

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

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

Absent: Calvin Anthony, Mayor Gina Noble and Steven Cummings, M.D.

Others: Denise Webber, Alan Lovelace, Steven Taylor, Randy Jobe, Charles Olson, M.D., Shyam Poludasu, M.D., Conrad Vernon (H&V Consultants), Machenzie Wilfong (SMCF Chair), Scott Petty, Shyla Eggers, Butch Koemel and Cheryl Marshall (minutes)

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

APPROVAL OF MINUTES

Barto moved the Board approve the minutes of the June 28, 2016 regular meeting of the Stillwater Medical Center Authority Board of Trustees. Haney seconded the motion, and Barto, Haney, Duncan, Buchanan and Couch voted in favor of the motion.

PRESENTATION OF GIFT FROM STILLWATER MEDICAL CENTER FOUNDATION FOR TOTAL FITNESS AQUATICS CENTER

Machenzie Wilfong, Stillwater Medical Center Foundation (SMCF) Chair, and Scott Petty, SMCF Director presented the Medical Center with a check for \$1.5M for the Total Fitness Aquatic Center. Webber and the Board members thanked the Foundation for their hard work in raising these dollars. It was a tremendous effort and was much appreciated.

BALANCED SCORECARD

Denise Webber gave the Scorecard report. The inpatient satisfaction score is 79.0%, below our goal of greater than 83%. Webber said that Liz Michael and her team are working hard to get this score back up. Volume was down on 5th floor for a few days and patients were moved to 3rd. This is always a transmission for staff. The ER score is 71.9%, slightly below our goal of 72%.

COPD Readmitted rate is 100% for the month above our goal of 20.2% or less. Our Major Joints Readmit rate is 0%, meeting our goal of less than

5.4%. The AMI Readmission rate is 0%, meeting our goal of 17.0% or less. Our Heart Failure Readmitted rate is 0%, meeting our goal of less than 22.0%. Our Stroke Readmitted is 0%, meeting our goal of less than 12.7%. The Pneumonia Readmission rate is 33.3%, above our goal of 16.9% or less. Just one patient readmitting can bring this score into the red for the month, but year to day we are doing well.

We are excited that we are meeting our goal for Employee Turnover, which is at 16.4% for the year. Operating Performance is \$1,208,840. We have recruited 10 providers and are well above our goal!

CARDIOVASCULAR SERVICES DEVELOPMENT PRESENTATION BY H&V CONSULTANTS

Conrad Vernon with H&V Consultants gave a presentation to the Board on developing cardiovascular services. He stated that H&V identified many opportunities for SMC to grow in this area. Data available showed a need for a second Cath Lab and eventually a third. Coronary intervention volume is growing due to the aging of the population and the technology available. Getting these patients in timely and being able to diagnose them quickly is crucial. Due to the growing volume, H&V feels a second interventionalist, additional physicians and additional clinic space is already needed. Market data, volumes and financial impact was reviewed with the Board members. A comprehensive cardiovascular center (heart and vascular) would keep patients in Stillwater and the surrounding communities in Stillwater vs going outside to Oklahoma City or Tulsa and would grow volume for our other specialties as well.

Three alternatives were presented: (1) remodel current Cardiology Clinic space with new cath lab in existing hospital space; (2) build a new 8,700 square foot Cardiology Clinic with new cath lab in existing hospital space; (3) build a new heart and vascular center, with expanded Cardiology Clinic, cath labs and other cardiovascular services. Volumes, financial impact and construction timelines for each were presented.

Dr. Poludasu agreed that expanding cardiology services and building a second cath lab is already needed in the community. He said that we do not have enough space in the clinic. If we choose to expand and build, he feels it would be easier to recruit a second interventionalist.

Webber told the Board members that she wanted to provide them with this information, but that they would not be asked to make any decisions at this meeting. Webber said that she, Dr. Poludasu and others toured a similar facility in Ohio and were impressed with their cardiovascular center.

