

STILLWATER MEDICAL CENTER AUTHORITY
BOARD OF TRUSTEES
Regular Meeting, August 23, 2016
SMC's Medical Plaza Conference Room #2024
1201 South Adams, 2nd Floor
5:30 p.m.

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

Absent: Mayor Gina Noble

Others: Steven Cummings, M.D., Denise Webber, Alan Lovelace, Liz Michael, Steven Taylor, Randy Jobe, Keith Hufnagel, Charles Olson, M.D., Scott Petty, Shyla Eggers, Chris Roark (CIO), Brian Grace (IT), Mary Beth Hunziker, Butch Koemel (attorney) and Cheryl Marshall (minutes)

Chairman Dan Duncan called the meeting to order at 5:30 p.m. Duncan expressed the Board's appreciation of meeting in the new building and complimented the achievement and appearance of the facility.

APPROVAL OF MINUTES

Haney moved the Board approve the minutes of the July 26, 2016 regular meeting of the Stillwater Medical Center Authority Board of Trustees. Couch seconded the motion, and Buchanan, Barto, Duncan, Haney and Couch voted in favor of the motion. Anthony abstained as he was unable to attend the August meeting.

BOARD EDUCATION: CYBER SECURITY'S IMPACT ON PATIENT CARE

Chris Roark, CIO, told the Board that he started at SMC in the '90's. At that time, the hospital had approx. 20 computers. Now we have over 1200 PCs and over 400 servers. It is very important to the IT staff and our hospital to make sure our patient records remain secure.

Roark told the members that nationally in 2015, 318 breaches exposed 429 million identities. Stolen health credentials sell for about \$50 each, which is 10 or 20 times the value of stolen credit card information. In August 2016, a \$5.5M federal fine was levied against a system for a security breach. With all of the malicious activity, we work hard to stay ahead of all the threats (malware, email threats, ransomware, etc.). To do that, we use a firewall with advanced threat protection, install and maintain anti-virus software, patch vulnerable systems, control access

and use strong passwords. Our system backs up incrementally throughout each day.

All of the mobile devices are encrypted. Duncan asked if the copy machines store data. Roark said that our provider wipes clean all information from our printers and copiers. Duncan asked about liability insurance to cover breaches. Lovelace said yes, we do have liability coverage. Haney asked if our cyber security is audited. Roark answered yes, an audit has occurred every year for the last five years. Anthony asked if the hospital is still considering electronic Board packets. Roark said that we have looked at two companies and do have this on our list to accomplish. The Board expressed their appreciation of the information and was complimentary of Roark's information and dedication to keep patient records secure.

BALANCED SCORECARD

Denise Webber gave the Scorecard report. She told the members that year to date we have all 5s and are doing well. The inpatient satisfaction score is 86.7%, above our goal of greater than 83%. The ER score is 76.3% above our goal of 72%. We had one readmission in two areas that brought each down for the month. However year-to-date, we are doing well in both categories.

POSTED ITEMS

ACCEPTANCE OF JULY 2016 FINANCIAL REPORT

Lovelace gave a PowerPoint presentation of the summary of operations for July 2016. Admissions, including rehab, were 279, below budget of 332 and last year of 328. Observations were 94, above budget of 87 and below last year of 110.

Surgeries were 241 for the month, above budget of 234 and below last year of 252. Surgeries at the Surgery Center were 281 for the month, below budget of 305 and last year of 308. Several of our physicians were out in July for vacations.

Emergency room visits were 2,464, above budget of 2,362 and last year of 2,402. Outpatient visits, not including ER visits, were 9,695, above budget of 9,351 and below last year of 9,833. Births were 75 for the month, below budget of 85 and last year at 85.

Financial assistance was \$864,000 for the month. Salaries and Wages were at \$5.42M, below budget of \$5.45M and above last year of \$5.09M. Benefits were \$1.3M below budget of \$1.39M and above last year of \$1.25M.

Operating Income for the Hospital is \$771,000, above budget of \$310,000 and below last year of \$1.2M. Operating Income for the Clinics was (\$246,000) compared to a budget of \$43,000 and last year of \$36,000. Operating Income Consolidated is \$525,000, above budget of \$353,000 and below last year of \$1.2M.

