

**STILLWATER MEDICAL CENTER AUTHORITY
BOARD OF TRUSTEES
Regular Meeting, May 24, 2016
Stillwater Medical Center Honska Conference Center
5:30 p.m.**

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

Absent: None

Others: Carley Williams (BKD, LLP), Michael Coelho and Susan Hajek (Sageview), Jourdan Jones (TIAA-CREF), Denise Webber, Alan Lovelace, Steven Taylor, Liz Michael, Keith Hufnagel, Judy Treharne (Halley Consulting Group), Mary Beth Hunziker (ICU Director), Shyla Eggers, Scott Petty, Kari Easson, Michele Grant and Cheryl Marshall (minutes)

Chairman Dan Duncan called the meeting to order at 5:32 p.m.

APPROVAL OF MINUTES

Dr. Couch moved the Board approve the minutes of the April 26, 2016 regular meeting of the Stillwater Medical Center Authority Board of Trustees. Calvin Anthony seconded the motion, and Barto, Duncan, Couch, Anthony and Haney voted in favor of the motion. Mayor Noble and Beth Buchanan abstained as they were unable to attend the April meeting.

BALANCED SCORECARD

Denise Webber told the Board members that the Hospital has continued to trend well and that this is the second month in a row that the ED has exceeded their goal of higher than 72%. She expressed her appreciation of the hard work the entire team has shown in maintaining all of the goals. The Board members were pleased with the effort and complimented the team on the Scorecard results.

BOARD EDUCATION: COMBATING SEPSIS AT STILLWATER MEDICAL CENTER

Mary Beth Hunziker, ICU Director, told the Board that CMS enacted a core measure for sepsis to improve outcomes across the nation. SMC formed a Lean team to look at ways to improve sepsis outcomes. She explained that sepsis is the body's response to infection and can lead to tissue damage, organ failure and sometimes death. Sepsis is often

caused by inflammation. A specific order set was defined and Dr. Ferrell educated the physicians on it and the need for fluid replacement at a recent CME. A lab rule was created to automatically recreate an order if certain criteria are met. We are comparing the 1st quarter 2015 with 1st quarter 2016 and are working to establish a baseline. We are currently at 75%, which is far above most hospitals nationally. We are already seeing improvement, but this will be ongoing project.

POSTED ITEMS

APPROVAL OF 2015 AUDIT REPORT-BKD, LLP

Carley Williams with BKD, LLP, presented the 2015 Accountants' Report and Financial Statements (Audit Report) to the Board. He told the members that the audit report and letters of communication were discussed in details with the Finance Committee.

He discussed the details of the slides included in the Board packet. Cash was up due to Operations and Investments. SMC continues to invest a significant amount back into the facility and has several construction projects currently ongoing. The Balance Sheet is strong. Ratio and trend analysis benchmarks indicate that SMC compares very strongly in the areas of days cash on hand, days revenue in AR, long term debt capitalization and operating margin.

Calvin Anthony said that the Finance Committee members met with the auditors without the hospital members after their meeting last week. They did not find any issues. Internal controls are good.

Anthony moved that the Finance Committee recommend approval of the 2015 Audit Report. Dr. Couch seconded the motion and Anthony, Barto, Duncan, Noble, Haney, Couch and Buchanan voted in favor of the motion.

ACCEPTANCE OF APRIL 2016 FINANCIAL REPORT

Alan Lovelace gave a PowerPoint presentation of the summary of operations for April 2016. He said that inpatient days have decreased, but outpatient volume is growing. Admissions, including rehab, were 290, below budget of 332 and below last year of 317. Observations were 67, below budget of 87 and below last year of 116.

Surgeries were 278 for the month, above budget of 251 and last year of 249. Surgeries at the Surgery Center were 319 for the month, above budget of 305 and below last year of 373.

Emergency room visits were 2,496, below budget of 2,541 and above last year of 2,465. Outpatient visits, not including ER visits, were 10,454, above budget of 9,351 and below last year of 10,528. Births were 74 for

the month, below budget of 75 and below last year at 84. A new OB/GYN has started practicing and another will start later in the summer. We expect births to increase.