POSTED ITEMS

ACCEPTANCE OF JUNE 2016 FINANCIAL REPORT

Alan Lovelace gave a PowerPoint presentation of the summary of operations for June 2016. Admissions, including rehab, were 357, above budget of 332 and last year of 327. Observations were 88, above budget of 87 and below last year of 104.

Surgeries were 310 for the month, above budget of 242 and last year of 223. Surgeries at the Surgery Center were 339 for the month, above budget of 305 and below last year of 402.

Emergency room visits were 2,379, below budget of 2,452 and above last year of 2,287. Outpatient visits, not including ER visits, were 10,413, above budget of 9,351 last year of 9,809. Births were 82 for the month, below budget of 85 and above last year at 74.

Financial assistance was \$403,000 for the month. Salaries and Wages were at \$5.1M, below budget of \$5.5M and above last year of \$4.77M. Benefits were \$1.4M above budget of \$1.4M and above last year of \$1.2M.

Operating Income for the Hospital is \$1.05M, above budget of \$473,000 and below last year of \$1.1M. Operating Income for the Clinics was \$159,000 compared to a budget of \$43,000 and last year of \$172,000. Operating Income Consolidated is \$1.2M, above budget of \$516,000 and below last year of \$1.33M.

YTD Operating Income Consolidated is \$6.4M, above budget of \$3.9M and below last year of \$6.8M. YTD Operating Margin Consolidated is 7.2%, above budget of 4.4% and below last year of 8.4%. YTD Non-Operating Revenue is \$1.2M, above budget of \$265,000 and equal to last year at \$1.2M. YTD Net Income is \$7.6M, above budget of \$4.1M and below last year of \$7.9M.

The Arvest investment account increased to \$27.5M. The BancFirst Investment Account increased to \$17.73M. Investments combined are \$45,231M. YTD Simple Return for Arvest is 3.07%; BancFirst is 3.67%. The benchmark is 3.42%.

Days in Accounts Receivable was 33.1 days. Days Cash on Hand is 174 days. Cash is \$74.867M, compared to \$74.924M at year end 2015.

To date, we have spent \$3.145M (84%) on the Total Fitness Aquatics project. Total amount approved for this project is \$3.735M. \$10.152M (78%) 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. He noted that the Cardiology Clinic is doing well, annualized at \$1.3M compared to \$600,000 last year. The Cardiology Clinic Expansion and the Specialty Pod Build out were both recommended for approval. An update was given to the Finance Committee on the Cancer Center transition. The Memorandum of Understanding expired, but has been extended. We are still on track to close in October.

Haney moved the Board accept the June 2016 Financial Report and the July 20, 2016 Finance Committee minutes as presented. Buchanan seconded the motion, and Duncan, Barto, Haney, Couch and Buchanan voted in favor of the motion.

ACCEPTANCE OF JULY 12, 2016 FACILITIES COMMITTEE MINUTES

Copies of the July 12, 2016 meeting of the SMC Facilities Committee were included in the packet. Steven Taylor spoke to the Board about said meeting. He noted that water is in the pool at the Aquatics Center and they are working on the final punch list. PPM and CBO are currently moving into the Support Services Building. After discussion, Barto moved the Board accept these minutes as presented. Couch seconded the motion, Barto, Haney, Duncan, Couch and Buchanan voted in favor of the motion.

APPROVAL OF CARDIOLOGY CLINIC EXPANSION

The Cardiology Clinic Expansion project will add approximately 850 sq. ft. of current shell space to the existing Cardiology Clinic. It will provide additional exam room space for Dr. Trad, who is joining the practice in August. OSDH approval is required as this is a provider-based clinic. SMC will serve as the general contractor for this project and bid out the different scopes of work. Total project cost is \$266,934.

Haney moved the Board approve the Cardiology Clinic Expansion. Barto seconded the motion, and Duncan, Couch, Buchanan, Barto, and Haney voted in favor of the motion.

