

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

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

Absent: Beth Buchanan and Mayor Gina Noble

Others: Denise Webber, Alan Lovelace, Motaz El Kelani, Shyla Eggers, Steven Taylor, Liz Michael, Judy Treharne (Halley Consulting Group), Butch Koemel, Michelle Charles (NewsPress), Michele Axtell and Debbie Moore (Diabetic Education) and Cheryl Marshall (minutes)

Chairman Dan Duncan called the meeting to order at 5:31 p.m.

APPROVAL OF MINUTES

Calvin Anthony moved the Board approve the minutes of the March 22, 2016 regular meeting of the Stillwater Medical Center Authority Board of Trustees. Dr. Couch seconded the motion, and Duncan, Barto, Couch, Anthony and Haney voted in favor of the motion.

BALANCED SCORECARD

The Board members reviewed the Scorecard report given by CEO Webber. They were complimentary of the scores achieving or exceeding all of the goals. They were particularly pleased in seeing the ER score at 72.7%. Webber complimented the entire team and expressed her appreciation of the hard work the ER has been doing to accomplish this goal.

BOARD EDUCATION

Debbie Moore, Diabetes Education Coordinator, presented Board education on the SMC Diabetes Program. The program has been in place for five years and is accredited by the American Diabetes Association and the American Association of Diabetes Educators. An all-day education session is offered on meal planning, the complications of diabetes, and monitoring. The education is always well received. We also offer an evening class and an individual class.

We have started a pre-diabetes pilot program for SMC employees. There are currently seven employees enrolled in the 16-week program. We are unable to offer this service to the public as a pilot program until it is

approved, which requires the submission of two years of data. Once approved, we plan to open it up to employers in the community.

Calvin Anthony asked if the diabetic educators are certified. Moore said that she and two others are certified. He asked if sessions are open to everyone. Moore said that the Diabetic Education Program is, but the patient must be referred by a primary care physician. Webber said that pre-diabetes program is only open to employees at this time. Their payment for the program is reimbursed if they complete the program.

The Board members expressed their appreciation of the education.

POSTED ITEMS

ACCEPTANCE OF MARCH 2016 FINANCIAL REPORT

Alan Lovelace gave a PowerPoint presentation of the summary of operations for March 2016. Admissions, including rehab, were 297, above budget of 332 and below last year of 400. Observations were 87, equal to budget of 87 and below last year of 112. Admissions plus observations were 384, below budget of 419 and last year of 512.

Surgeries were 291 for the month, above budget of 260 and last year of 242. Surgeries at the Surgery Center were 354 for the month, above budget of 305 and below last year of 380.

Emergency room visits were 2,628, below budget of 2,630 and last year of 2,649. Outpatient visits, not including ER visits, were 11,034, above budget of 9,351 and above last year of 10,229. Lovelace commented that this was the first time for volume to reach 11,000 OP visits. Births were 75 for the month, the same as budget of 75 and below as last year at 86.

Financial assistance was \$716,000 for the month. Salaries and Wages were at \$5.204M, below budget of \$5.617M and above last year of \$4.762M. Benefits were \$1.682M, above budget of \$1.397M and last year of \$1,204M.

Operating Income for the Hospital is \$1.014M, above budget of \$720,000 and below last year of \$1.128M. Operating Income for the Clinics was (\$375,000) compared to a budget of \$43,000 and last year of \$230,000. Operating Income Consolidated is \$3.289M, above budget of \$2.267M and last year of \$2.746M.

YTD Operating Income Consolidated is \$3.289M, above budget of \$2.267M and last year of \$2.746M. YTD Operating Margin Consolidated is 7.5%, above budget of 5.2% and last year of 6.9%. YTD Non-Operating Revenue is \$660,000, above budget of \$133,000 and last year at

\$477,000. YTD Net Income is \$3.949M, above budget of \$2.4M and last year of \$3.534M.

The Arvest investment account increased to \$27.233M. The BancFirst Investment Account increased to \$17.400M. Investments combined are \$44.633M. YTD Simple Return for Arvest is 1.79%; BancFirst is 1.74%. The benchmark is 1.60%.

Lovelace noted a great collection month, stating that Days in Accounts Receivable was 30.1 days. Days Cash on Hand is 171 days. Cash is \$72.349M, compared to \$74.924M at year end 2015.

