

**STILLWATER MEDICAL CENTER AUTHORITY
BOARD OF TRUSTEES
Regular Meeting, January 26, 2016
Stillwater Medical Center Honska Conference Center
5:30 p.m.**

Present: Calvin Anthony, Lowell Barto, Joe Haney, Dan Duncan, Beth Buchanan, Steven Cummings, M.D. and Cary Couch, M.D., Mayor Gina Noble

Others: Denise Webber, Alan Lovelace, Liz Michael, Motaz El Kelani, Shyla Eggers, Steven Taylor, Scott Petty, Judy Treharne, Butch Koemel, Michelle Charles (NewsPress) and Susan Taylor

Chairman Lowell Barto called the meeting to order at 5:00 p.m. and welcomed members of the Board, Administration, and guests. Barto stated that we are beginning a new chapter in history at SMC, and once again congratulated Denise Webber, our new President/CEO.

APPROVAL OF MINUTES

Anthony moved the Board approve the minutes of the December 15, 2015 regular meeting of the Stillwater Medical Center Authority Board of Trustees. Couch seconded the motion, and Anthony, Barto, Haney, Duncan, Buchanan and Couch voted in favor of the motion. Noble abstained from the vote.

ELECTION OF BOARD OF TRUSTEES OFFICERS

Board of Trustees officers are elected on an annual basis. After brief discussion, Anthony moved that Dan Duncan be elected as Chairman, Joe Haney be elected as Vice-Chairman and Beth Buchanan remain as Secretary of the Board of Trustees. Noble seconded the motion, Buchanan, Couch, Anthony, Duncan, Noble, Haney and Barto voted in favor of the motion.

At this time, Duncan took over as Chairman of the Board. Chairman Duncan re-ordered the agenda so that Maria Avers, Home Health Director, could present to the Board and then be dismissed from the meeting.

BOARD EDUCATION – SMC HOME HEALTH: Maria Avers

Ms. Avers spoke to the Board in great detail about the role that Home Health plays in the community. Included in the packet was information on the growth of the service – from 668 total episodes in 2014 to 882 (annualized) in 2015.

Avers told the Board members that the Oklahoma State Department of Health had conducted a federal and state licensure survey on October 7th of this year, and cited three findings. One of those findings is that a quarterly report should be shared with the Board of Trustees, so Avers said that Board members can expect to see that in the future.

Board members questioned Maria on several topics, and she was quick to respond on all accounts. At the end of her presentation, Board members expressed their appreciation, and Avers left the meeting.

BALANCED SCORECARD AND CORE MEASURES SCORECARD

Denise Webber reported on the balanced scorecard. The inpatient satisfaction score is 83.6%, meeting our goal of greater than 80%. SMC is in the top decile in the nation for inpatient satisfaction. The ER score is 62.3%, below our goal of 70%. We are working on new strategies for the year and hope to improve this score.

COPD Readmitted rate is 0.0% for the month, meeting our goal of 17.5% or less. This was the only core measure goal to not be met for the year, ending at 20.6%. Our Major Joints Readmit rate is 0%, meeting our goal of less than 5.4%. The AMI Readmission rate is 0.0%, meeting our goal of 19.3% or less. Our Heart Failure Readmitted rate is 0.0%, meeting our goal of less than 22.2%. The Pneumonia Readmission rate is 0.0%, meeting our goal of 16.3% or less.

We are very pleased with our physician satisfaction survey result of 88%. It far surpasses our goal of 65%. The employee satisfaction for 2015 was 97%. Our goal was met for Employee Turnover at 1.1% for the month. Annualized YTD Operating Performance is \$17.786M, well above our goal of \$6.429M. Increase SMPC Visits Volume by 10% goal was not met in December. We are just below our goal year-to-date. Visits were 3,994 for the month. We would have likely met our goal if we would not have lost three physicians during the year. We were able to increase volume 7% over the previous year.

POSTED ITEMS

ACCEPTANCE OF DECEMBER 2015 FINANCIAL REPORT

Alan Lovelace gave a PowerPoint presentation of the summary of operations for December 2015. He said that 2015 was a record year for ER and Outpatient visits. Admissions, including rehab, were 289, above budget of 229 and last year of 258. Observations were 58, below budget of 87 and last year of 127. Admissions plus observations were 347, above budget of 316 and below last year of 385.

December was the highest month of the year for surgeries. Surgeries were 301 for the month, above budget of 246 and last year of 290. Surgeries at the Surgery Center were 361 for the month, above budget of 313 and below last year of 367.

