

**STILLWATER MEDICAL CENTER AUTHORITY
BOARD OF TRUSTEES
Regular Meeting, October 25, 2016
Stillwater Medical Center Honska Conference Center
5:30 p.m.**

Present: Dan Duncan, Joe Haney, Beth Buchanan, Lowell Barto, Cary Couch, M.D., and Calvin Anthony

Absent: Mayor Gina Noble

Others: Charles Olson, MD, Butch Koemel (attorney), Denise Webber, Liz Michael, Steven Taylor, Randy Jobe, Keith Hufnagel, Scott Petty, Shyla Eggers, Kari Easson and Cheryl Marshall (minutes)

Chairman Dan Duncan called the meeting to order at 5:33 p.m.

APPROVAL OF REGULAR MEETING MINUTES

Haney moved the Board approve the minutes of the September 27, 2016 regular meeting of the Stillwater Medical Center Authority Board of Trustees. Anthony seconded the motion, and Anthony, Buchanan, Barto, Couch, Duncan and Haney voted in favor of the motion.

APPROVAL OF SPECIAL MEETING MINUTES

Couch moved the Board approve the minutes of the September 30, 2016 special meeting of the Stillwater Medical Center Authority Board of Trustees. Anthony seconded the motion, and Barto, Duncan, Haney, Anthony and Couch voted in favor of the motion. Buchanan abstained as she was unable to attend the September 30, 2016 meeting.

BALANCED SCORECARD

Denise Webber shared the Scorecard report with the members. Inpatient scores continue to trend well. The ED score for the quarter shows 70.6%, however prior to the meeting, an ED physician pointed out that they are now at 71.2%. One of two COPD patients readmitted to the hospital, which brought our score to 50%. The Heart Failure rate is down slightly, but is good year-to-date. Employee turnover is also down slightly for the quarter, but is doing well year-to-date.

POSTED ITEMS

ACCEPTANCE OF SEPTEMBER 2016 FINANCIAL REPORT

Kari Easson gave a PowerPoint presentation of the summary of operations for September 2016. Admissions, including rehab, were 293, below budget of 332 and last year of 345. Observations were 83, below budget of 87 and below last year of 90.

Surgeries were 276 for the month, above budget of 249 and last year of 256. Surgeries at the Surgery Center were 287 for the month, below budget of 305 and last year of 321.

Emergency room visits were 2,696, above budget of 2,514 and last year of 2,655. Outpatient visits, not including ER visits, were 10,941 above budget of 9,351 and last year of 10,067. Births were 73 for the month, below budget of 85 and last year at 78.

Financial assistance was \$625,000 for the month. Salaries and Wages were at \$5.27M, below budget of \$5.54M and above last year of \$4.85M. Benefits were \$1.4M above budget of \$1.39M and above last year of \$1.28M.

Operating Income for the Hospital is \$1.7M above budget of \$569,000 and below last year of \$2.5M. Operating Income for the Clinics was \$166,000 compared to a budget of \$43,000 and last year of \$82,000. Operating Income Consolidated is \$1.9M, above budget of \$612,000 and below last year of \$2.6M.

YTD Operating Income Consolidated is \$10.46M, above budget of \$5.4M and below last year of \$12M. YTD Operating Margin Consolidated is 7.8%, above budget of 4.2% and below last year of 9.6%. YTD Non-Operating Revenue is \$2.4M, above budget of \$398,000 and last year at (\$489,000). YTD Net Income is \$12.9M, above budget of \$5.8M and last year of \$11.6M.

The Arvest investment account increased to \$28.1M. The BancFirst Investment Account increased to \$18.3M. Investments combined are \$46.4M. YTD Simple Return for Arvest is 5%; BancFirst is 7.1%. The benchmark is 5.49%.

Days in Accounts Receivable was 32.6 days. Days Cash on Hand is 177 days. Cash is \$76.19M, compared to \$74.9M at year end 2015.