To date, we have spent \$2.229M (60%) on the Total Fitness Aquatics project. Total amount approved for this project is \$3.735M. \$6.846M (52%) has been spent on the Support Services Building. Total amount approved for that project is \$13.045M.

Calvin Anthony asked if there is a retention of funds until all punch list items are complete. Steven Taylor said that we keep a 5% retainer for approximately 2 months to ensure all items are complete.

Dan Duncan asked about the correlation in decreased admissions to the decrease in salaries. Lovelace said that we work to flex staff when the inpatient census decreases.

Lovelace stated that the Finance Committee members discussed the financials, the summary of clinic operations and scorecard. They also discussed the Hospital's involvement in a new purchasing group, UMCSC. There are 197 hospitals in this group, including the Mayo Clinic. We own .93% of the group. The Finance Committee also discussed comprehensive care for joint replacement. Medicare is implementing episodic payments for joint replacement. Medicare chose 67 markets to mandatorily participate. We feel they will expand the program to other areas and more diagnoses. SMC was not selected to participate, but are choosing to create our own bundled program similar to those being required of other hospitals.

Joe Haney moved the Board accept the March 2016 Financial Report and the April 20, 2016 Finance Committee minutes as presented. Calvin Anthony seconded the motion, and Haney, Couch, Duncan, Anthony and Barto voted in favor of the motion.

ACCEPTANCE OF APRIL 12, 2016 FACILITIES COMMITTEE MINUTES

Steven Taylor reported that the Warm Water Pool & Fitness Facility is scheduled to be complete on May 6th. Taylor believes the inside will be complete by that date; however, the rain has held up the completion of

the outside, so it will be a few more days. The MOB/Support Services Building is still on track for completion in July. The CBO will be the first department to move into the space and the other departments will follow. The pediatricians are scheduled to move in September.

The ENTs, Drs. Crawley and Goff, and the neurologists, Drs. Wedlake and McCoy, are in need of more space. We are planning to build out 6,500 square feet of the shelled space to accommodate both practices. We are allowed to make a change up to 10% of the total project cost for the building. We plan to bid this out in May, bring it back to the Board for approval in June and hope to have construction completed by the end of the year. Anthony asked if we will lease the space to the physicians. Taylor said yes, a lease agreement is in place for all physician offices, both employed and non-employed.

Taylor told the Board that we are looking for names for the main monument sign for the entire site and also for the MOB building. Suggestions include Medical Plaza, Health Plex, Health Plaza, and SMC Health Complex. Joe Haney suggested coordinating the name with our rebranding.

There has been no word yet from OSDH on the 4th floor rehab remodel.

The splash pad equipment at Boomer Lake is complete. They are installing sod around the area. The splash pad at Southern Woods has started, but has been delayed due to the contractor finding an asphalt slab under the old location and also due to weather. The grand opening is scheduled for May 26th.

The steering committee recently met to discuss the Facility Master Plan. They are reviewing the various specialties and need for possible expansions. We plan to bring the Plan to the Board for discussion in June.

Taylor reminded the member that all of the bids for the Cimarron Medical Services building came back over budget. He has been working with the architect and engineers to find cost savings. Moving the receiving area on the loading dock to standard height instead of trailer height should be a significant savings. We also looked at the structure itself and the drainage and plan to make changes in those areas. It will go back out for bid soon.

The floor plan has been determined for the Cancer Center expansion/renovation. The original building was 11,040 square feet and will be expanded to 17,200. It will include an infusion area to better accommodate infusion patients who are also cancer patients. An RFQ

went out, and opened earlier today. Eight RFQs were received and will need to be analyzed. Recommendations for those are scheduled to come to the Board for review in May.

Dr. Trad will be coming in August. We plan to expand the current Cardiology Clinic into the shell space to the east. As this is a provider based service, plans were submitted to the OSDH for approval.

Lowell Barto moved the Board accept the April 12, 2016 Facilities Committee minutes. Dr. Couch seconded the motion, and Couch, Duncan, Haney, Anthony and Barto voted in favor of the motion.

