

**STILLWATER MEDICAL CENTER AUTHORITY  
BOARD OF TRUSTEES  
Special Meeting October 17, 2011  
Stillwater Medical Center Honska Conference Center  
5:30 p.m.**

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

**Absent:** Mayor Nathan Bates

**Others:** Jerry Moeller, Alan Lovelace, Steven Taylor, Dr. Glen Henry, Teresa Hopkins, Shyla Eggers, Tina Koemel, Kathy Blasier and Susan Taylor

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

**APPROVAL OF MINUTES**

Buchanan moved the Board approve the minutes of the September 27, 2011 regular meeting of the Stillwater Medical Center Authority Board of Trustees as presented. Duncan seconded the motion, and Anthony, Duncan, Barto, Lauvetz, Couch and Buchanan voted in favor of the motion.

**POSTED ITEMS**

**Acceptance of September 2011 Financial Report**

CFO Alan Lovelace gave a PowerPoint presentation of the summary of operations for September 2011. Total patient revenue for September was \$16,295,851, higher than budget by 0.74%, and slightly lower than September 2010 by 0.33%. Acute inpatient admissions were 361. This compares with 323 admissions in September 2010. The emergency department saw 2,332 patients compared to 2,334 in September 2010. Outpatient visits were 7,452 compared to 7,499 this time last year. There were 114 inpatient surgeries and 132 outpatient surgeries performed, compared to 99 inpatient and 131 outpatient surgeries in September 2010. There were 303 surgeries performed at the Surgery Center West.

Total deductions from revenue in September were 53.02% of gross patient revenue. The budget for deductions is 54%. Payer mix remained consistent with prior months. Medicare length of stay was 4.4 days, and case mix was 1.41. Charity care totaled \$358,431 for the month, and \$952,166 was written off as bad debt expense. The combined total for charity and bad debt equaled 7.97% of gross patient revenue. The budget is 7.8%.

Salary expense was higher than budget by 1.73%. Benefit expense was lower than budget by 23.78%. Salary and benefit expense represents 42% of net operating revenue. Supplies, other expenses and purchased services are in good shape compared to budget. Total operating expense was below budget by 3.68% and higher than last year by 2.59%.

Total non-operating revenue was a loss of (\$871,208) which consisted of realized gains (losses) and investment income of \$32,107, unrealized losses of (\$845,020), and interest expense of (\$58,295).

Total net income for the month was \$45,137. Gain from operations was \$916,345. Operating margin for the month was 10.13% and total margin was 0.55%.

Total assets at September 30, 2011 remain strong. Cushion ratio, which measures the number of times future peak debt service can be paid with available cash, equals 16.5. This compares to 15.3 for Moody's A3 rated hospitals. Total return on assets for the month equals 3.7%. This ratio measures how much profit is generated for each dollar of assets. Unrestricted cash to long term debt equals 254.2%, compared to Moody's A3 median of 118%. This ratio measures the percentage of existing debt that could be retired immediately with existing available cash balances. And lastly, days net revenue in net accounts receivable, represents the number of days net revenue that is tied up in net accounts receivable, which can have a dramatic impact on cash flow. Days revenue in net AR for SMC equals 33.1 days compared to Moody's A3 rated hospitals of 50 days.

Accounts payable remained consistent with prior months. Average payment period for accounts payable remains good at 45.4 days, compared to 55 days for Moody's A3 rated hospitals. The long-term debt to equity ratio was 20.4%. This ratio for Moody's A3 rated hospitals is higher at 37.3%. The annual debt service coverage ratio is 4.7, compared to Moody's ratio of 4.4. This ratio was 4.7 at year-end 2010.

Total net assets (assets minus liabilities) increased to \$75.04 million. This compares with \$69.9 million year to date in 2010. As a benchmark, Moody's A3 rated hospitals median net assets equal \$150 million.

Lovelace also discussed the Finance Committee meeting of last Friday, October 14, 2011.

After brief discussion, Buchanan moved the Board accept the Financial Report and Finance Committee minutes as presented. Lauvetz seconded the motion, and Couch, Duncan, Anthony, Buchanan, Lauvetz and Barto voted in favor of the motion.

## **CONSENT AGENDA**

### **Medical Staff Matters**

- **Request for Approval of Telemedicine Privileges in Radiology**
  - Jason Eves, M.D.
  - Darren Shirley, M.D.

Chief of Staff Glen Henry, M.D. discussed the Consent Agenda with the Board. Barto moved approval of the request for approval of telemedicine privileges in radiology for Dr. Eves and Dr. Shirley. Duncan seconded the motion, and Couch, Buchanan, Anthony, Barto, Duncan and Lauvetz voted in favor of the motion.