Emergency room visits were 2,370, below budget of 2,454 and last year of 2,495. Year to date, we surpassed 30,000 ER visits. Outpatient visits for the month, not including ER visits, were 10,335, above budget of 8,959 and last year of 10,171.

Outpatient visits surpassed 10,000 for each month this quarter. Births were 66 for the month, below budget of 85 and last year at 68.

Financial assistance was \$1.155M for the month, which was the highest for any one month to date. Year to date, \$9.4M was awarded in financial assistance, which also set a record. Salaries and Wages were at \$5.460M, above budget of \$4.914M and last year of \$5.164M. Benefits were \$1.475M, above budget of \$1.232M and last year of \$907,000.

Operating Income for the Hospital is \$2.941M, above budget of \$591,000 and last year of \$2.842M. Operating Income for the Clinics was (\$472,000) compared to a budget of (\$51,000) and last year of (\$282,000). Operating Income Consolidated is \$2.470M, above budget of \$540,000 and below last year of \$2.559M.

YTD Operating Income Consolidated is \$17.787M, above budget of \$6.430M and last year of \$14.028M. YTD Operating Margin Consolidated is 10.3%, above budget of 4.0% and last year of 8.9%. YTD Non-Operating Revenue is \$161,000, below budget of \$547,000 and last year at \$1.986M. YTD Net Income is \$17.498M, above budget of \$6.977M and last year of \$16.014M.

The Arvest investment account decreased to \$26.792M. The BancFirst Investment Account decreased to \$17.125M. Investments combined are \$43.917M. YTD Simple Return for Arvest is (1.78%); BancFirst is (1.16%). The benchmark is (1.11%).

Days in Accounts Receivable was 28.5 days. Days Cash on Hand at year end was 185 days. Cash is \$74.924M, compared to \$64.707M at year end 2014.

To date, we have spent \$1.739M (47%) on the Total Fitness Aquatics project. Total amount approved for this project is \$3.735M. \$3.5789M (27%) has been spent on the Support Services Building. Total amount approved for that project is \$13.045M.

Lovelace also reported on the January 20, 2016 Finance Committee meeting, copies of the minutes included in the Board packets. Lovelace told Board members that he spoke briefly to the Finance Committee about our negotiations with TCI and the cancer center. This brought up conversation between the Board of Trustee members and Administration about the status of said negotiations. Lovelace stated that we had just received the valuation that TCI had done of the business, and we are just beginning discussion about that. Board members expressed their exasperation with the length of time these talks are taking to make progress.

Webber assured Board members that we have made great strides, and that we are not in the same position that we were last year. TCI has committees at a

staff level working on logistics to make the deal happen. SMC has similar committees; we have an agreement that we are hiring TCI staff to work in their location so we don't have a transfer situation to deal with. Of course, Webber said if we can't agree on a price, this will all be for naught. She went on to say that we believe the valuation is a little high, and we need to see if we can come to an agreement with TCI on the valuation. A conference call between SMC and TCI is scheduled for next week, and Webber said she thinks we will have a good indication of how things will go after that phone call.

Board member Anthony suggested that we set a time limit to complete our negotiations with TCI. Haney agreed, saying that perhaps sharing the news with TCI that the SMC Board is only allowing 30 days to come to an agreement will be good leverage, and that we will then have some clear direction as to what our future path will be in regard to improving cancer care in our community.

After lengthy discussion, Haney moved the Board accept the December 2015 Financial Report as provided and the January 20, 2016 minutes. The motion also included the wording that SMC has 30 days from today's date to negotiate a purchase with TCI. Noble seconded the motion, and Anthony, Noble, Buchanan, Barto, Couch, Duncan and Haney voted in favor of the motion.

SEMI-ANNUAL CONFLICT OF INTEREST STATEMENT

The Conflict of Interest statement is completed every six months and filed with the Secretary of State. Signatures were secured from all Board members. No action was required.

ACCEPTANCE OF MEDICAL STAFF INTEGRATION COMMITTEE MINUTES

Webber reported on the January 6, 2016 meeting of the SMC Medical Staff Integration Committee, a copy of which was included in the Board packet. After discussion, Barto moved acceptance of the minutes as presented. Haney seconded the motion, and Noble, Duncan, Barto, Haney, Couch, Anthony and Buchanan voted in favor of the motion.

ACCEPTANCE OF DECEMBER 8, 2015 FACILITIES COMMITTEE MINUTES

Copies of the December 8, 2015 meeting of the SMC Facilities Committee were included in the packet. Steven Taylor spoke to the Board about said meeting. After discussion Buchanan moved that the Board accept these minutes as presented. Duncan seconded the motion, and Barto, Haney, Duncan, Couch, Buchanan and Anthony voted in favor of the motion.