Financial assistance was \$745,000 for the month. Salaries and Wages were at \$5.357M, below budget of \$5.561M and above last year of \$4.869M. Benefits were \$1.315M, below budget of \$1.397M and above last year of \$1.289M.

Operating Income for the Hospital is \$1.126M, above budget of \$596,000 and below last year of \$1.562M. Operating Income for the Clinics was (\$70,000) compared to a budget of \$43,000 and last year of \$94,000. Operating Income Consolidated is \$3.289M, above budget of \$2.267M and last year of \$2.746M.

YTD Operating Income Consolidated is \$4.345M, above budget of \$2.907M and below last year of \$4.401M. YTD Operating Margin Consolidated is 7.5%, above budget of 5.0% and below last year of 8.2%. YTD Non-Operating Revenue is \$944,000, above budget of \$177,000 and last year at \$559,000. YTD Net Income is \$5.289M, above budget of \$3.08M and last year of \$5.272M.

The Arvest investment account increased to \$27.390M. The BancFirst Investment Account increased to \$17.546M. Investments combined are \$44,936M. YTD Simple Return for Arvest is 2.66%; BancFirst is 2.62%. The benchmark is 1.88%.

Days in Accounts Receivable was 33.5 days. Days Cash on Hand is 175 days. Cash is \$73,858M, compared to \$74.924M at year end 2015.

To date, we have spent \$2.422M (65%) on the Total Fitness Aquatics project. Total amount approved for this project is \$3.735M. \$7.894M (61%) has been spent on the Support Services Building. Total amount approved for that project is \$13.045M.

Lovelace stated that the Finance Committee members discussed the financials, the summary of clinic operations and scorecard. The majority of their time was spent discussing the Audit Report.

Buchanan moved the Board accept the April 2016 Financial Report and the May 18, 2016 Finance Committee minutes as presented. Mayor Noble seconded the motion, and Buchanan, Noble, Haney, Couch, Duncan, Anthony and Barto voted in favor of the motion.

ACCEPTANCE OF MAY 10, 2016 FACILITIES COMMITTEE MINUTES

Steven Taylor told the members that the Warm Water Pool is progressing but is not finished. The fitness side is close to completion, but it will be another three or four weeks before the pool is complete. The sign is up on the outside of the building.

The MOB is on track to be complete by the end of June. There are no foreseeable delays. The furniture is scheduled to be delivered the middle of June.

The plans are being finalized for the shell space for the ENTs and neurologists. We plan to bid the project out in June.

There is still no word from the State on the 4th floor remodel project. Taylor reached out this morning to get an update, but has not heard back from them.

The splash pad at Boomer Lake is finished and the Grand Opening is scheduled for Thursday. Southern Woods splash pad is not yet complete mainly due to the weather.

We are working though the Facility Master Plan and plan to bring it before the Board for review in June or July. The Cimarron Medical Services building will go back out for bid. The Cardiology Clinic will be expanded to accommodate Dr. Trad who will arrive in August. Those bids will come before the Board for approval soon.

The seven Cancer Center renovation RFQs have been reviewed. The Facilities Committee narrowed those down to three. Interviews were held with JE Dunn, Flintco, and Manhattan.

ACCEPTANCE OF MAY 17, 2016 FACILITIES COMMITTEE MINUTES

Steven Taylor said that a special meeting was held to conduct the interviews with the three management company candidates. All have Cancer Center construction experience and could handle project. The Facilities members ranked the companies and are recommending Flintco be selected.

Lowell Barto moved the Board accept the May 10, 2016 and the May 17, 2016 Facilities Committee minutes. Calvin Anthony seconded the motion, and Haney, Anthony, Couch, Duncan, Barto, Buchanan and Noble voted in favor of the motion.

**APPROVAL OF CONSTRUCTION MANAGEMENT SERVICES FOR
CANCER CENTER EXPANSION/RENOVATION PROJECT**

Taylor said that the Facilities members recommended to the Board to request a guaranteed maximum price from Flintco Construction for Management Services.

Barto moved the Board accept Flintco as the Management Service for the Cancer Center Expansion/Renovation project. Noble seconded the motion, and Anthony, Noble, Couch, Duncan, Barto, Buchanan and Haney voted in favor of the motion.

