

**STILLWATER MEDICAL CENTER AUTHORITY  
BOARD OF TRUSTEES  
Regular Meeting, June 22, 2010  
Stillwater Medical Center Honska Conference Center  
5:30 p.m.**

**Present:** Calvin Anthony, Lowell Barto, Mayor Nathan Bates and Robert W. Lauvetz, M.D.

**Absent:** Cary Couch, M.D., Jonathan Drummond, M.D., Beth Buchanan

**Others:** Jerry Moeller, Alan Lovelace, Denise Webber, Liz Michael, Teresa Hopkins, Shyla Eggers, Kathleen Harder, M.D., Tina Koemel, Laura Hoffert (NewsPress) and Susan Taylor

---

Calvin Anthony, Board Chair, called the meeting to order at 5:36 p.m.

**APPROVAL OF MINUTES:**

Barto moved the Board approve the minutes of the May 25, 2010 regular meeting of the Stillwater Medical Center Authority Board of Trustees. Lauvetz seconded the motion, and Anthony, Barto, Lauvetz and Bates voted in favor of the motion.

**ACCEPTANCE OF PATIENT SATISFACTION/VALUE BASED PURCHASING REPORT:**

Jerry Moeller, Stillwater Medical Center CEO, discussed the Patient Satisfaction/Value Based Purchasing Report with the Board. Moeller told Board members that the document contained in their Board packets detailed the Medicare-required survey for inpatients. There were 18 questions which are required to be asked of patients. Moeller reported that we will start trending this data. Moeller went on to explain how this report will be used in value-based purchasing, wherein Medicare will actually give or take money from health care facilities.

Moeller went on to explain that the scores shown on the report are a percentile, based on a firm called Healthstream. When Medicare begins their value-based purchasing program, they will use a percentile based on every hospital in the nation. Board members discussed with Moeller the SMC scores from the report. Moeller told Board members that we used to concentrate on two bottom-line questions: (1) Overall rating of the hospital and (2) Likelihood to recommend. Moeller said that with Medicare's value-based purchasing program, the ranking of those questions will not be any more important than the quietness of the area around the patient room. Board members discussed low scores that were reflected on the question about the cleanliness of the room/bathroom. Moeller told Board members that the 3<sup>rd</sup> floor is in need of a remodel, and those patient bathrooms would benefit greatly from that endeavor.

Moeller then discussed with Board members the payment impact estimate for 2013 – 2017, which estimates (using our current overall value-based purchasing score) that in

2013 Medicare would keep \$13,383 of our reimbursement. Moeller assured Board members that Liz Michael, CNO and Cheryl Wilkinson, PI Director, are working on improving our scores. Board member Barto asked if every patient is surveyed. PR Director Shyla Eggers stated that these are random samples, and it appears that approximately 200 – 240 inpatient surveys are done per quarter. Board Chairman Anthony said that he feels it is excellent that we are focusing on core measures.

Mayor Bates suggested asking patients before they are dismissed how they felt about their stay and what improvements they might suggest. Moeller assured Board members that we would be working with staff to refine our objectives in order to increase our patient satisfaction and subsequent scores.

After discussion, Bates moved the Board accept the Patient Satisfaction/Value Based Purchasing Report as presented. Barto seconded the motion, and Lauvetz, Bates, Anthony and Barto voted in favor of the motion.

#### **ACCEPTANCE OF MAY 2010 FINANCIAL REPORT AND FINANCE COMMITTEE MINUTES:**

Alan Lovelace, Chief Financial Officer, gave a Power Point presentation of the May 2010 financials. Lovelace reported that average daily census in May was 40.5, below the budget of 44, but close to last year's number of 40.4. Discharges were at 293, below budget of 316. Surgery volume was 215, below budget of 244. Surgery Center volume was 306, the second highest number for the year and above the budget of 240. Total surgeries were 521, above budget of 484. Adjusted patient days were 3,566, slightly below budget of 3,578. We experienced the highest ER visits for the year at 2,157, just above budget of 2,155. However, ER visits are trailing last year by 6%. The ED conversion rate (percentage of admissions through the ED) was 6.4%, below budget of 8.5%. Outpatient visits at 6,637 were above budget of 6,029.

