

**BEAUFORT MEMORIAL HOSPITAL BOARD OF TRUSTEES
BOARD MEETING – OPEN SESSION**

MINUTES – November 23, 2010

BOARD MEMBERS PRESENT: Jerry Schulze (Chair), Terry Murray (Vice Chair), David Tedder (Secretary/Treasurer), Bill Paddock, Susan Williams, Steve Kessel, M.D., Pat Thompson, M.D., James Simmons, M.D., Andrea Allen

OTHERS PRESENT: Jeff White, Pat Foulger, Karen Carroll, Ed Ricks, David Homyk, Alice Moss, Nora Kresch, Bill Nettles, Paul Sommerville (Beaufort County Council Member), Ann Mecherle, Sam Derrick, David Black (Howell, Gibson & Hughes), Diane Wadas, Don Meyer (Moore Van Allen, inc.), E. Bart Daniel (Attorney), John Barry (Broad River Healthcare Chairman), Dawn Crawford

ABSENT: Rick Toomey, Paul Mazzeo, M.D., Bill McBride (Beaufort County Council Member)

CALL TO ORDER: Mr. Schulze called the meeting to order at 7:30 a.m., and stated that the Press had been notified.

INTRODUCTION: Mr. Schulze welcomed Compliance attorney Bart Daniel, Don Meyer (Moore Van Allen), John Barry (Chairman Broad River Healthcare), Bill Nettles (Chairman BMH Foundation), and Paul Sommerville (Beaufort County Council Member).

COMPLIANCE: Mr. Meyer introduced Mr. Daniel who gave an educational presentation to the Board about the need to follow all antitrust and Stark laws in the physician recruitment/retention process. He cited Tuomey Hospital in Sumter, SC that is involved in a multi-million dollar suit with the federal government over illegal physician payment arrangements. The suit has gone on for a long period of time, and the price tag for what this will ultimately cost the community hospital continues to rise. His message to our Board members was to make sure we are within accepted practices before embarking on new ventures with doctors.

MOTION: A motion was made by Mrs. Williams to go into Executive Session at 8:10 a.m. to discuss Quality Improvement, Medical Staff Credentialing, Strategic Planning, Contractual Arrangements, Legal and Personnel Matters. The motion was seconded by Mr. Paddock, and unanimously approved. The meeting re-convened to Open Session at 9:10 a.m.

INVOCATION: Mr. Tedder gave the Invocation.

APPROVAL OF MINUTES – October 27, 2010: Mr. Paddock made a motion, which was seconded by Mrs. Allen, to approve the minutes of the October 27, 2010 meeting. Unanimous approval.

COMMITTEE REPORTS

Finance Committee – Dashboard (pg. 6): Mrs. Murray's reported that we had a strong month with total revenues of \$16M against our operating expenses of \$14.3M. She noted that the

strong revenues were due again to outpatient registrations, which continue to grow, and contractual adjustments. Even though our inpatient census was 119 and lower than our budget, the outpatient made up for the deficit. Our dashboard ratios are good, except for bad debt and days in accounts receivable; however, as Mr. White noted in the Finance Committee it is still early in the year and this will change as the year proceeds. The turnover rate was positive and is now being calculated on our new benchmark of percentage of new hires leaving within the first year. Mrs. Murray questioned the Gain Sharing goal of 22.5% for turnover, and Mr. Homyk said that our turnover rate last year was 23.8%.

Capital Projects (pgs. 13-14) – Mrs. Murray reviewed the capital projects and their estimated costs.

Internal Audit – Mrs. Murray said that due to previous Board discussions, we have solicited a proposal for an internal audit risk assessment, which will be distributed via email to the Finance Committee. She said a recommendation would be presented to the Board at the first of the year.

Medicaid and Medicare Reimbursements Update – Mrs. Murray asked Mr. White to give an update on the state's Medicaid and Medicare program, which will have a significant impact on the hospital and physicians. He said that CMS has gone back in and studied the MS-DRG reimbursements, as they believe there have been overpayments and they want to neutralize this by reducing the hospital reimbursements by 5.8%. This reduction will be divided into two years – 2.9% respectively beginning in January 2011 and again in January 2012. He said there are early discussions from Donald Berwick, MD (*head of the Centers for Medicare and Medicaid Services*), that he is trying to create an across the board reimbursement for Medicare with all hospitals regardless of their uniqueness, whether they are rural hospitals, etc., which would significantly impact BMH if this happens.

Mr. White said that with regard to Medicaid, our state modified the cigarette tax to \$.57 this year; however, they did not pass the recommended \$1.41 per pack (national state average) and now our state is on the verge of bankruptcy with the Medicaid program – expectation is that Medicaid will be out of funds during March/April 2011 timeframe. He said there have been discussions of modifying the Medicaid rates and/or doing away with certain Medicaid components, e.g., long term care, nursing home care, which would be a no-win situation. The financial report was unanimously approved.