**ACCEPTANCE OF THE APRIL 27, 2016 MEDICAL STAFF
INTEGRATION COMMITTEE MINUTES**

Judy Treharne stated that Jim Lifton, of Lifton and Associates, presented the updated Medical Staff Development Plan to the Committee. It was a good report and reinforced that the Hospital is moving in the right direction concerning where to focus recruitment efforts. We will continue to recruit Primary Care, Gastroenterology, Pulmonology, and Urology as well as Cardiology, Ophthalmology and Podiatry. We are ahead of our goal in recruiting Primary Care physicians.

Mindy McGee, PA will start work in our Pawnee and Morrison Clinics in June. Our Perkins Clinic is up and running. We have three physicians to discuss in Executive Session.

Dan Duncan asked that if the surgeons doing scopes affects the recruitment of a gastroenterologist. Treharne said that it is very typical for Surgeons to do scopes. The Development Plan determined the need for gastroenterology in our area at two. We would like to recruit a gastroenterologist with a wider scope of practice, so more inpatient services could be offered.

Calvin Anthony asked if some of the physicians could help cover at the Pawnee/Morrison clinics. Treharne said that we have some Primary Care physicians that are helping to cover those clinics.

Anthony asked if the possible cardiologist is still expected to come. Treharne said that she was not sure yet. Webber said that we have made an offer, but he is looking at offers from larger facilities as well.

Anthony moved the Board accept the April 27, 2016 Medical Staff Integration Committee minutes. Haney seconded the motion, and Anthony, Couch, Duncan, Barto, Buchanan, Noble and Haney voted in favor of the motion.

APPROVAL OF RESOLUTIONS RELATING TO THE CHANGING OF THE DEFINED CONTRIBUTION RETIREMENT SYSTEM

Alan Lovelace introduced Michael Coelho and Susan Hajek with Sageview and Jourdan Jones with TIAA. Sageview has worked with Stillwater Medical Center to determine the best overall investment company for our needs. TIAA is being recommended. Coelho said that after an extensive process, a six hour meeting was held and three companies were interviewed. Denise Webber explained that we would not ask the Board to vote at this time. We are working to create a defined contribution plan, amend the language of the 1988 Resolution, terminate OMRF and transfer the funds to TIAA. Lovelace said that last month, Anthony asked if this decision would negatively affect the City. Through the help of Mayor Noble, we found that this would not affect the City. Anthony asked if the administrative fees are higher. Coelho said that it would be less expensive. The expense ratios are significantly less and the performance is significantly higher with a reduction in risk. Based on statistics, switching to TIAA would favorably impact the participants. Dan Duncan asked if each participant will have the option to choose to participate and select their own funds. Coelho said that will have a choice menu and each will be offered a custom solution. They will receive quarterly statements and can schedule time with a representative at no additional cost. Anthony asked if the Hospital staff will have access to the representatives that service the OSU participants. Coelho said yes, they will receive the same service by the same representatives. Anthony asked if the hospital matches the employee contribution. Lovelace said that the employees are mandated to contribute 3%. The hospital matches at 6% (2 to 1). Haney asked the size of the fund. Coelho said that it is approximately \$45M.

No action was required.

CONSENT AGENDA

Topics of the Consent Agenda included the following:

Credentialing Actions

- Request from Dr. Randy Baker for additional privileges (diagnostic endoscopic procedures)
- New applications:
 - Erin Hutchison, PA-C (physician assistant at SMC Cardiology Clinic)
 - J. Kathleen Fell, PA-C (physician assistant at SMPC Pediatrics and SMC Easy Access Clinic)
 - Mark Damon, DO (Emergency Dept physician with TeamHealth)
 - Ryan Pitt, APRN-CNP (certified nurse practitioner in Emergency Dept; employed by TeamHealth)

- B. Carolee Rollins, APRN-CNP, FNP (advanced practice nurse at In Christ Family Health Care Clinic in Perkins)
- Mark Boykin, MD (only teleradiology privileges requested. Not a Medical Staff member.)