REVIEW AND APPROVAL OF ADMINISTRATIVE POLICIES

Webber reminded the members that policies come before the Board every three years. She said that both policies for approval were updated to come in line with current practice. The changes to the Board Committee Composition and Function included updating the committee names and striking the terms to be in accordance with our bylaws. The Board Committee updates included striking the Joint Conference Committee which no longer exists and moving the Performance Improvement Committee up as it is a standing committee. We also updated the Medical Staff Integration Committee name and added the Board Oversight Committee.

Barto moved the Board approve Board Committee Composition and Function and Board Committees policies as presented. Dr. Couch seconded the motion, and Anthony, Haney, Couch, Barto and Duncan voted in favor of the motion.

REVIEW AND APPROVAL OF BOARD OF TRUSTEES BYLAWS

Webber said that these changes bring our Bylaws in line with the changes made to the Trust Indenture. In addition to the seven Board members, a medical staff member is chosen as ex-officio member to serve on the Board. The agenda is also being sent electronically as well as telephonically.

Anthony moved the Board approve the Bylaw recommendations as presented. Barto seconded the motion, and Anthony, Haney, Couch, Barto and Duncan voted in favor of the motion.

REVIEW OF MEMORANDUM OF UNDERSTANDING WITH OKLAHOMA CANCER SPECIALISTS & RESEARCH INSTITUTE

Denise Webber reminded the Board of the offer to purchase Operations for \$3M and \$1.35M for the building to include the equipment, inventory, supplies and assets. We would not be purchasing their investments or AR. We would offer employment to all of their staff and transition their

PTO and benefits. We would assume their maintenance agreements and pay to integrate their medical records. They use OncoEMR, which is an electronic medical records specifically designed for oncology. We will likely stay with that system. Anthony asked if their liability would be transferred to SMC. Webber said that it would not. Anthony asked that language be included in the definitive agreement. Dr. Couch asked about the non-compete clause. Webber said that as long as our agreement is in place, there would be a non-compete. Webber believes this agreement will be put into place by June 30th with closing in October. We continue to meet with their executive team bi-weekly. The final agreement will be brought back to the Board for review and approval.

No action required.

DISCUSSION OF 401A AND 457B REQUEST FOR INFORMATION

Alan Lovelace updated the Board on potential plans to move SMCs 401A and 457B plans that are currently with OMRF and Valic to TIAA-CREF. He informed the Board that Sageview would serve as our advisor for the TIAA plan. A representative from Sageview will attend the May Board meeting to make a presentation on why the Hospital chose TIAA as the lowest and best bid and answer any questions the Board may have before moving forward.

No action required.

CONSENT AGENDA

Topics of the Consent Agenda included the following:

Credentialing Actions:

- Task/Scope of Service List for Advanced Practice Provider in Cardiology
- Request from Dr. Jerrod Vaughn for Additional Privileges:
 - Colonoscopy with biopsy
 - EGD with biopsy
 - PEG tube placement

Review/Approval of New/Revised Policies:

- Management of Patient Pain
- Outpatient Discharging Process
- Pre- and Post-Anesthesia Evaluation Policy
- Policy on Weight
- Poison Control and Antidote Information
- CT Downtime Policy

- Mandatory Reporting of Sexual Assaults of Vulnerable Adults and Minors

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

CEO REPORT

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

REBALANCING MEDICAID UNDER CONSIDERATION BY STATE LEADERS

CEO Webber told the Board of Nico Gomez's (CEO of OHCA) plan to rebalance Medicaid. A plan overview was included behind the CEO Report. Webber told the Board that she believes Mr. Gomez had done a great job to view this from many perspectives (OHA, physicians, state legislators, etc.). By accepting federal funds, he believes the plan would move 350,000 Medicaid patients over five years into Insure Oklahoma, which is a reduction in SoonerCare of (-22%). This would also stabilize provider rates to 86.5% or higher. If in the first six months of the fiscal year, we can create \$26.4M of State share costs, we can receive \$502M in federal funds. If \$100M by 2020, we could receive \$951M from the federal government. They are hoping to accomplish this by increasing the tobacco tax by \$1.50 per pack.

Webber stated that she was at the capitol today and believes the legislator understand the significance of the proposed cuts. If the 25% cuts happen, it would be devastating for many providers, including nursing homes and crisis prevention centers. Anthony said that he is acquainted with Mr. Gomez and is confident in his experience. He has spoken with a hospital that said the 1% cut would cost them approximately \$1M. He believes the rebalancing plan will help solve the deficit.