APPROVAL OF SPECIALTY POD BUILD-OUT

Taylor told the Board that the Specialty Pod build-out consists of 6,900 square feet of the available 13,000 square feet of shell space located on the west end of the Medical Office Building on 12th Street. This space would be shared by Drs. Crawley, Goff, McCoy and Wedlake. Each practice would have four exam rooms and two procedure rooms. Dan Duncan asked who owned the building where Drs. Crawley and Goff are currently located. Taylor said that it is owned by Dr. Crawley. We plan to discuss options with him on what to do with that space. Barto asked

if the neurologists would rent their space. Taylor said yes, we will receive about \$55,000 in rental income annually. The total projected cost is \$1,522,030.

Haney suggested holding the August Board meeting at the new building. Webber stated that she would love to give them a tour and will work to be able to have the next meeting at the 12th Street location.

Barto moved the Board approve the Specialty Pod Build-Out. Haney seconded the motion, and Couch, Barto, Haney, Buchanan and Duncan voted in favor of the motion.

ACCEPTANCE OF BOARD OVERSIGHT COMMITTEE MINUTES

Copies of the July 18, 2016 meeting of the BOT Board Oversight Committee were included in the packet. Denise Webber spoke to the Board about said meeting. After discussion, Barto moved the Board accept the Board Oversight Committee Minutes as presented. Buchanan seconded the motion, and Barto, Haney, Couch, Buchanan and Duncan 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.

REVIEW AND APPROVAL OF STILLWATER MEDICAL CENTER BUILDING/FACILITY NAMING GUIDELINES

Scott Petty said that he and the Foundation Board looked at several facilities' guidelines and decided on those included in the packet. Petty stated that they are very similar to those used by Oklahoma State. Barto asked what would need to be done if an endowment cost exceeded operating cost. Petty said that they planned to build in leeway to help prevent that from happening. If it did, they would need to seek legal counsel. Haney asked about leeway to allow adjustment to the amount as they would not want to discourage a donor. Petty agreed and discussed the section of the guidelines addressing the topic.

Haney moved the Board approve the Building/Facility Naming Guidelines as presented. Barto seconded the motion, and Haney, Duncan, Buchanan, Couch and Barto voted in favor of the motion.

CEO REPORT

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

BEST PLACES TO WORK AWARD – 5 YEARS IN A ROW!

Webber reminded the Board that the hospital is receiving the Best Places to Work in Healthcare award for the 5th year in a row! We are planning a huge celebration to honor such a significant achievement for our team!

COMMERCE AFTER HOURS EVENT

The “Chamber After Hours” event was held on Tuesday, July 19th at our new Medical Plaza on 12th St. Webber said that she was surprised and pleased that so many attended the event. We received many positive and impressive comments on the design and beauty of the building.

COMMITMENT TO EXCELLENCE SESSIONS UNDERWAY

Webber told the Board members that the Commitment to Excellence sessions are being held to roll out our revised handbook. We use this time to train on the many behavioral standards that we ask each of our employees to uphold. Webber said that due to time constraints she could email out the Story of Excellence video shared at the sessions.

VISIT TO FISHER-TITUS CARDIOVASCULAR CENTER IN OHIO

Webber said that the visit at Fisher-Titus Cardiovascular Center was an opportunity to see cardiovascular services done in a facility similar to our size. The team appreciated the tour and felt it would be beneficial in helping to decide what we would do in the future.

GOLDEN KIWANIS

Randy Jobe, Vice-President of Physician Services, had a chance to get out in the community and had a great visit with the Golden Kiwanis.

OCSRI UPDATE

Alan and the team have been meeting on a bi-weekly basis with OCSRI working through all the specifics to make the transition as smooth as possible for our patients. We are still set for a purchase/transition date of October 2016.