YTD Operating Income Consolidated is \$6.8M, above budget of \$4.2M and below last year of \$8M. YTD Operating Margin Consolidated is 6.7%, above budget of 4.1% and below last year of 8.4%. YTD Non-Operating Revenue is \$2.2M, above budget of \$310,000 and last year at \$1.4M. YTD Net Income is \$9.1M, above budget of \$4.5M and below last year of \$9.4M. Lovelace stated that it was a good month for the market.

The Arvest investment account increased to \$28.1M. The BancFirst Investment Account increased to \$18.1M. Investments combined are \$46.315M. YTD Simple Return for Arvest is 5.37%; BancFirst is 6.22%. The benchmark is 5.92%.

Days in Accounts Receivable was 33.6 days. Days Cash on Hand is 170 days. Cash is \$75.037M, compared to \$74.924M at year end 2015.

To date, we have spent \$3.181M (85%) on the Total Fitness Aquatics project. Total amount approved for this project is \$3.735M. \$10.771M (83%) has been spent on the Support Services Building. Total amount approved for that project is \$13.045M. Lovelace believes this project will finish under budget.

Lovelace stated that the Finance Committee members discussed the financials, the summary of clinic operations and scorecard. He also gave the members information on the Upper Payment Limit (UPL) for nursing homes. The Finance members recommended the Board approve the construction of the Cimarron Services Building.

Anthony moved the Board accept the July 2016 Financial Report and the August 17, 2016 Finance Committee minutes as presented. Haney seconded the motion, and Anthony, Barto, Haney, Couch, Duncan and Buchanan voted in favor of the motion.

ACCEPTANCE OF AUGUST 9, 2016 FACILITIES COMMITTEE MINUTES

Steven Taylor reviewed the items in the minutes of the August 9, 2016 meeting of the SMC Facilities Committee which were included in the packet. He told the members that the Health Department inspected the Aquatics Center this week and noted a few minor items that will be corrected this week. The City is coming out tomorrow to issue a certificate of occupancy. Work on the shell space build-out for the ENTs and neurologists has just begun. The cardiology expansion has also

begun. Barto moved the Board accept the August 9, 2016 minutes as presented. Buchanan seconded the motion, Haney, Barto, Duncan, Anthony, Couch and Buchanan voted in favor of the motion.

APPROVAL OF CONSTRUCTION OF CIMARRON MEDICAL SERVICES

Taylor reminded the members that this project was bid out originally in April, but bids came back higher than anticipated. He met with the architects and adjustments were made to reduce the cost. The lower loading dock was taken out as well as the rock façade on the front. Seven bids were received. These bids came back \$400,000 to \$500,000 lower due to the changes made. Rick Scott Construction was the lowest bidder with alternate at \$2,573,347. Dan Duncan asked if the Hospital knew much about their company. Taylor said that they are located in Ponca City and that all of their references have been positive. Their company did a \$2.5M renovation for the Ponca school system and they were very satisfied with the work done.

Anthony made a motion to approval construction of the Cimarron Medical Services building by Rick Scott Construction at a total project cost of \$2,573,347. Barto seconded the motion and Haney, Duncan, Couch, Buchanan, Barto, and Anthony voted in favor of the motion.

APPROVAL OF ADMINISTRATIVE POLICIES

Denise Webber reminded the Board that administrative policies come before them every three years. She asked that one change be made to the PI Risk Management Program, changing the submission of the annual report to the Board Oversight Committee. No other changes were requested to the other policies included in the packet. Each were reviewed by the Board.

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

APPROVAL OF RESOLUTIONS 2016-1 AND 2016-2

Alan Lovelace explained that Resolutions terminate SMC's participation in OMRF and forms and appoints the Board as Trustees of the Defined Contribution Plan delegating a Retirement Committee consisting of the VP/CFO, VP/HR, Controller, SMC employee(s) and the Finance Committee Chairman or member. The Resolutions were reviewed prior to the meeting and a few minor changes were made. SMC Employee(s) will be changed to read, "SMC employee to be selected by other Committee members." Anthony asked that Finance Committee Chairman or member be changed to read, "Finance Committee Chairman or their designee."

Anthony moved the Board approve Resolutions 2016-1 and 2016-2 with changes noted. Buchanan seconded the motion, and Barto, Haney, Couch, Buchanan, Anthony and Duncan voted in favor of the motion.