OUTSTANDING PATIENT EXPERIENCE AWARD RECIPIENTS 2016

Webber was excited to announce that Stillwater Medical Center is a recipient of the Healthgrades Outstanding Patient Experience Award™ which recognizes hospitals that provide an overall outstanding patient experience. Healthgrades evaluates patient experience performance by applying a scoring methodology to 10 patient experience measures, using data collected from the 32-question survey of the hospital's own patients. Hospitals in the top 15% with the highest overall patient experience

scores are recognized as Outstanding Patient Experience Award recipients.

PHYSICIAN APPRECIATION EVENTS

March 30th was Doctor's Day. A made to order omelet bar and breakfast was held in honor of the physicians. It was well received and appreciated; so much so, one of the physicians took the time to write a thank you note telling us of her appreciation.

Our annual physician appreciation event was held on April 2nd at the Rosemary Ridge Event Center. It was very well attended and we received many positive comments and thank you's. It's always a lot of fun to take the opportunity to thank and appreciate our incredible medical staff.

DYAD PHYSICIAN LEADER UPDATE

All employed physicians received information about the leadership position in March. Seven physician applied and all have been interviewed. We are in the process of seeking physician input and plan to announce the selection within the next week. This is a very important role in continuing the physician leadership involvement and development within our team of employed physician practices.

VP CANDIDATES INTERVIEWED

Webber told the Board that Randy Jobe has accepted the Vice President position. He has worked as a Vice President for Mercy and also as a VP of Physician Practice Management for Integris in Ardmore. He is originally from Grove. We are excited that he will be starting soon.

DR. JAMES RIEMER

Webber shared that Dr. James Riemer passed away on April 2nd. She and several members of the hospital attended the memorial service on April 8th, which was very nice. Their family touched the Pawnee medical community for over 60 years. Dr. Riemer was also a musician.

EMPLOYEE AWARDS BANQUET

On April 12th, 120 employees were honored for their years of service at SMC. The event has grown tremendously. Almost 250 were in attendance, including 90 who were being honored.

ADVOCACY DAY AT THE CAPITOL

Webber said that she and Liz Michael attended Advocacy Day at the Capitol, which was held yesterday and today. They heard a presentation by Pat McFerron, Oklahoma political consultant, on voter attitudes towards elections. He believes the public is ready for change.

NEW BOARD REQUIREMENTS – House Bill 2603

House Bill 2603 created a requirement for all hospital employee, physicians, and board members to complete education about medical treatment laws and life preserving health care. There are 2 components: reading and signing the brochure every year and completing the online education every 2 years.

She told the Board she would send the information by email as well. She asked the members to send the information to Cheryl Marshall as we are required to keep it on file.

OUT AND ABOUT

Webber said that she attended the SMCF Annual Donor Appreciation Dinner, the Wings of Hope and the Saville Center fundraiser, “Step Right Up For Kids.” All were great events and raised much needed funding and support.

SUCCESSFUL LDI

Our leaders recently attended our Leadership Development Institute (LDI) at the Conoco-Phillips Alumni Center. Studer Group speaker, Mark Noon, facilitated training for our leaders on: Crucial Conversations, Giving Effective Feedback, Hardwiring AIDET and the Skill of Validation. It was a great day of learning for our team. Haney asked how many leaders attended. Webber stated that it was around 115.

EXECUTIVE SESSION

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

Those present in Executive Session included: Board members, Duncan, Barto, Anthony, Couch and Haney, as well as CEO Denise Webber and Judy Treharne, Interim Vice President, Physician Practice Management and Cheryl Marshall, Executive Assistant.

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

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

NEW BUSINESS

None.

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

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| <i>Med Exec Committee</i> | <i>March 9, 2016</i> |
| <i>Surgery/Anesthesia</i> | <i>March 10, 2016</i> |
| <i>PI and Patient Safety Committee</i> | <i>March 24, 2016</i> |
| <i>E-Medical Record Committee</i> | <i>March 25, 2016</i> |
| <i>Med Exec Committee</i> | <i>April 13, 2016</i> |

ADJOURN

There being no further business, Haney moved that the meeting be adjourned. Barto seconded the motion, and Anthony, Duncan, Couch, Haney and Barto voted in favor of the motion. The meeting was adjourned at 7:12 p.m.



Chairman of the Board



Secretary of the Board