Net revenue was \$8.200M, slightly below budget of \$8.391M, but significantly higher than last year of \$7.229M. Bad debt was \$545,000, below budget of \$743,000. Charity care was \$134,000. Actual cash has been trailing adjusted net revenue due to the wait in Surgery Center billing. Our goal for billing to be caught up is July 21<sup>st</sup>. Salaries, wages and benefits have increased due to a reserve for employee bonuses, should we reach specific goals toward the end of the year. FTEs are 582, below the budget of 612. We are up by 10 FTEs from last year; however, approximately 20 FTEs were added from the Surgery Center. FTEs per adjusted occupied bed are 4.84, down from last year of 4.91.

Operating expense was \$6.851M, less than budget of \$6.919M, but higher than last year of \$6.204M. Operating income (hospital only) is \$321,000, below budget of \$388,000 and well above last year of (\$130,000). Operating income for the clinics was \$51,000, above budget of (\$106,000) and above last year of (\$209,000). We were holding charges until the Cardiology Clinic became provider-based, which created the gain in May. Operating income consolidated was \$381,000, above budget of \$281,000.

Operating income margin for the hospital was 4.7%, consolidated it was 4.7%. Year-to-date operating income for the clinics was (\$707,000) through May, above budget of (\$570,000). YTD operating income for the hospital was \$2.799M compared to budget of \$2.203M. YTD operating income margin is 5%, compared to budget of 4.1%. Non-operating revenue was (\$687,000), making our loss \$131,000. YTD net income is \$1.962M compared to budget of \$1.793M. Cash increased to \$26.475M. Days cash on hand increased to 104. In January 2010 our investment account was at \$16.594M; it is now at \$16.590M. Days in accounts receivable increased to 54.8. The accounts receivable reserve percentage is 52.2%.

A copy of the minutes of the June 16, 2010 Finance Committee meeting was included in the Board packet. David Stanley and Brian Wood of Arvest Asset Management were present at the Finance Committee meeting, and discussed SMC's portfolio review and performance information. Chairman Anthony requested that this report be shared with the Board of Trustees on a semi-annual basis.

Barto moved the Board accept the May 2010 Financial Report and Finance Committee minutes of June 16, 2010. Lauvetz seconded the motion, and Barto, Lauvetz, Bates and Anthony voted in favor of the motion.

#### **ACCEPTANCE OF FACILITIES COMMITTEE MEETING MINUTES**

Denise Webber, Vice President of Administrative Services at SMC, reported on the June 2, 2010 meeting of the SMC Facilities Committee. Webber said that new Facilities Committee members Kathleen Harder, Lowell Barto, Sara Ra and Floyd Cobb had been welcomed to the group at that meeting. Facilities Committee members had been given an update on projects, to include the Surgery Center West remodel and the 3<sup>rd</sup> Floor remodel. Bockus-Payne and Associates of Oklahoma City will be doing the remodel at the Surgery Center, and the job should take about 9 months from start to finish. The 3<sup>rd</sup> floor is our medical floor, and the most utilized floor in the hospital. It has not seen a renovation for over 10 years. There is discussion about starting this project later this year. It will be a sizeable project and will need to be done in four phases.

Facilities Committee members also discussed a project that will be done in the very near future, and that is renovating a patient room to accommodate bariatric patients. Room 334 is already a handicapped room, and our intent is to enlarge the door frame, update the flooring and fixtures in the bathroom, and add structural support in the ceiling for a patient lift. This will help us to better serve our bariatric patients even though the 3<sup>rd</sup> Floor remodel is still pending.

Bates then moved that the minutes of the June 2, 2010 Facilities Committee meeting be accepted as presented. Barto seconded the motion, and Barto, Bates, Anthony and Lauvetz voted in favor of the motion.