CONSENT AGENDA

Dr. Charles Olson discussed the items on the Consent Agenda which included the following:

- a. Approval of Credentialing Actions:
 - i. Mindy McGee, PA-C
 - ii. Wynter Kipgen, M.D.
 - iii. Ernest Tako, M.D.
 - iv. Jawad M. "T.J." Trad, D.O.

- b. Credentialing Actions – Information Only:
 - i. Notice of temporary privileges:
Kristen Warnock, DO (Emergency Medicine);
David Young, M.D. (Emergency Medicine);
Amy Hardin, M.D. (Pediatrics)

- c. Review/Approval of New/Revised Policies:
 - i. Risk Management Plan
 - ii. Suicide Precautions Policy
 - iii. Blood Product Administration and Transfusion
Reaction Policy
 - iv. Tracheostomy Policy
 - v. MCHU Vital Signs Policy
 - vi. MCHU Hypoglycemia Protocol
 - vii. Newborn Group B Strep (GBS) Protocol
 - viii. Policy on Reporting Critical Results of Tests
and Diagnostic Procedures
 - ix. Medical Therapeutics Committee Function

Calvin Anthony asked where Mindy McGee is practicing. Dr. Olson answered that she is practicing at the Clinic in Pawnee. Barto moved that the Consent Agenda be approved in its entirety. Couch seconded the motion, and Duncan, Couch, Barto, Haney, Buchanan and Anthony voted in favor of the motion.

DISCUSSION REGARDING BLACKWELL TRUST AUTHORITY

Denise Webber shared that the Blackwell Hospital approached SMC about an agreement with their hospital as they are in an emergency situation. Webber said that she feels this would be a growth opportunity for our Hospital as it would broaden our service area to the north. We do not know a lot about the hospital yet because they do not have access to the financial information kept by Alliance, who has been managing their hospital. Anthony asked about Mercy's plans. Webber said that Mercy

has a team that does only hospital transitions. They are not interested in a lease with Blackwell, due to the size of their hospital. They are willing to help us for as long as we request.

Couch asked about the effect on SMC financially. Lovelace said that we negotiated a \$50,000 monthly fee plus 5% of collections (approx. \$30,000). Anthony felt that SMC's buying and other agreements could help to reimburse Blackwell some of these costs. Alliance is removing their IT and other systems and we would need to get ours in place quickly. A fulltime CEO would be placed on site as well as part-time staff. Their current staff is less than 80. Haney asked about the sales tax passed by Blackwell. Webber said that they recently passed a 1% sales tax and that their City also has access to other funds. They are dedicated to keeping healthcare in their area and do have the funds to put into the hospital.

Anthony asked about the length of the agreement. Webber was open to any time recommended by the Board. Anthony asked about growth for SMC's service area. Webber said that it would be an opportunity to expand several specialties. Dan Duncan asked how much time is necessary to investigate and construct a management agreement. Lovelace said that we need to have something in place by September 5th. Anthony felt the Hospital should do due diligence and then create an agreement to be brought before the Board for approval. Haney asked the members if they were in agreement with proceeding with an agreement. Barto complimented Hospital leadership saying that the reputation of the Hospital allows others to want to enter into agreements with SMC. He and other members asked if this would be too much of a burden on staff. Webber said that although it would be a challenge, she is confident that the staff is ready, capable and want to help the Blackwell community. The Board requested that a Memorandum of Understanding be put in place, a definitive Management Agreement with a determined out be created and that information to be brought before the Board for their approval.

CEO REPORT

Due to time constraints, Webber quickly updated the Board on the CEO Report:

COMMUNITY HEALTH FAIR

Webber told the Board that SMC sponsored, in partnership with Stillwater Radio, a Community Health Fair. Our team was able to educate on many topics. It was a successful event.

SMC FOUNDATION HOSTS FELLOW RECEPTION

Our SMC Foundation invited all of our past Rippy, Franklin, and Breedlove Fellowship recipients to a reception honoring the fellows as well as the donors who have helped fund the programs. 74% of the 74 recipients have ended up choosing a career in the field, which is great.

STUDER “WHAT’S RIGHT IN HEALTHCARE” CONFERENCE

Webber and others attended the What’s Right in Healthcare Conference Aug 1 – 4. It was a great conference with ideas that will help with our strategic plans.