APPROVAL OF SPLASH PAD AGREEMENT WITH CITY OF STILLWATER

Steven Taylor provided a copy of the agreement between the City of Stillwater and Stillwater Medical Center in regard to the splash pads that are to be placed at two locations in Stillwater this summer. Board members reviewed and discussed the agreement, and suggested minor changes. Barto suggested that in the paragraph regarding site markers, that we insert the words "and maintain"

after “the right to place...” He also suggested that toward the beginning of the document, after the “WITNESSETH”, we add something about the purpose of this splash pad; that SMC is doing this for the benefit of our community and citizens, and that the City is the benefactor of such. Mayor Noble said that she would like to see that wording on a sign at both locations, as well. Webber agreed, saying that we should tie it back to the health and wellness of the community. Taylor said that they would work on getting those changes made immediately.

Haney asked about fencing and securing the splash pads. Taylor said that he has been in discussions with Jim Scott with the City of Stillwater regarding security at both locations.

Anthony moved approval of the agreement with the additions that had been discussed tonight. Haney seconded the motion, and Buchanan, Haney, Couch, Anthony, Duncan, Noble and Barto voted in favor of the motion.

CONSENT AGENDA

Topics of the Consent Agenda included the following:

Review/Approval of New/Revised Policies:

- Primary Stroke Center (program description updated after Survey)
- Fall Prevention Program
- Screening to Test for Unknown Pregnancy
- Automatic Stop Orders
- Guidelines for Timing Administration of Medication
- Physician/Practitioner Order Policy
- Sleep Laboratory
- Pulmonary Function Testing
- Care of Patient with Temporary Transvenous Pacemaker
- Consent for Methotrexate Therapy for the Treatment of Ectopic Pregnancy
- Cancer Registry Quality Control Plan

Dr. Steve Cummings discussed the items on the Consent Agenda, and then Couch moved that the Consent Agenda be approved in its entirety. Anthony seconded the motion, and Buchanan, Couch, Anthony, Haney, Barto, Noble and Duncan voted in favor of the motion.

CEO REPORT

Topics of Ms. Webber’s CEO Report included the following:

Making the Most Out of Retirement Luncheon

On Dec. 16th, I gave a presentation to the group sharing an overview of what is happening at Stillwater Medical Center. It was well attended and the group was quite impressed in hearing an update on Stillwater Medical Center and our future

plans. I received lots of positive comments and questions about our progress. In particular, I received several questions about the Health Insurance Exchanges and the problems some of our community members have had with cancellations of their current policies or extremely large premium spikes. As a result of the discussions after my presentation, I invited some of the members, if they would like, to join our upcoming bus trip for Medicine Day at the Capitol.

Medicine Day at the Capitol

This year's Medicine Day visit and legislative reception will be held on Feb. 16th. We'd be pleased to have anyone interested join us. The bus will leave for OKC around noon that day.

Employee Reception Held

Our annual holiday reception was held on Wed., Dec. 16th. It's always a great time with lots of good food and fellowship with staff. As always, we made sure that all of the Employees of the Month were present so we could introduce the Employee of the Year – which was Danny Gracey, a Social Worker in our Rehab Unit.

Tulsa World Article on Medicare Cuts

Behind my report is a recent article from the Tulsa World highlighting CMS's Hospital Acquired Conditions Reduction Program. As you can see, 13 hospitals throughout our state received cuts to their Medicare funding overall. The HAC Reduction Program is part of a far-reaching effort that, along with the CMS' value-based purchasing and readmissions reduction programs, aims to aggressively move the federal government toward paying for high performance rather than volume of services. CMS estimates that overall payments will drop by roughly \$330 million in 2015 due to the HAC program.

CPC Shared Savings Program

In addition to the recent \$50,629 shared savings we received from CMS for our work done in the Comprehensive Primary Care (CPC) program, Dr. Swyden, Medical Director from Blue Cross/Blue Shield delivered a check in the amount of \$116,865 to the physicians at the Stillwater Medical Physicians Clinic on Jan. 26th. The CPC program was a collaboration between CMS and BCBS and the 13 regions that participated. Our region was the most successful with Stillwater Medical Physicians Clinic receiving the highest shared savings of the group. Our clinic has added many services to enhance the care they provide such as nurse navigators, pharmacists, and social workers. These funds will be used to continue to enhance the care we provide.