#### **APPROVAL OF CORPORATE BANKING AUTHORIZATION RESOLUTIONS**

Alan Lovelace, CFO, spoke to the Board about the banking authorization resolutions from Home National Bank and BancFirst, copies of which were included in the Board

packets. The three resolutions from BancFirst are to move \$3.75 million out of our sweep account into CDs. Lovelace said that currently, the money in the sweep account is not gaining any interest. At a certain time when the economy was better, this methodology was great, because you could sweep all of your excess deposits into this sweep account and invest it in T-Bills, and T-Bills were paying a pretty good rate. Right now, T-Bills are paying nothing. By moving this money into short-term CDs, we will get 1% on it, which amounts to about \$50,000/year. One of these CDs will be for 30 days, one for 90 days, and one for 120 days.

There was also a corporate authorization resolution from Home National Bank, which is for Garland Family Medical Clinic in Ponca City. This authorization is simply to add Alan Lovelace as a signer on that account.

After discussion, Barto moved the Board approve the Corporate Banking Authorization Resolutions as presented and authorize Alan Lovelace to be listed as a signer on the account for Garland Family Medical Clinic. Lauvetz seconded the motion, and Anthony, Lauvetz, Barto and Bates voted in favor of the motion.

#### **APPROVAL OF OPEN RECORDS ACT POLICY**

Jerry Moeller, CEO, spoke to the Board about the policy. Moeller told Board members that this was prompted because SMC doesn't have such a policy, and it is a requirement of the law. When we recently received a request for information, Moeller remembered a previous conversation he had with Lowell Barto and a similar request that went to Logan County Hospital in Guthrie. Moeller spoke with the Guthrie Hospital Administrator, who supplied us with a copy of their Open Records Act Policy and their legal opinion from Mike Joseph of McAfee & Taft.

Moeller told Board members that this policy essentially states that we will provide to the public any information that is requested, unless the information is protected, such as peer review, legal records on lawsuits, etc. The Hospital Administrator's Executive Assistant (Susan Taylor) will be the designee to give out any such record. If anyone wants to come in and inspect the record and make a copy thereof during regular business hours, that request can be made by letter or fax. The request must be fairly specific as to what is being requested. Moeller discussed the policy at length with Board members.

The legal opinion from McAfee & Taft states that we can withhold compensation information, if the Board of Trustees determines that the disclosure of this information would constitute a clearly unwarranted invasion of privacy. This was based on an Attorney General's opinion. Moeller said that Mike Joseph, attorney at McAfee & Taft, states that the Stillwater Medical Center Board of Trustees is certainly within their rights to make that declaration and withhold that information. Moeller said that this could be challenged in court, but Board member and attorney Lowell Barto agreed that he felt this was appropriate. The Open Records Act specifically states that we must give information on how much public receipts an individual gets; Moeller reminded Board

members that Stillwater Medical Center doesn't have any public funds. Clearly, the Act wasn't specifically directed at us, because we don't have any municipal employees.

Barto suggested that the last paragraph of the policy be corrected to read that the fee for copies could be paid by cash, certified check or money order. Bates questioned why a request for records by e-mail was not going to be allowed. Anthony replied that we could not positively identify the individual who sent the e-mail. There was some discussion among Board members about this rule. Chairman Anthony asked Board member Barto, in his legal opinion, if he felt that the policy was reasonable. Barto said that he did feel that it was reasonable, and that if we are going to charge for copies, we have to adopt a policy and file that list of charges with the County Clerk. Lauvetz asked if this is a pretty standard policy, to which Barto and Anthony answered affirmatively.

Barto moved the Board approve the Open Records Act policy and add it to our Administrative Policy & Procedure Manual. He asked that included in the motion be the following language: The Board also determined that the public interest in obtaining general salary information does not outweigh the interest of employees in maintaining the confidentiality of such information and that the disclosure of employee-specific salary information would constitute a clearly unwarranted invasion of privacy.

Lauvetz suggested that the Policy be a separate agenda item than the determination. Barto said that he would support that suggestion. Therefore, Barto changed his motion to just be to approve the Open Records Act policy and add it to our Administrative Policy & Procedure Manual. Lauvetz seconded the motion. After discussion, the vote was taken. Lauvetz, Barto, Bates and Anthony voted in favor of the motion.