Medical Staff - Review/Approval of New/Revised Policies:

- i. Policy on Echocardiogram with Contrast Ultrasound (Medical Imaging)
- ii. Misadministration Guidelines Policy (Medical Imaging)
- iii. Iodinated Contrast Management and Administration Policy (Medical Imaging)
- iv. ER Mass Transfusion Policy (Emergency Department)
- v. Management of Chronic Pain in the Emergency Department (Emergency Department)
- vi. Guidelines for Vasopressor Drugs Extravasation (Nursing)
- vii. ICU Admission and Discharge Criteria (Intensive Care Unit)
- viii. Cardiac Rehab Medical Emergency Policy (Total Rehab)
- ix. Prescription Drug Transition of Care Service Patient Consent form (Pharmacy)
- x. Risk Assessment and Screening Risk Classifications (Tuberculosis – Infection Control)
- xi. Airborne Infection Isolation Precautions (Tuberculosis – Infection Control)
- xii. Contact Investigation (Tuberculosis – Infection Control)
- xiii. Conversion Transmission Investigation (Tuberculosis – Infection Control)
- xiv. Discharge of Patients with Suspected or Confirmed TB (Tuberculosis – Infection Control)
- xv. Environmental Controls (Tuberculosis – Infection Control)
- xvi. Fundamentals of TB Infection Control (Tuberculosis – Infection Control)
- xvii. Healthcare Worker TB Training and Education (Tuberculosis – Infection Control)
- xviii. Healthcare Worker Tuberculin Skin Testing (Tuberculosis – Infection Control)
- xix. Liaison with Public Health Department (Tuberculosis – Infection Control)
- xx. MAXAIR Purified Air-Powered Respirator (Tuberculosis – Infection Control)
- xxi. Prompt Recognition and Initiation of Airborne Precautions.(Tuberculosis – Infection Control)
- xxii. Responsibility for TB Infection Control Program (Tuberculosis – Infection Control)
- xxiii. Site-Specific TB Considerations (Tuberculosis – Infection Control)

- xxiv. Treatment for TB Disease (Tuberculosis – Infection Control)
- xxv. Tuberculin Skin Tests(Tuberculosis – Infection Control)
- xxvi. Tuberculocidal Disinfection and Room Cleaning (Tuberculosis – Infection Control)
- xxvii. Tuberculosis Control Plan (Tuberculosis – Infection Control)

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

CEO REPORT

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

UPDATE ON REBALANCING MEDICAID UNDER CONSIDERATION BY STATE LEADERS

Webber said that HB3210 (which would raise the cigarette tax by \$1.50 per pack) failed to receive the necessary 76 votes for passage in the House. We are hoping for a special session. Nico Gomez did make a statement that the meeting will be postponed a month but that nursing homes will not receive a cut. Webber spoke with Cory Williams. They are still pressing for another option. Anthony believes they will minimize the cuts. Dr. Couch said that he spoke with Dr. Jenkins and he believes the cuts will be between 1% and 3%.

UPDATE ON AGREEMENT WITH OKLAHOMA CANCER SPECIALISTS AND RESEARCH INSTITUTE (TCI)

The Memorandum of Understanding (MOU) has been signed and both parties are continuing to meet regularly and are jointly developing plans as we move forward. We still expect to close on the purchase in October.

VICE PRESIDENT PHYSICIAN SERVICES

We are pleased to welcome Randy Jobe as our new Vice President of Physician Practices. He will begin employment May 31st. We are excited to have Randy Jobe join our team!

DYAD PARTNERS FOR LEADERSHIP NAMED

Webbers said that Dr. Cummings was announced as Dyad partner and has hit the ground running.

HOSPITAL WEEK – CELEBRATION HELD MAY 8TH THROUGH 14TH

Webber told the Board members that Hospital Week was well enjoyed by the staff and was a huge success. Each employee received a "Stillwater Medical Center Family Member" t-shirt. We ended the week with Family

Day held on Saturday. Employees and their families were treated to four movie passes, pop and popcorn. The employees loved it. The theater was packed and we received so many compliments. It was an exciting week!

NURSES WEEK

SMC also celebrated Nurses Week. We were blessed to have Rich Bluni, an inspirational speaker here to present on "Inspired Care". It was very well received and we have had a lot of positive feedback about how he was able to touch the heartstrings of many.