2016 Management Objectives

A copy of the 2016 Management Objectives was shared with the Board. A copy was also emailed to members of the SMC Management Team.

New Interim Member of Leadership Team

Judy Treharne was introduced to the Board members at our last Board meeting. Judy will be serving as Interim Vice President of Physician Practice Management. Judy is a consulting executive for Halley Consulting Group and is a resident of Rosemount, Minnesota. Her healthcare management experience stretches beyond 30 years. During that time she has had the opportunity to provide leadership in urban, suburban and rural healthcare facilities across the full continuum of care. Judy worked with SMC several months back helping start up the many practices last year. It was delightful to work with her and she brought many great ideas to SMC. We're excited to have her back while we search for a permanent replacement.

Continuing to Meet with OSU Benefit Consultant

Alan Lovelace and I met with Lockton, the consulting firm that assists OSU with benefit plan design. We continued discussions about developing a health insurance plan offering designed with a shared savings approach based on the utilization of our population health management experience. I shared our CPC results to provide some basic information of what the potential could be. If all parties mutually agree it's beneficial to move forward, we would likely start with a narrow focus on a disease specific population/care coordination effort.

Patient Family Advisory Council

Our affiliation with VHA has made us aware of additional strategies to take us from good to great. One of these is a pilot project that includes community members as a way to impact quality. One of these strategies is a type of community quality council.

SMC is exploring the creation of a Patient Family Advisory Council (PFAC). The initiative partners patients, families, community members, hospital staff and physicians by putting patients and families at the center of improving care and safety at our facilities. We would meet with this group to ask the questions such as, "How can we be better?" "How can we be safer?" and "What do you expect from your visit/stay?" We want to be the very best we can be, and this is another tool to get there.

We envision a PFAC formed to work specifically on safety and quality issues, such as patient falls. These types of councils are aligned with the latest evolution of patient and family engagement and are the subject of future research and outcomes measurement activities.

Although now these are currently pilot projects, we anticipate that in the near future these councils will be an expectation of our friends at CMS (Medicare). This gives us a great opportunity to have more community input, and for us to become a better organization.

Collaboration with TCI

We have bi-weekly discussions with TCI as we prepare to purchase their Stillwater location. Our plan is to work collaboratively with TCI to provide the very best of cancer care to our community. We anticipate a late summer start to the construction that is needed to renovate the building and expand it to accommodate the current services at both locations.

Honors Received

At the recent Chamber of Commerce gala, the Stillwater Medical Center Foundation was honored with the Chamber's Not for Profit Business of the Year Award. This recognition specifically referenced the Foundation's work associated with the Stillwater Strong efforts following the OSU Homecoming accident.

At the gala, Jerry Moeller received the Hall of Fame Award. Stillwater Medical Center received the Visionary Partner Award, and I was recognized for my 5 years of service on the Chamber Board. It was a great night for Stillwater Medical Center.

EXECUTIVE SESSION

At this time, Anthony moved the Board convene to Executive Session according to Title 25, Oklahoma Statutes §307 (B) (1) of the Oklahoma Open Meeting Act for the purpose of discussing the items on the agenda. Couch seconded the motion, and Couch, Anthony, Barto, Haney, Duncan, Noble and Buchanan voted in favor of the motion.

Those present in Executive Session included: Board members Duncan, Barto, Haney, Couch, Noble, Buchanan and Anthony, as well as Dr. Cummings, Denise Webber and Judy Treharne. Treharne left the meeting after the discussion regarding the physicians had ended.

Anthony then moved the Board return to Open Session. Noble seconded the motion, and Couch, Noble, Buchanan, Anthony, Barto, Haney and Duncan voted in favor of the motion.

Chairman Duncan stated that nothing other than what was listed on the agenda had been discussed in Executive Session, and that no vote had been taken.

NEW BUSINESS

None.

Prior to the meeting, Board members reviewed the following Medical Staff meeting minutes:

<i>Med Executive Committee</i>	<i>1/13/2016</i>
<i>Peer/Policy Review Oversight Committee</i>	<i>1/6/2016</i>
<i>Medicine Section</i>	<i>12/10/2015</i>

Cancer Committee
Med Executive Committee
OB Section

12/17/2015
12/9/2015
1/7/2016

ADJOURN

There being no further business, Couch moved that the meeting be adjourned. Anthony seconded the motion, and Noble, Buchanan, Anthony, Duncan, Couch, Haney and Barto voted in favor of the motion. The meeting was adjourned at 8:00 p.m.



Chairman of the Board



Secretary of the Board