Anthony asked if the Board wished to declare salary information as an unwarranted invasion of privacy. Barto said that we should refer to this as "employee-specific" salary information. Lauvetz stated that he is not yet ready to make this decision, and would rather wait until more Board members are present. He stated that he understands that it is a sensitive issue, and that we want to be as transparent as we can be, and that is a tough balance. Chairman Anthony stated that based on what the attorney from McAfee & Taft has said, and what our Board member/attorney Lowell Barto says, he felt it was a good policy, but asked if this matter could wait another month. Moeller said that it could wait. After lengthy discussion, Bates made a motion that this matter be tabled subject to call. Barto seconded the motion, and Anthony, Lauvetz, Bates and Barto voted in favor of the motion.

#### **CONSENT AGENDA**

- ***Acceptance of Resignation of Dr. Nidhi Sharma***
- ***Request for Approval of Medical Staff Privileges***
  - ***Sopukro Tienabeso, M.D.***
  - ***Cara Pence, M.D.***
  - ***Jon Pelzl, M.D.***
- ***Approval of Revised Performance Improvement Plan***

Kathleen Harder spoke to the Board regarding the Consent Agenda. This is Dr. Harder's last Board meeting in her capacity as Chief of Staff. Chairman Anthony voiced his appreciation to Dr. Harder for her diligence in attending the Board meetings and sharing her insight with the Board.

Dr. Harder indicated that all topics under the Consent Agenda had gone before the Medical Executive Committee and been approved. Dr. Harder told Board members that the only privileges pending for Dr. Pence and Dr. Pelzl are some endoscopy procedures, which the surgeons had indicated they would be interested in doing. These are procedures generally done by a gastroenterologist. Because SMC only has two GI physicians and we are frequently in need of endoscopy-type procedures, it will be great to have these physicians credentialed in that area. We are currently waiting to see how many procedures Pence and Pelzl have done, and if they have done both diagnostic and therapeutic procedures.

As part of becoming certified by DNV, a revised Performance Improvement Plan has been drafted and was included in the packet as part of the Consent Agenda.

Barto moved the Board approve the Consent Agenda in its entirety. Lauvetz seconded the motion, and Barto, Lauvetz, Anthony and Bates voted in favor of the motion.

## **CEO REPORT**

Topics of Mr. Moeller's CEO Report to the Board included the following:

### ***MCHU Director***

Moeller told Board members that on May 30<sup>th</sup>, we learned of the death of SMC's Maternal Child Health Unit Director, Elaine Fox. Elaine had been with SMC almost 33 years, and we were all saddened to hear the news of her passing. A scholarship has been set up in her name, and donations may be made to the SMC Foundation.

### ***Heartland Healthcare Reciprocal Risk Retention Group***

Heartland Healthcare RRG is the name of our professional and general liability insurance captive which was formed with other VHA members. Presently the hospitals in Chickasha, Elk City, Altus, McAlester, Guymon, Stillwater, Ada, Tahlequah and Shawnee make up the group of the captive. It has been very successful in reducing our premiums and also building up some equity for each of the hospitals. When we began the program, we were paying about \$450,000 in premiums. In 2010, we paid \$180,000 for our professional and general liability. Also, we have \$593,592 in equity in the reciprocal, which amounts to our share of the retained earnings. The Reciprocal Board is required to meet in Vermont, where it is domiciled, at least every other year. Moeller serves as Chairman, and the annual meeting was held in early June. Some information from that meeting was shared with the Board. It shows that the Reciprocal has been very successful, as well as Stillwater Medical Center.

In a related matter, there was a threat in this year's Oklahoma legislature when Representative Dan Sullivan attempted to require all tort claim hospitals to be required

to have \$1 million of liability coverage. Raising our limit from \$125,000 to \$1 million would increase our premium by 2½ times. The effort was defeated this year, but Representative Sullivan intends to bring it back up next year.

There was some discussion regarding whether or not Stillwater Medical Center should continue to require our medical staff members to carry \$1 million/\$1 million in liability coverage.

### ***Wellness Screening Incentive***

An additional wellness incentive will be offered during the upcoming year to promote employee health and decrease health insurance costs. A discount of \$10 per pay period on health insurance premiums will be offered beginning January 2011 to employees who participate in the SMC Wellness Program's health screening assessment. The Wellness Program was implemented during Summer 2009, and to date, over 400 employees have participated.