Quality Improvement Committee: Drs. Simmons and Kessel presented the following reports and policies:

- Medical Staff PI Report
- Customer Satisfaction Report
- Ordering of Lab Tests by Clinical Dieticians & Certified Diabetic Educators
- Therapeutic Interchange Policy
- Exposure Control Plan
- Assessment of patients for TPN – *tabled pending changes*

Mrs. Foulger will send Dr. Thompson the protocol for the order sets that need to be changed.

Mrs. Williams made a motion, which was seconded by Mrs. Murray, to approve all three reports. Unanimous approval.

Governance: Dr. Thompson stated that a letter will be sent to County Council to renew the board terms for Mrs. Murray and Dr. Simmons. Mr. Schulze thanked both Mrs. Murray and Dr. Simmons for their continued service as Board members.

COMMUNITY WELLNESS: As presented in Executive Session.

MEDICAL STAFF – Credentials: In Dr. Mazzeo's absence, Dr. Kessel presented the Credentials report on his behalf. Dr. Kessel presented the following practitioners for appointment: Elizabeth Copelan, PA-C, (Allied Health Professional sponsored by Dr. Ferguson of BJCHC); Marshal "Shannon" Shook II, MD, Active (Cardiology).

The following practitioner requested change in status: Jill Blau, MD, Associate to Active (Podiatry).

The following practitioners relinquished privileges: Randall Marosok, MD, Courtesy (Infectious Disease); Lauren Springs, PA (Allied Health Professional sponsored by Dr. Simmons); Connie Gapinski, MD, Consulting (Radiology-VRC).

One year quality review/change in status: Yenney Meza, MD, Provisional Active to Active (Emergency Medicine).

Six month quality review: Jason Wright, PA-C, Allied Health Professional – Internal Medicine (sponsored by Drs. Gambla, Hucks and Kessel)

Mr. Tedder made a motion, which was seconded by Mrs. Allen, to accept the MEC and Credentials Committees recommendations. Unanimous approval.

STAFF REPORTS: Support Services, Human Resources, Information Systems, Patient Care Services, Public Relations, and Quality Services: There was much discussion about physician recruitment and our current needs. Mr. Paddock congratulated Susan South, RN, Mental Health, on her recent award from NAMI as Mental Health Professional of the Year. Mrs. Carroll reported that the new psychiatrists are already very busy and are working closely with the military to assist in meeting their needs. Mr. Homyk said the staff was very appreciative of the Gain Sharing checks they received and thanked the Board on behalf of our employees. Mr. Paddock made a motion, which was seconded by Mr. Tedder, to approve the staff reports. Unanimous approval.

BMH FOUNDATION: Mr. Nettles, newly appointed Chairman of the Foundation, thanked everyone for attending the annual Foundation meeting and said it was a great success. He thanked Mr. White, Mrs. Carroll, hospital staff and especially the nurses, who showed some of the equipment the Foundation helped purchase. He said that there has been a complete reorganization with the Foundation due to the work of Alice Moss and Ann Thompson-Haas (consultant), which he is very pleased with. He updated the Board on the changes with the various Foundation committees:

- Foundation Vice Chair, Bill Harvey, will oversee the Development Task Force
- Arthur Levin will Chair the Investment Committee
- Allan Winneker will Chair the Advocacy and Communication Committee
- Liz Malinowski will Chair the Committee on Trustees
- Sarah Dyson will represent the Foundation on the BMH Governance Committee

He also mentioned that invitations are in the process of being sent out for the Valentine Ball, and to please pass along any names of new people who might be interested in attending to Ms. Moss.

CHAIR ANNOUNCEMENTS: Mr. Schulze stated that if anyone is interested in attending any of the Board educational offerings to contact Ms. Crawford. Mr. Schulze stated that we changed our bylaws to state that board members should attend at least two educational offerings in their 4 year term. He also reminded everyone that there will be a combined Finance and Board meeting on the same day – Monday, December 20th and will begin at 7:30 a.m.

Update on Land – Mr. Tedder said he has obtained the services of Steve Andrews, who is already working with us, to assist him with determining the scope of services and cost on what it will take to get the wetland crossing. Mr. Andrews has completed that and Mr. Tedder has given the report with the scope of services required, a calendar of timing and the costs associated to Gary Kubic (County Administrator), Anthony Barrett (Bluffton Town Manager), Paul Sommerville and Bill McBride (County Councilmen). He has requested to meet with them and the appropriate County Council Committees to get approval of the scope and funding. He said the costs to file for the permit are approximately \$200K; however, part of these costs will have dual use as we will use them for our building site plan. He said the wetland crossing permit could take until March of 2012 to be finally approved, but we should have an indication during that time as to the likelihood of the permit being issued once the application is filed and public comment is received.

ADJOURN: The meeting adjourned at 9:52 a.m.

Respectfully submitted,

David Tedder
Secretary