

**STILLWATER MEDICAL CENTER AUTHORITY  
BOARD OF TRUSTEES  
Regular Meeting, March 22, 2011  
Stillwater Medical Center Honska Conference Center  
5:30 p.m.**

**Present:** Calvin Anthony, Lowell Barto, Beth Buchanan, Cary Couch, M.D., Jonathan Drummond, M.D. and Bobby Lauvetz, M.D.

**Absent:** Mayor Nathan Bates

**Others:** Jerry Moeller, Alan Lovelace, Denise Webber, Steven Taylor, Liz Michael, Cheryl Wilkinson, Teresa Hopkins, Shyla Eggers, Ricky O'Bannon, Tina Koemel and Cheryl Marshall (minutes)

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Board Chairman Calvin Anthony called the meeting to order at 5:32 p.m.

**CORE MEASURES AND BALANCED SCORE CARD**

Jerry Moeller presented the Core Measures report to the Board. The report showed results for the fourth quarter 2010, as those are the most current. Moeller stated that he is pleased with these results because they show a lot of improvement. The Balanced Scorecard measures important management objectives, and is based on the Good to Great pillars. Progress looked good on this report as well. The Board will now see this report monthly. Calvin Anthony asked if these scores are public and how we compare with our peers. Moeller said that it is published and can be found at [www.hospitalcompare.hhs.gov](http://www.hospitalcompare.hhs.gov). You can pick any three hospitals at a time and compare them side by side. Mr. Anthony suggested bringing a comparison to next month's meeting. Moeller agreed to do so.

**APPROVAL OF MINUTES:**

Beth Buchanan moved the Board approve the minutes of the February 22, 2011 regular meeting of the Stillwater Medical Center Authority Board of Trustees with one change (page 5, \$248,000 million to \$248M). Dr. Couch seconded the motion, and Anthony, Couch, Buchanan, Barto and Drummond voted in favor of the motion. Dr. Lauvetz had not yet arrived.

**POSTED ITEMS**

**Approval of Report of Compliance Activities**

Cheryl Wilkinson presented the annual report on Stillwater Medical Center Ethics/Compliance/Responsibility Program. The report included various Medicare and Medicaid audits, HITECH, Chargemaster review, breach notifications, RAC summary, etc. The Compliance Team was created to make sure we are following all rules and regulations. A concerted effort is made to audit our own processes and hire outside auditors when necessary. We respond

to all findings. We also work hard to make sure we are receiving all the dollars in which we are entitled.

Calvin Anthony asked if the Hospital qualifies for DSH payments. Alan Lovelace stated that SMC is a DSH hospital. We are exploring the 340B program. We qualify for the program, but it is very complex and hard to administer. We are looking at vendors who may be able to administer it for us.

Dr. Couch moved the Board approve Compliance Activities Report. Dr. Drummond seconded the motion, and Couch, Buchanan, Barto, Drummond, and Anthony voted in favor of the motion. Dr. Lauvetz had not yet arrived.

### **Acceptance of February Financial Report**

Alan Lovelace gave a PowerPoint presentation of the summary of operations for February 2011. Lovelace told the Board that volume was down slightly due to the snow storm in early February. Roughly calculated this accounted for a loss of \$960,000 in gross revenue or \$412,000. Expenses remained constant as employees were not sent home after managing to get here.

The average daily census was 49.3, higher than budget of 46.4 and last year of 43.2. Admissions, including rehab, were 347, higher than budget of 341 and last year of 319. Surgeries decreased to 223, inline with budget and last year, both at 222. The Surgery Center West performed 267 surgeries, below budget of 316 and last year of 296.

Emergency room visits were at 2,010, slightly below budget of 2,023, yet higher than last year of 1,915. Outpatient visits, not including ER Visits, were 6,073, compared to budget of 6,448 and last year of 6,356. Births in February were 74, in line with budget of 75 and last year of 69.

Charity care was \$415,000, above budget of \$372,000. Adjusted Net Revenue was \$7.383M, lower than last year of \$7.615M and budget of \$7.770M. Salary, Wages and Benefits were at \$3.789M, below budget of \$3.857M. FTE's are at 594, in line with budget of 591. FTEs for the clinic are at 55.7, slightly above budget of 55.5. Year to date, the SWB is 48% of net revenue, above budget of 44.6%. The clinics are 79.3%, above budget of 66.4%.

