in order to build the system and what transpires during the process session. Mr. Morgan explained that while it is hard to understand the amount of work that goes on, the job is getting done with a strong dedicated hospital team going on trips and completing work assignments before and after. The first physician order was reviewed with Dr. Addlesperger, Dr. Smith and Dr. Hunter for their approval. Hardware will be placed in the computer room. The Cerner team, from Kansas City, will come and validate hardware. The team will then return to Kansas City for system validation. Target dates are as follows: SMH system to be built and brought back by the end of January; live domain built and up and running second week in January. The system is unique to us based on required standards but meets our specific needs.

ADMINISTRATION REPORT

Mr. McCafferty provided the following updates:

- ✓ Welch Cancer Center – Rob Forister, Facilities Manager and Jennifer Pfister, Welch Cancer Center Manager, provided an update. Ms. Pfister explained that the Linear Accelerator was in and used to treat the first patient Tuesday. Patients were traveling to Gillette while the Linear Accelerator was installed. The first treatment went well and took a little longer as all patient plans needed to be redone due to the difference between the equipment in Gillette and Sheridan. There are currently 14 patients being treated at the Welch. The CT scanner has been running since last week. Thanks were given to the staff for doing a great job treating patients in a positive way during a tough time. Chemo continued to be available to accommodate patient treatment in Sheridan.

Mr. Forister stated that construction is progressing on schedule. Steel is going up and the Center is starting to look like a real building. Interior work will begin soon. The tube system is in place, which will allow paperwork or samples (drugs/lab) to be transported between Center and hospital lab, ED, MAC lab, etc. The pneumatic system is currently used within the hospital and MAC. The new system will tie into the existing system.

- ✓ Physician Recruitment – Mr. McCafferty reported that SMH has hired three internal medicine physicians. Residency program is for three years. These physicians will begin working in Sheridan after completing the remaining 18 months of their residency. In addition, SMH has extended an offer to a second cardiologist to assist with expanding cardiology services. Mr. McCafferty anticipates this physician will begin the first part of 2011, pending approval of licensure and relocation. SMH continues to recruit for another medical oncologist. Mr. McCafferty explained that he is currently working with a recruitment company that offers permanent placement and locum tenens.
- ✓ Strategic Plan – Mr. McCafferty announced that a work session for Board members and leadership group will be held on Tuesday, November 1st @ 6pm. There will be a follow-up session for those not able to attend. More information will be sent, when finalized.

FINANCE COMMITTEE REPORT

Gene Davis reported that the Finance Committee met and acknowledged that Mr. McCafferty's Master Card and vouchers had been reviewed.

Ed Johlman, Chief Financial Officer, presented the financial review for September 2011. Mr. Johlman explained that historically, September is a slow month and statistically revenue was down again this year. Total combined revenues reached \$8.1M. Both hospital inpatient and outpatient activity were under budget. Low contractual write-offs, due to lower Medicare patient activity, helped to produce strong net revenue for the month. Expenses were \$95K over budget. Hospital A/R decreased by \$1.2M. Gross A/R days for the month was 47.2 days, which helped improve cash flow.

Jerrel Tucker, CPA, Audit Partner with TCA Partners, LLP, attended the meeting to review the FYE 6/30/2011 Financial Audit results for Sheridan Memorial Hospital. Mr. Tucker distributed an audit presentation handout and stated that he had met with the Finance Committee to present the audit in detail. Mr. Tucker's overview of the financial audit results revealed that SMH received an "unqualified" clean audit opinion.

Mr. Tucker presented main points of the Financial Audit and extended kudos to Ed Johlman and staff for being competent, audit ready and for doing a good job in reporting and recording. This process resulted in minimal issues over the last couple of years. He appreciates the communication throughout the year regarding various accounting items that come up on transactions. There were no material weaknesses, no significant deficiencies or reportable conditions identified relating to the organization's internal controls. Mr. Tucker explained that the hospital has checks and balances in place in its Finance and Accounting department such that if an error should occur, it will be found somewhere in the levels of review. It doesn't mean there are no errors, it means there is internal control to catch and correct errors. Mr. Tucker stated that there were no audit adjustments in the FY 6/30/11 year-end audit. There were no difficulties encountered with management during the course of the audit. Net operating income was \$667,046 and net increase in net assets was \$3,177,162. Discussion was held on trend lines to watch. The Statement of Operations was reviewed. Mr. Tucker noted that the hospital has done well and net patient service has continued to grow. Mr. Tucker reported that two years ago, patient services were \$54M and it is now over \$60M, a nice

steady growth. Operating and non-operating revenue has stayed consistent, increasing from \$58M to just under \$64M; showing a good trend. Expenses have grown, but they have been associated with quality and growth. The Balance Sheet was reviewed. Discussion was held on days in AR. Mr. Tucker noted that it was almost unheard of to be at 34 days and others would love to be in that range. Mr. Tucker continued on to the Comparison and Benchmarks and noted the team is doing an excellent job collecting data, billing and collecting what is owed. Review continued to compare SMH to our “peer hospitals” and noted days cash-on-hand is at 37; above 30 shows that a facility is doing well. Mr. Tucker pointed to supplies as an area for review and improvement. Benchmark is 15% and we are a little high at 19%. This remains a focused opportunity for improvement. Mr. Tucker concluded by applauding the Finance Department, Leadership and Board for their commitment to financial excellence. Mr. McCafferty introduced Accounting staff and noted his appreciation for the efforts of other staff in patient accounts, billing, and admissions. Mr. Tucker was thanked for his audit presentation. Dr. Strahan made a motion to accept the FYE 6/30/2011 audit report. Gene Davis seconded the motion. Motion carried.