To date, we have spent \$118,303 (5%) on the CMS project. Total amount approved for this project is \$2.573M. \$297,573 (4%) has been spent on the Cancer Center Project. Total amount approved for that project is \$7.643M.

Dr. Couch asked what influenced the \$700,000 decrease in Operating Income. Webber said that this is due mainly to the Clinic. She said that we looked at our service lines and projected some decreases. However, surprisingly some lines have grown more than expected: Endocrinology and Ortho.

Haney said that at the Finance Committee it was noted that the projects on 12th Street came in significantly under-budget and he commended all involved.

Anthony stated that the Finance Committee members discussed the financials, the summary of clinic operations and scorecard. Dan Duncan inquired about the statement in the minutes about SMPC showing a small profit. Webber felt the profit could have included a reimbursement. She agreed to check with Lovelace upon his return.

Haney moved the Board accept the September 2016 Financial Report and the October 19, 2016 Finance Committee minutes with the correction if found necessary. Anthony seconded the motion, and Couch, Haney, Anthony, Duncan, Barto and Buchanan voted in favor of the motion.

CONSENT AGENDA

The Board members discussed all of the items listed on the Consent Agenda. Dr. Charles Olson answered questions of the members. Couch moved that the Consent Agenda be approved in its entirety. Barto seconded the motion, and Duncan, Couch, Noble, Barto, Haney, Buchanan and Anthony voted in favor of the motion.

UPDATE ON MEDICAL STAFF BYLAWS CHANGES

Dr. Olson stated that the Medical Staff has been working to update the Bylaws. They have met with the attorney for legal review. Legislation ruled that the Medical Staff cannot require maintenance and certification. Haney asked if Olson expected the updates to be complete by the end of the year. Olson stated that he is uncertain as it takes a 2/3 vote of the medical staff to change the Bylaws. If they decide to not require Board certification, other quality measures will be required in order to present well qualified physicians to the community. Webber said the law does not require Board certification for licensure; however, certification is helpful in gauging a physician's quality.

CEO REPORT

CEO Webber updated the Board on the CEO Report:

VHA (VIZIENT) PHYSICIAN/CEO/TRUSTEE ANNUAL MEETING

Webber offered her appreciation to all who were able to attend this education event. One of the most enlightening speakers was Dr. James Reinerston of the Reinertson Group. He spoke about the need to change our view of the data we use to track patient safety and compare ourselves internally versus the industry because as we know the industry overall needs improvement which may not make it the best gauge of success. He also urged each facility to work harder and get serious about reducing harm to patients and employees of healthcare. Our team is working on changing the way we report our data to the Board Oversight Committee. We have extended our Administrator on Call function to a weekly role that includes a daily safety huddle with a multidisciplinary team.

PHYSICIAN EVENT

On October 4th, we invited Dr. Wayne Sotile and our physicians and their spouses for an event with a focus on Resiliency. Webber said that it was a great event. Dr. Sotile let the physicians know that it is tough to be a physician and to have a family life as a physician, and that these things are normal. Both the physicians and staff appreciated the event. Barto expressed his appreciation of the Hospital holding the event for the physicians. Webber said that we are working to make this “the best place to work for physicians” as we do for staff.

BEST PLACES TO WORK AWARD

Webber said that a group of hospital employees went to New Orleans to accept the award. We celebrated hospital-wide with a Mexican Fiesta. All employees are getting a jacket and she has heard nothing but great comments.

BLACKWELL REGIONAL HOSPITAL - UPDATE

Webber said that everything is going well in Blackwell. Joyce Daniel will begin work in early November. Webber expressed her appreciation of the great effort from the staff. We were honored that Dr. Shuart, one of the Blackwell physicians, came to Administration to thank us.

CLINIC SPACE IN PONCA CITY

We now hold a lease on clinic property in Ponca City. This location will serve as a satellite location for many of our surgeons/specialties that have the capacity to expand (cardiology, gynecology, non-operative orthopedics, otolaryngology and ophthalmology).