Operating Income for the Hospital is \$442,000, higher than budget of \$403,000 and last year of \$430,000. Operating Income for the Clinics was (\$170,000). Operating Income-consolidated was \$271,000, compared to budget of \$296,000 and last February of \$494,000. Non-Operating Revenue is doing well at \$441,000. YTD Net Income was \$1.257M compared to budget of \$642,000 and last year of \$1.031M.

The Arvest investment account increased to \$18,275M. Days in Accounts Receivable were 45.1 in January. Medicare reimbursement was received from

the Surgery Center claims. Days Cash on Hand increased to 136. Cash reserves increase by \$1.5M in February and are at \$34.7M.

Calvin Anthony asked if the 4% increase in Salaries, Wages and Benefits was due to the decrease in volume. Alan Lovelace said that it was due to less revenue and also higher expense. Healthcare insurance payout was also higher in both January and February.

Alan Lovelace told the Board that the Finance Committee recommended to the Board the approval of the 3<sup>rd</sup> floor renovation. An update of the Surgery Center payback was given to the Committee. An in-depth analysis was done of the Arvest account. Due to cash improving in the BancFirst account, Lovelace plans to recommend moving some of the reserves to the Arvest account at next month's Finance Committee meeting.

Dr. Drummond moved the Board accept the February 2011 Financial Report and Finance Committee Meeting Minutes of March 21, 2011. Buchanan seconded the motion, and Buchanan, Barto, Drummond, Couch and Anthony voted in favor of the motion. Dr. Lauvetz had not yet arrived.

#### **Acceptance of March 8, 2011 Facilities Committee Minutes**

Steven Taylor told the members that the 3<sup>rd</sup> floor renovation was recommended for approval by the Facilities Committee. The roof repair had been delayed due to the snow and winter weather; however, repair will start Monday. The project is expected to take 3 to 4 weeks.

Dr. Drummond moved the Board accept the March 8, 2011 Facilities Committee minutes. Beth Buchanan seconded the motion, and Barto, Drummond, Couch, Anthony and Buchanan voted in favor of the motion. Dr. Lauvetz had not yet arrived.

#### **Approval of 3<sup>rd</sup> Floor Remodel**

Steven Taylor presented the proposed 3<sup>rd</sup> floor remodel to the Board and walked them through what it would look like with the new construction software. Each room will include a corner cabinet for clothing and personal items. A television is also housed in this unit. Each room will have a computer for the nurses to enter patient information. Two ADA bathrooms will be added to meet requirements. A bariatric room was recently added on the south hall. Each room will have a light above the bed with varying lighting functions ranging from reading to examination. The project will be completed in four phases.

Hoey's bid was received 5 minutes late and could not be accepted. The next lowest bid was from Heritage Construction. Alternate 1 is replacing fan cooled unit motors, which Taylor did not recommend doing. Alternate 3 is upgrading the heating and cooling in the isolation rooms on 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> floor. These rooms are difficult to keep cool in the summer and warm in the winter due to the

air exhaust which was installed during original construction in 1975. Alternate 4 is replacing all the windows on the 3<sup>rd</sup> floor. The seals are worn and cracked. Heritage's bid include \$1.327M base bid; Alternate 3 – Isolation Room upgrade, \$157,200; Alternate 4 – Window Replacement, \$74,900; for a total of \$1,972,774.

Dr. Drummond moved the Board approve the 3<sup>rd</sup> floor renovation including alternates 3 and 4 to be completed by Heritage Construction for a total cost of \$1,972,774. Dr. Couch seconded the motion, and Drummond, Couch, Anthony, Buchanan and Barto voted in favor of the motion. Dr. Lauvetz had not yet arrived.

### **Approval of Surgery Center Remodel**

Denise Webber reminded the members that last month they had just met with the physicians and didn't have all the information needed to present to the Board. The physician group recommended Oakridge's bid with the option of not shutting down the facility. We decided to only replace the HVAC units over the ORs, which reduced construction cost by \$100,000. The total cost of the project including the two alternates is \$1,981,912. Time needed for total rent abatement would be 27.4 years. However, the increased reimbursement for billing hospital based is \$495,321 annually with an estimated payback of 4 years (48 months). Reimbursement and abatement together would payback construction costs in 3.7 years (44.4 months). This does include a 5% margin for error.

Calvin Anthony asked if the physicians were in agreement with this plan. Denise Webber said that they are very pleased and are now looking at how everything will work during the construction.