### ***Employee Communication Meetings:***

Employee Communication Meetings are scheduled for July 13<sup>th</sup> and 14<sup>th</sup>. One of the topics discussed will be a social networking policy. Many employers are implementing policies to establish appropriate guidelines for employees' use of social network communications to protect patient privacy, employer's proprietary business information, etc. SMC intends to implement such a policy.

### ***Ambulance Service Update***

Moeller reported that credentials and proposals for the ambulance service were due Monday, June 21<sup>st</sup>. The Western Payne County Ambulance Trust Authority (WPCATA) Board met at 5:00 on June 21<sup>st</sup> to discuss scoring methodologies. The WPCATA Board members will then individually evaluate and score the proposals. Final compilation of the scores will be done at a WPCATA meeting on June 29<sup>th</sup>. Tentative award notification date is July 1<sup>st</sup>, followed by credentials verification and negotiation, final contract signing, and contract implementation by February 1, 2011 at the latest.

### ***Jay Johnson Takes Duncan Job***

Jay Johnson, former Chief Operating Officer at Stillwater Medical Center, who worked here from July 1996 to April 2005, has just been selected as the new Chief Executive Officer at Duncan Regional Hospital. He will begin his work there the first of August.

### ***DNV Training***

Eleven SMC staff members representing administration, nursing, education, facilities, pharmacy, PI, medical records, and medical staff coordination attended three days of DNV training at Shawnee. The focus of the training was to introduce the ISO9001 Quality Management System and describe how its requirements can be met in healthcare. The group learned how those standards relate to what Medicare requires. The presentation covered standards that are new to most healthcare organizations and suggested strategies for compliance. A four phase implementation plan was provided to guide the hospital in its journey to achieve ISO9001 compliance.

**Summer Exercise Challenge**

Total Health is hosting a Summer Exercise Challenge. SMC employees wishing to take part were asked to weigh in and have their body fat checked between June 1-5<sup>th</sup>. There will be periodic physical challenges over the next several months, with the final weigh in and body fat checkup the last week in August. Prizes will be awarded for the winners of each challenge, most overall visits to Total Health (including the pool), and combined percentage of weight lost and percentage of body fat lost for 4 different categories. The program is free and an additional benefit to help SMC employees achieve the goals associated with the Employee Wellness Program.

**Administrative Resident Takes Permanent Position**

Ryan Oss, who has served as SMC's Administrative Resident for the past year, has just recently been offered the position as Operations Manager in Physician Practice Management. Ryan will be a much-needed addition to our rapidly expanding Physician Practice Management Department.

**BOARD EDUCATION**

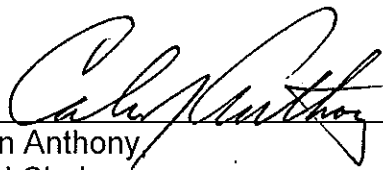
Board members were provided a copy of the *Board Room Press* as Board education.

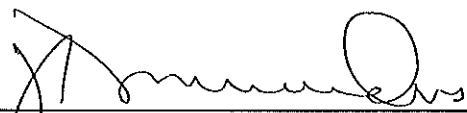
Prior to the meeting, Board members reviewed the following committee minutes:

<i>Medical Executive Committee Meeting</i>	5/12/10
<i>Credentials Committee</i>	5/24/10
<i>Performance Improvement/Patient Safety Committee</i>	4/22/10
<i>Performance Improvement/Patient Safety Committee</i>	5/27/10
<i>Peds Section</i>	5/19/10
<i>Medical Education Committee</i>	5/21/10
<i>ER Section</i>	5/26/10

**ADJOURN:**

There being no further business, Barto moved the meeting be adjourned. Lauvetz seconded the motion, and Bates, Anthony, Barto and Lauvetz voted in favor of the motion. The meeting was adjourned at 7:03 p.m.

  
\_\_\_\_\_  
Calvin Anthony  
Board Chair

  
\_\_\_\_\_  
Jonathan Drummond, M.D.,  
Board Secretary