HEARTLAND CAPTIVE MERGER

Webber explained that the Heartland Healthcare Reciprocal Risk Retention Group (HHRRG) is the self-insured captive we created about 9 years ago to provide professional and general liability coverage for our hospital. It has, over the years, lost some members due to hospital mergers so that we're down to 7 members. It has been a great venture. We've been working with a similar Risk Retention Group in Indiana. That captive, Indiana Healthcare Risk Retention Group (IHRRG), just lost one of their members due to a hospital merger so they have 7 members and are very similar to size to HHRRG. Representatives from both captives recently met to finalize details on the merger. We are still discussing the specifics and expect this merger will occur with a Jan 1,

2017 effective date. This merger will help reduce the expense side of our captive as well as give us additional risk management resources.

BYLAWS COMMITTEE

The Medical Staff Bylaws Committee has met several times and completed a draft of the proposed needed changes to Board Certification in our medical staff bylaws. The proposed changes are currently with legal for review. Afterwards, they will need to be approved by our Medical Executive Committee, our Medical Staff, and ultimately, our Board of Trustees. The Medical Staff Bylaws Committee plans to continue meeting to do a thorough review of Medical Staff bylaws.

NEW SMCF DONOR SOCIETIES – HONORING OUR PAST

Webber directed the Board's attention to the recognition information included behind her report. Our Stillwater Medical Center Foundation Board has been working on a new donor recognition project to be displayed in our hospital. This is designed to recognize cumulative lifetime gifts of our donors. Our Foundation team will soon be rolling this out and it will include new Donor Societies named in honor of some key people who played a major role in helping create Stillwater Medical Center. This will be a great addition to again recognize them for the important role they play in our success.

NEW LAB DIRECTOR

Webber told the Board that Jason Cox was chosen as our new Laboratory Services Director. Jason has been the SMPC Laboratory Supervisor this past year and has provided excellent leadership in meeting the laboratory services needed by our patients and physicians.

IMPORTANT DATES AND UPCOMING EVENTS

Webber said that the Health Fair is tomorrow. She reminded the Board that the Vizient (VHA) Board Meeting in Dallas will be on September 28, 29 & 30.

BOARD EDUCATION: KARMAN KORNER GRANTS

Alan Lovelace said that the Foundation was given the Karman Korner retail shop by Judith Karman when the Hospital joint ventured to create Judith Karman Bristol Hospice. All of the proceeds from that store are given in grants to Hospice, Cancer and Home Health patients. An Advisory Board was appointed by the Foundation to oversee and disperse the grants. Lovelace said that we have issued grants to help with electric bills, purchased refrigerators and appliances, mattresses, a mother to travel to Oklahoma to see her dying son, compassionate touch therapy, pest control, built ramps, paid for cremations, purchased acuveins, etc. Joe Haney asked how many employees and volunteers the store has. Lovelace stated that they operate with about three employees and 40

volunteers. They move a lot of merchandise as most of the items are only a few dollars each. Dan Duncan asked if they rent their space. Lovelace said yes, they gross around \$28,000 and after expenses net around \$15,000 per month. The Board members were pleased to hear how these dollars are being used.

NEW BUSINESS

Dan Duncan and the Board welcomed Dr. Charles Olson, who began serving as Chief of Staff this month.

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

<i>Med Exec Committee</i>	<i>June 8, 2016</i>
<i>ER Section</i>	<i>June 8, 2016</i>
<i>Surgery/ Anesthesia</i>	<i>June 9, 2016</i>
<i>Med Section</i>	<i>June 9, 2016</i>
<i>PI and Patient Safety</i>	<i>June 23, 2016</i>
<i>E-Medical Record Committee</i>	<i>June 24, 2016</i>
<i>Credentials Committee</i>	<i>June 27, 2016</i>
<i>Bylaws Committee</i>	<i>July 8, 2016</i>
<i>Medical Executive Committee</i>	<i>July 13, 2016</i>

ADJOURN

There being no further business, Haney moved that the meeting be adjourned. Barto seconded the motion, and Buchanan, Couch, Haney, Barto and Duncan voted in favor of the motion. The meeting was adjourned at 7:16 p.m.



Secretary of the Board



Chairman of the Board