Beth Buchanan moved the Board approve the Surgery Center remodel including the two alternates to be completed by Oakridge Construction for a total cost of \$1,981,912. Dr. Couch seconded the motion, and Couch, Anthony, Buchanan, Barto and Drummond voted in favor of the motion. Dr. Lauvetz had not yet arrived.

### **CONSENT AGENDA**

#### **Approval of Notice of Authorized Agent**

Jerry Moeller told the Board that Janet Cates has retired and Raquelle Parli has taken the position of Benefits Coordinator. An authorized agent must be designated to carry out the duties in matters pertaining to the retirement plan.

Lowell Barto moved the Board approve the Notice of Authorized Agent to appoint Raquelle Parli. Dr. Drummond seconded the motion, and Lauvetz, Couch, Anthony, Buchanan, Barto, and Drummond voted in favor of the motion.

### **CEO REPORT:**

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

## **OKLAHOMA CERTIFIED HEALTHY BUSINESS**

Blake Weichbrodt was unable to attend tonight's meeting, so this item was moved to next month's meeting.

## **THE GREAT ELECTRICAL OUTAGE OF 2011**

A pinhole in a water pipe caused a stream of water to arc across the room, directly hitting our main electrical board. We immediately went to generator power. Mr. Moeller complimented the staff and especially Denise Webber and Steven Taylor for the excellent job done during this time.

Even with the major disruption, we continually provided excellent patient care. Some procedures had to be rescheduled due to the power outage. Patients on 3<sup>rd</sup> floor were moved to 5<sup>th</sup> floor where the lighting was better, and to provide better continuity of care. On Thursday, when 5<sup>th</sup> floor lost power, all clinical personnel were called to assist in moving patients back to 3<sup>rd</sup> floor, which was accomplished in a remarkably quick and orderly fashion. Coffee and food were brought in from outside establishments on both Wednesday and Thursday. A refrigerated truck from US Foodservice was delivered in short order to keep our food loss at a minimum.

Three expectant mothers were in labor in our Maternal Child Health Unit during the outage, with one delivering without complications. The other two delivered after the power was restored. Endoscopy cases were moved to the Surgery Center West. One patient was transferred for surgery. One pediatric patient was transferred via ambulance to another hospital.

Battery operated lights were purchased and placed in every patient bathroom. Letters from the CEO were given to each patient and handed to each visitor as they entered the facility, explaining the situation.

At approximately 5:20 p.m. on Thursday, power was restored. This true "internal disaster" was better than any drill we could ever imagine. Moeller was extremely proud of the manner in which staff pulled together to insure that our patients were priority #1 throughout the event. Moeller stated that he was at the OHA Board meeting and no one there had ever experienced a power outage for that long. Dr. Lauvetz said that he was not only proud of the staff during the power outage, but also for the great job done during the snow storms. The Board suggested doing something special for the staff. Jerry Moeller agreed and will let the Board know what is decided.

## **DNV SURVEY**

We had two surveyors, Paul Bailey and Mary Margaret Wilberg, RN. The surveyors were very complimentary of staff as well as the facility, going as far as to say that they would be very comfortable being a patient in our hospital. A few non-conformities were found. Once the official report is received, Moeller agreed to share the findings and the responses with the Board.

Dr. Lauvetz asked if the surveyors said much about the power outage. Jerry Moeller stated that they complimented us on our response, commenting that they were impressed with the calm and focused fashion in which we handled it.

### **COMMISSION ON ACCREDITATION OF REHABILITATION FACILITIES (CARF) SURVEY**

Stillwater Medical Center Rehab completed their 2<sup>nd</sup> CARF survey March 2<sup>nd</sup> and 3<sup>rd</sup>. CARF is the accrediting body for inpatient rehab. The Stillwater team did a wonderful job ensuring a successful outcome. We should receive our second 3 year accreditation and will get the results in about 6 weeks. Rehab Director Rita Baumgartner states that she is very pleased with the way the survey went and extremely proud of our team.

### **BEDSIDE MEDICATION VERIFICATION**

During the time DNV was here, we also went live with a new bedside medication verification system. This has been very successful and even through the outage our staff did a super job. Many educators and nurse leaders were here to support the staff during the go live, which was also helpful with the lights out! Liz Michael said that the switch went much better than expected.