## **CEO REPORT:**

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

### ***Telestroke Go-Live***

On October 5<sup>th</sup> at 7:00 a.m. Stillwater Medical Center went live as a TeleStroke site, as part of the Integris Health TeleStroke Physicians and Telehealth team. This will allow us to make application to the Oklahoma Department of Health's primary stroke center designation. Moeller told the Board that our staff and physicians have worked very hard

to get the training necessary, and work through a number of simulations to make sure we had the resources we need to offer this service.

However, the most important part is that we will be able to provide better care to our patients. Previously, even if we knew a stroke was occurring, even from the field we would transport that patient to a primary stroke center. With this designation we will be reclassified as a Primary Stroke Center, and will receive the patient, and then with TeleHealth evaluation, administer the proper drugs here in our ER much sooner, and we'll save patients.

#### ***Wondertorium Exhibit***

Moeller reminded Board members that in December of last year, the Board approved a \$15,000 donation to the Wondertorium for a "My Medical Center" exhibit. Moeller attended an early open house for donors to the museum and was very impressed with the whole museum, but also our Medical Center exhibit. It provides areas for registration, for examination with an eye chart and stethoscopes, etc., it has a laboratory where the children can put in slides and it will tell them what they're looking at; it has a skeleton; an operating room where there's a mannequin that allows you take out different parts of the chest and abdomen, and there's a nursery area where you can measure and weigh infants. Moeller reported that it is very impressive.

#### ***Board Retreat***

Board members were reminded of the fall Board of Trustees Retreat, which will be held on Friday, November 4<sup>th</sup> at the Cimarron Hotel & Suites. We will begin at 8:30 and adjourn around 3:00. A continental breakfast and lunch will be provided. Packets will be distributed at the meeting.

#### ***Mock Survey***

Sept 21-23rd SMC underwent a Mock DNV Survey by representatives of VHA. This was a mid-year survey to analyze survey readiness, and to determine how we were progressing in regard to the correction of deficiencies noted in our previous DNV survey. The surveyors were very complimentary of our facility and staff's participation. There are a few areas of vulnerability such as Anesthesia documentation based on CMS regulations from January of this year, and standardization of processes throughout the facility. They pointed out some education needs for our staff, and a few areas where we must focus our attention in regards to documentation. Moeller stated that overall we did very well, and will work on those areas that have been identified.

#### ***New Law Leads to More Insured Young Adults***

Included in the Board packet was an article from the Associated Press that shows that the number of young adults covered by health insurance grew by about a million as families took advantage of a new benefit in the law. As of January 1<sup>st</sup>, the new healthcare law allows young adults to remain on their parents' health plans until they turn 26. Previously, families faced a variety of different policies, none of which extended the coverage for that long. Both the Government's National Center for Health Statistics and a separate Gallup survey showed that about a million more adults between the ages of 18-25 had health insurance coverage than the previous year.

#### **BOARD EDUCATION**

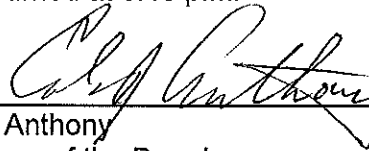
Kathy Blasier, Director of Materials Management at Stillwater Medical Center, presented a program regarding SMC's SQUAT program. Blasier explained to Board members that

SQUAT stands for Selection Quality Utilization Analysis Team, and that the team's mission is to maximize value without sacrificing safety, quality or functionality. This is accomplished through scientific and focused value management studies. Members of the SQUAT team analyze and recommend new technology, products, services and equipment to the SQUAT committee. Blasier explained how the SQUAT process works. First of all, the goal is defined. Next, there is an investigation of the new and old equipment or process. The team member then matches function to need, and then the new technology or equipment is evaluated and finally selected.

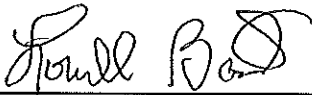
Blasier shared some of the most recent SQUAT projects Board members, via Power Point presentation. Board members expressed their thanks to Blasier for teaching them more about this process.

**ADJOURN**

There being no further business, Couch moved the meeting be adjourned. Duncan seconded the motion, and Anthony, Duncan, Couch, Lauvetz, Buchanan and Barto voted in favor of the motion. The meeting was adjourned at 6:13 p.m.



Calvin Anthony  
Chairman of the Board



Lowell Barto  
Secretary/Treasurer of the Board