LDI

Dr. Wayne Sotile also presented at the LDI and did a phenomenal job. Mike Harbour also spoke. He grouped the team into four personality types, which was fun and informative.

LEAN PROJECT - SURGERY CENTER WEST

The Stillwater Surgery Team moved a paper process into an electronic process. It was a huge success. They had a ceremony to dispose of the old paper book that had been kept for years.

STRATEGIC PLANNING

The annual strategic planning process has started. Sessions have been conducted with the Management Team and Employed Providers. The proposed strategic plan will be presented to this Board at the Retreat on November 18.

RECRUITMENT UPDATE

On the recruitment front, we currently have several active candidates for our open positions in Ophthalmology, Interventional Cardiology and Internal

Medicine/Pediatrics. We are continuing to search for GI and Pulmonology candidates.

UNITED WAY CAMPAIGN UNDERWAY

The Stillwater Medical Center United Way campaign kicked off. We have several fundraising events going on. The annual parking lot fundraiser for the OSU Walk-Around is coming up.

KARI EASSON HONORED

Webber congratulated Kari Easson as she was recognized as one of Stillwater's top Emerging Leaders Under 40.

IMPORTANT DATES AND UPCOMING EVENTS

The Board Retreat will be held on November 18th. The December Board of Trustees meeting will be held Tuesday, December 20th.

Anthony requested to see an analysis of how things are going and what the costs are in managing Blackwell in about six months. Webber agreed to do so. Duncan asked if the Blackwell financials are tracked separately. Easson stated that they are and that we are tracking the hours our employees use doing business for Blackwell, as well as expense reimbursement, etc. Couch asked about staffing their positions. Webber explained that we are overseeing as they staff their own positions. There are several positions that we have that they do not or do not have as full-time positions, i.e., Materials Director, IT Director, HIS Director. Our leaders in those areas are helping to carry their load. Liz Michael said that we are cross-training their employees to handle more than one position, which is beginning to decrease our time onsite in those areas. Anthony asked if the Blackwell staff was included in the decision to hire Joyce Daniel. Webber said yes, and explained that Ms. Daniel used to work at Blackwell and the employees are very familiar with her. Jacob Easson will be the part-time CFO and the Blackwell staff was comfortable in hiring him as well.

BOARD EDUCATION: ANALYST FIND BUNDLED PAYMENT ADOPTION AT CRITICAL TURNING POINT

Webber said that pilot programs are in place and she believes bundled payments will be required for all hospitals in the near future. We have hired a consultant to analyze our service lines. We are working to schedule a time for them to come onsite. Bundled payments mean that we will receive a set price for 90 days of care. We will need to contract with other service providers for when patients need care not provide by us, such as nursing homes, so we can stay below the set reimbursement. Managing care for patients helps to decrease hospital stays and emergency room visits; providing great care for patients but not unnecessary care.

NEW BUSINESS

None

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

<i>Medical Executive Committee</i>	<i>August 10, 2016</i>
<i>Surgery/Anesthesia Section</i>	<i>August 11, 2016</i>
<i>PI and Patient Safety</i>	<i>August 25, 2016</i>
<i>Peer/Policy Review Oversight</i>	<i>September 7, 2016</i>
<i>Surgery/Anesthesia Section</i>	<i>September 8, 2016</i>
<i>OB-PEDS Section</i>	<i>September 1, 2016</i>
<i>Medical Executive Committee</i>	<i>September 14, 2016</i>
<i>PI and Patient Safety</i>	<i>September 27, 2016</i>
<i>Medical Executive Committee</i>	<i>October 13, 2016</i>

ADJOURN

There being no further business, Anthony moved that the meeting be adjourned. Barto seconded the motion, and Haney, Barto, Buchanan, Anthony, Couch, Duncan voted in favor of the motion. The meeting was adjourned at 6:19 p.m.



Chairman of the Board



Secretary of the Board