### **PHYSICIAN DAY AT THE CAPITOL**

On March 23<sup>rd</sup> Jerry Moeller took Drs. Woody Jenkins, Mary Clarke and Jennifer Ferrell to the State Capitol for Physicians' Day. We were able to meet with Senator Halligan, Representative Denny and Representative Williams to discuss our various issues. We were also in the gallery when the Senate passed the first version of the lawsuit reform, which would limit non-economic damages to \$350,000. We later attended a reception at the Oklahoma State Medical Association office and then returned home.

### **HOUSE BILL 1995 BY SULLIVAN AND SIKES**

This is a bill that will require Stillwater Medical Center and 6 other public trust hospitals to raise their tort limits to \$1M/\$3M. The bill sailed through the House and the title is on, which means that once it's assigned to a Senate committee, it could sail through the Senate and land on the Governor's desk for signature. It's really not a matter of if, but when this gets signed into law. Representative Sullivan has targeted the Lawton and Norman hospitals because of what he feels is an unjustifiably low tort limit. The additional cost to us will be between \$300,000 - \$400,000 per year. Because so few hospitals are affected, and because everyone else is focused on getting the provider fee passed, there's nothing we can do about this bill.

### **CALL PAY RECOMMENDATIONS**

Previously, we had shown the Board the financial impact of paying call at \$200, \$250 or \$300 per hour for the specialties of GI, urology and ENT. GI would require an additional 120 days, urology an additional 240 days and ENT 240

days. Financial impact at \$300/day if all three specialties took our offer at \$300/day would be \$230,000/year. We would like to proceed with finalizing an agreement with urology to pay the \$300/day for call. In the particular case of urology, it's been Dr. Lauvetz's desire to stay on our Board, and this would require competitively bidding this call coverage in order to meet the State conflict of interest statutes regarding public trust directors. We intend to proceed with that. Following that, we will make similar offers to ENT and GI for the coverage. We anticipate ENT will accept, and we are uncertain about the GI coverage.

Dr. Drummond pointed out that this will be a service to the community that will create revenue for the hospital by keeping the patients here. Dr. Lauvetz stated that he understood the need for competitive bidding. Jerry Moeller said that it is becoming more difficult for smaller hospitals as many are coming across similar circumstances when having physicians on their Board.

There's always the question of who will be next in line. The Medical Staff has gone through a formal review of this and the Call Task Force will be forwarding a recommendation to the Board asking for 24 hour coverage in the three specialties just mentioned, and also some consideration for Rule of 80 physicians who continue to take call. We could expect some push back from Rule of 80 doctors after this recommendation is passed. But these physicians take call because of the requirements of the coverage group in which they participate. For that reason, we will probably not recommend paying "Rule of 80" physicians for call, or making it more of a modest honorarium payment.

Beth Buchanan asked if the Rule of 80 will become a policy and be brought before the Board for approval. Mr. Moeller stated that it would.

#### **OTHER BUSINESS:**

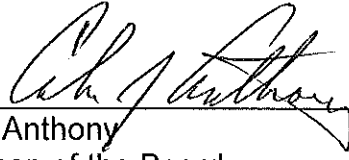
Dr. Drummond stated that the Hospital is very fortunate to not have a lot of Tort Claims. He wondered if Stillwater Medical Center had a need for a chaplaincy or a support system for our families. Jerry Moeller stated that we have a patient representative and social workers. We have a list of the churches in Stillwater who are very responsive when we call.

#### **LEADERSHIP DEVELOPMENT INSTITUTE #2**

Our coach from the Studer Group, Annette Odland, met with the Management Team recently at our second Leadership Development Institute (LDI). As a reminder, LDIs are the 2-day management team meetings that are held on a quarterly basis as part of our Good to Great initiative. Topics discussed in detail at this meeting were rounding for outcomes, the importance and impact of thank you notes, employee selection and the first 90 days and HCAHPS. These topics will be addressed in upcoming employee forums with all hospital staff members.

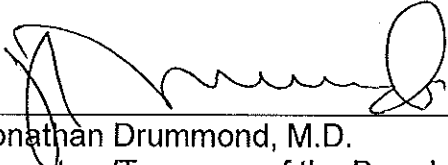
#### **ADJOURN:**

There being no further business, the meeting was adjourned at 6:52 p.m.



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Calvin Anthony  
Chairman of the Board



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Jonathan Drummond, M.D.  
Secretary/Treasurer of the Board