SPLASH PADS GRAND OPENING

Webber said that the Splash Pads Ceremony and Ribbon Cutting will be held on May 26th at Boomer Park at 11:00 a.m.

CELEBRATION OF HEROES

Stillwater Medical Center was honored to receive the 2015-2016 Community partner HERO award at the American Red Cross Celebration of Heroes event on May 5th recognizing our disaster efforts in response to the OSU Homecoming Parade tragedy.

SMC NAMED STILLWATER CHAMBER'S MAY BUSINESS OF THE MONTH

We were honored to learn that SMC was selected as the Stillwater Chamber of Commerce's May Business of the Month! The Chamber shared, "SMC is a vital part of the Stillwater community, and it is because of your continued investment and commitment to Stillwater that we want to recognize you."

NEW BOARD REQUIRMENTS - House Bill 2603

Webber thanked the Board members who completed their House Bill 2603 education. She understands that it took a bit of time to complete and she extended her appreciation in helping us stay in compliance.

STUDER CONFERENCE - WASHINGTON

Webber stated that Randy Jobe, Kayla Isaacs (Service Excellence Director), and she attended the Studer Conference May 9-11th. She said, as always, it was an excellent conference that providing strategies to help us continuously improve and pursue engagement of our key stakeholders; our patients, staff, physicians and community.

SPEAKER AT ACHE EVENT

Webber was asked to be panel speaker at an American College of Healthcare Executives & Oklahoma Nurse Executives event. The discussion was about the financial challenges facing healthcare. Interestingly enough, we had a panel of very large system to very small rural facility executives. Webber said that even though size brings some differences, the challenges were remarkably similar.

KIWANIS GROUP

Webber spoke to a group of our local Kiwanis and shared an overview of all that is happening at Stillwater Medical Center.

10th DISTRICT FEDERAL RESERVE BRANCH FACILITY (CHUCK HALL - PERRY)

Webber told the members that she was invited by Chuck Hall of Perry (Board Member of the 10th District Federal Reserve Branch) to attend a meeting to discuss the outlook of healthcare and market factors affecting the sector and its potential effect on the economy. Webber pointed out graphs behind her report. Healthcare has been a strong stabilizing factor to the state's economy over some time while other industries have had various fluctuations. In the past couple years; the healthcare curve specific to rural areas of Oklahoma has begun to drop for the first time causing interest as to whether the rest of the state and nation is to follow.

EMPLOYEE OF THE MONTH

Webber said that Teddi Sullins, RN, was selected as Employee of the Month for May. Teddi has worked for SMC for 16 years and does an excellent job in caring for our patients. When she was given the award, she said that she loves being a resource nurse. It allows her to work in many of the departments in the hospital. She said that she gets to see how great this hospital is throughout all of the departments and there is not a bad place to work in the hospital.

PATIENT COMPLIMENTS

The members reviewed a letter from an infusion therapy patient that was included behind Webber's report.

EXECUTIVE SESSION

Barto 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. Haney seconded the motion, and Duncan, Buchanan, Anthony, Barto, Noble, Haney and Couch voted in favor of the motion.

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

Noble moved the Board return to Open Session. Barto seconded the motion and Buchanan, Duncan, Couch, Anthony, Haney, Noble and Barto 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 votes had been taken.

NEW BUSINESS

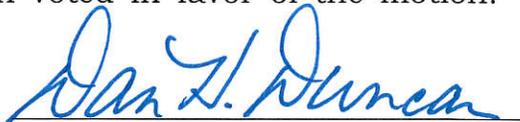
None.

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

<i>Med Exec Committee</i>	<i>April 13, 2016</i>
<i>Med Exec Committee</i>	<i>May 11, 2016</i>
<i>Peer/Policy Review Oversight Committee</i>	<i>March 2, 2016</i>
<i>ER Section</i>	<i>April 13, 2016</i>
<i>Medicine Section</i>	<i>April 14, 2016</i>
<i>E-Medical Record Committee</i>	<i>April 22, 2016</i>

ADJOURN

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


Chairman of the Board


Secretary of the Board