Mr. McCafferty stated that SMH has been notified by the Keane information system, which supports our financial software, that they will no longer be supporting financial systems. Due to this notification, SMH is looking at different alternatives, pursuing opportunities that would share both financial and HR systems. Cerner does not make accounting software. We are currently looking at demos from three vendors: Oracle, Lawson and Microsoft. Keane has been a difficult system and this transition will be good for many reasons. Mr. McCafferty stated this will have a financial impact and he will keep the Board updated on the replacement of the Financial Software and associated costs.

The Finance Committee presented the Board with a recommendation regarding Gainsharing. The current Gainshare policy states that after the Board accepts the fiscal-year final audited financials that the Board votes to accept the payout amount to be distributed to the employees based on set criteria. The Finance Committee recommended that the Board vote to payout the FY2011 Gainsharing funds to SMH employees. The Gainshare program was further explained. The plan was designed to allow all employees to have a direct stake in SMH’s success by rewarding the employee efforts that result in achieving quantifiable improvement in patient satisfaction scores and contribute to the hospital achieving a positive Net Operating Income. Gene Davis, Finance Committee Chairman, stated that he was happy to announce that the final Gainshare distribution total was \$825,533.00. Dr. Strahan moved to distribute the approved Gainshare amount to SMH employees based on guidelines. Bill Huppert seconded the motion. Motion carried. Mr. Davis noted that this was based on an Avatar score of 90.93. Discussion was held on how this score compared to last year. Mr. McCafferty explained that last year the criteria was based on the Avatar score for the final quarter of the fiscal year, which was 91.40 (70% range) for the 50% of distributed funds. Last year, after the gainshare pay out, there was a change in policy to state that the score used would be for the entire fiscal year. The 12-month rolling score for this year was 90.93, which again was in the 70% range.

BUILDING COMMITTEE REPORT

Rob Forister, Facilities Manager, reported that the Building Committee met this month. The Building Committee discussed how the approved \$2.9 Million project would be managed for bidding

and construction, and reported that they had chosen to move forward with a traditional design bid-build process for the Cath Lab remodel. Mr. Forister explained this was a good fit for the project and should allow the project to be completed by the end of June. TSP is currently working on construction documents and the project is scheduled to go to bid in December, with start of construction in January, 2012.

Mr. Forister stated that he recently met with TSP to discuss feasible design ideas for ICU. Information from stakeholders will be reviewed and presented to the Building Committee for review. Gantt Charts, were provided to the Board for the following projects; Cath Lab, ICU and MAC II.

FOUNDATION REPORT

Ada Kirven, SMH Foundation Director, provided a Foundation update. Mrs. Kirven introduced Jennifer Destefano and Brooke Wattam as the Co-Chairmen for The Link – Partners in Pink 2011 event. The 3rd annual run/walk “Friendraiser” was held on Saturday, October 22, 2011, with 720 participants and was a great success. Mrs. Kirven recognized the Little Goose Ranch and the Meredith Family as the 2011 Event Sponsor. Mrs. Kirven explained that this year the event expanded to provide more community education. Dr. McAdoo, Dr. Sara Smith, Stephanie Sander, offered a program for breast and cervical cancer screening and treatment recommendations. The Wyoming Cancer Resource office provided and donated educational materials. Mrs. Kirven stated that the final amount is not yet confirmed, but anticipates that with sponsorships and more than 200 memorial gifts, it is approximately \$35,000. The Board extended their thanks to the SMH Foundation and Committee for their dedication to this event.

Mrs. Kirven noted that the SMH Foundation is getting ready for their annual membership drive and looks forward to visiting with donors.

OTHER BUSINESS

Marketing Manager, Danae Brandjord announced the Hospice of the Big Horns Dance will feature the Fireants & Friends. This is a community family dance with proceeds supporting Hospice of the Big Horns. The dance will be held Friday, October 28, 2011 from 7-10:00 pm at the Sheridan Inn.

EXECUTIVE SESSION

The meeting moved into closed session at 4:00 p.m. for discussion of legal and personnel matters. The meeting then reconvened into public session at 4:40 p.m. There was no action to be taken in the public session.

ADJOURNMENT

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

Recorder,
Roxanne Araas

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Michael Strahan, M.D., Secretary