VIZIENT QUARTERLY BOARD MEETING

Webber told the members that she attended the Vizient Oklahoma/Arkansas Quarterly Board Meeting. A presentation was done on the upcoming MACRA legislation rolling out a new approach to Medicare physician payment. The MIPS program administers bonuses or penalties based on how well a physician performs relative to other physicians on a set of quality and value measures, which will make it very difficult for independent physicians, as their payment is at risk. CMS would like to bundle payment for services and are moving toward payment falling to the hospitals. Webber directed the Board to graphs included behind her report. SMC is currently preparing education for all of our providers. Data submission will be required beginning January 1.

EMPLOYEE SELF INSURED PILOT PROGRAM

We currently have a self-insured program that provides health benefits to our employees. To help reduce rising costs, an internal team has been working to develop an additional plan option for our employees and dependents on the plan with chronic disease including the use of nurse care managers to provide additional resources to help with education and additional needs they may have. We are starting with a small pilot at Stillwater Primary Care (Dr. Dan Hill, Dr. Dan Brown, & Autumn Norwood, APRN) to test the success of the program before rolling it out to all members of the plan.

PRESENTATION TO NOON ROTARY

Webber provided an overview and growth update to the Noon Rotary Group. It went well and was a great opportunity.

LEADERSHIP DEVELOPMENT INSTITUTE

On August 19th, we held our latest Leadership Development Institute (LDI) which focused on medical errors. The Washington Post had a recent article on medical errors being the 3rd leading cause of death. We brought in speaker, Ridley Barron. He and his family were in an automobile accident that took the life of his wife. His son was taken to a hospital and lost his life due to a medication error. Mr. Barron travels to

hospitals as an advocate for patient safety. His story was moving and a great reminder for our leaders on how impactful we can be in the lives of our patients and their loved ones.

NICE COMMENTS FROM PATIENTS

Webber shared nice compliments from patients.

IMPORTANT DATES AND UPCOMING EVENTS

Webber reminded the members of the Vizient (VHA) Board Meeting in Dallas – September 28, 29 & 30. She said that the hotel is 0.4 miles from the conference hotel.

Mr. Barto offered his compliments to the Hospital for the recent awards given by the NewsPress. He stated that last Thursday's issue showed the leadership team holding an array of awards.

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

Those present in Executive Session included: Board members, Duncan, Barto, Buchanan, Anthony, Couch and Haney, as well as CEO Denise Webber, Randy Jobe, VP/Physician Practices, Steven Taylor, VP/Support Services and Cheryl Marshall, Executive Assistant.

Anthony moved the Board return to Open Session. Barto seconded the motion and Anthony, Haney, Duncan, Barto, Couch and Buchanan 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

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

<i>Medical Executive Committee</i>	<i>July 13, 2016</i>
<i>Peer/Policy Review Oversight</i>	<i>August 3, 2016</i>
<i>PI and Patient Safety</i>	<i>June 23, 2016</i>
<i>PI and Patient Safety</i>	<i>July 28, 2016</i>
<i>Surgery/Anesthesia</i>	<i>June 24, 2016</i>
<i>Credentials Committee</i>	<i>June 9, 2016</i>
<i>Medicine Section</i>	<i>June 9, 2016</i>

<i>ER Section</i>	<i>June 8, 2016</i>
<i>ER Section</i>	<i>July 13, 2016</i>
<i>Infection Control</i>	<i>July 27, 2016</i>
<i>Radiology Section</i>	<i>August 2, 2016</i>
<i>OB Section</i>	<i>August 4, 2016</i>
<i>E-Medical Records</i>	<i>August 5, 2016</i>
<i>Credentials Committee</i>	<i>June 27, 2016</i>
<i>Medical Executive Committee</i>	<i>August 10, 2016</i>

ADJOURN

There being no further business, Barto moved that the meeting be adjourned. Buchanan seconded the motion, and Haney, Barto, Buchanan, Anthony, Couch and Duncan voted in favor of the motion. The meeting was adjourned at 7:26 p.m.

After adjournment, the members toured the 12th Street Medical Office Plaza and Aquatics Center.

Chairman of the Board

Secretary of the Board