

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

**MINUTES – June 29, 2011**

**BOARD MEMBERS PRESENT:** Jerry Schulze (Chair), Terry Murray (Vice Chair), David Tedder (Secretary/Treasurer), Steve Kessel, M.D., Andrea Allen, James Simmons, M.D.

**OTHERS PRESENT:** Rick Toomey, Jeff White, Karen Carroll, Pat Foulger, David Homyk, Ed Ricks, Sam Derrick, Paul Mazzeo, M.D., Bill Nettles, Bill McBride (Beaufort County Council Member), Paul Sommerville (Beaufort County Council Member), Nora Kresch, Ann Mecherle, Diane Wadas, Dawn Crawford

**ABSENT:** Bill Paddock, Pat Thompson, M.D., Susan Williams, Alice Moss, David Black (Howell, Gibson & Hughes)

**MOTION:** A motion was made by Mr. Tedder to go into Executive Session at 7:31 a.m. to discuss Quality Improvement, Medical Staff Credentialing, Strategic Planning, Contractual Arrangements, Legal and Personnel Matters. The motion was seconded by Mrs. Allen, and unanimously approved. The meeting re-convened to Open Session at 9:34 a.m.

**INVOCATION:** Mrs. Allen gave the Invocation.

**INTRODUCTION:** Mr. Schulze welcomed Bill McBride and Paul Sommerville, Council Members from Beaufort County.

**APPROVAL OF MINUTES – May 25, 2011:** Mr. Tedder made a motion, which was seconded by Mrs. Murray, to approve the minutes of the May 25, 2011 meeting with noted corrections on page 2. Unanimous approval.

**COMMITTEE REPORTS**

**Finance Committee – *Dashboard (pg. 7):*** Mrs. Murray reported that the May financial results were below our forecast. Our inpatient census was low at 114; however, we were above last year's census of 112. Our operating margin was 1.87% and YTD at 4.1%, which is above YTD budget and comparable Moody's rating of hospitals our size. She stated that the rising bad debt and increasing accounts receivable is largely due to bills being held a few weeks during the IT upgrade. She said that even though we did not meet our budget in May, overall we are in good shape YTD.

***Income Statement (pg. 11):*** Mrs. Murray said that when comparing our net patient revenues, we are 10% higher and our operating expenses were 8% higher than last year; however, we are still higher in our total operating income by 20%.

***Audit Committee:*** Mrs. Murray said the Audit Committee met and received a Risk Assessment Report prepared by Dixon Hughes Goodman (DHG), our auditor. She recapped that over a year ago we learned a best practice was to develop an internal audit function and instead of hiring an internal auditor, we decided to contract with DHG to do a risk assessment of our risks and evaluate the likelihood and impact of those risks. She said they will continue to review the

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results and will share them at a later time. *She said senior management over the next couple months will respond to the identified risks and will inform us of the actions they are taking internally. She said after this has taken place, the Audit Committee will come back to the board with a recommendation on: 1) whether we pursue looking at these risks on a further contracting basis, 2) whether we rely on staff to address the risks identified, or 3) whether we hire an internal auditor.*

The financial report was unanimously approved.

**Quality Improvement Committee:** Dr. Simmons was recognized in Executive Session for being selected from over 300 nominees to become a Liberty Fellow. He is one of 23 South Carolinians chosen for this honor, which is designed to build leadership. Dr. Simmons thanked the Board and presented the following reports and policies:

- Teleradiology Policy
- Verbal and Telephone Orders Policy
- Restraints and Seclusion Policy
- Patient Informed Consent Policy
- Risk Management Plan

Mr. Tedder made a motion, which was seconded by Mrs. Murray, to approve the aforementioned reports and policies as discussed. Unanimous approval.

**Compliance Committee:** In Mrs. William's absence, Mrs. Wadas presented the Compliance Report. She stated that there has been an increase in Medicare RAC denials; however, after medical review, if the patient met inpatient criteria for admission, those denials will be appealed. She noted that Care Coordination statistics have lower numbers due to the changeover of our new IT system.

**Governance Committee:** Mr. Toomey presented in Dr. Thompson's absence. He said the committee met in June and are working to identify prospects to replace outgoing Board member Bill Paddock in March 2012. He asked that all names be submitted to Mrs. Mecherle and/or the County office. Also, Dr. Simmons stated that he was present at the June meeting. Mrs. Mecherle reminded everyone that for the next 3 months (Jul-Sep) the Governance Committee will meet at 5:30 p.m. instead of 7:30 a.m.

**Community Outreach and Wellness Committee:** Dr. Kessel reported that BMH is one of 32 SC hospitals participating in SCHA's Working Well Program, which is being funded by The Duke Endowment. Jen Wright, SCHA Manager for the Working Well Project, met with the committee last week. Following the example set by North Carolina hospitals, SCHA hopes this project will help hospitals in our state become community models for workplace wellness.

Dr. Kessel also stated that BMH is the lead sponsor for the Water Festival's Sporting Events and Loco-Motion Carolina Cups 3-day breast cancer walk in late September. In addition, he said BMH is working with SCHA on Access Health, a program to assist in indigent care. There was some discussion about reaching the African American population better, as well as seniors, to let them know what services are offered. *Mr. Schulze asked Nora Kresch to give an update on what is being done to reach those groups at a future Board meeting.* The Community Outreach and Wellness report was unanimously approved.

**Strategic Planning Committee:** Mr. Toomey presented in Mr. Paddock's absence. He said that during the last two meetings, they discussed physician practices and looked at SWOT (*Strength,*

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*Weakness, Opportunity, and Threat*) of a 501-3C organization. He said the decision is to continue looking at the pros and cons of a free standing organization; however, in the meantime they will continue maintaining the physicians as employees of the hospital. He said that Doug Bowling, CEO, Roper St. Francis Healthcare Physicians, was here in June and gave a summary of their journey, strategy and lessons learned by growing from 20 physicians to 180 physicians in less than 2 years. He said the next meeting, which will be held on July 26<sup>th</sup>, will be to discuss the new physicians' needs assessment.

**MEDICAL STAFF – Credentials:** Dr. Mazzeo presented the following practitioners for reappointment: Kenneth Brown, MD, Active Staff (Otolaryngology); Stephen Ferry, DDS, Active Staff (Oral Maxillary Surgery); Leland Stoddard, MD, Active Staff (Orthopedics); Patricia Devers, DO, Active Staff (Hospitalist); Oswald Mikkell, MD, Consulting Staff (Dermatology); Scott Strohmeyer, MD, Active Staff (Orthopedics); Francis Simmons Hane, DMD, Active Staff (Oral Maxillary); Paul Brewer, MD, Community Active (Dermatology); Jane Kokinakis, DO, Active Staff (Ophthalmology).

Six month quality review: Anne Taylor, CNM, Allied Health (Neurology – sponsored by Dr. Mazzeo).

One year review/change of status: Mary Hill, MD, Provisional Active to Active Staff (Psychiatry); Amanda Salas, MD, Provisional Active to Active Staff (Psychiatry).

New Appointees: Deanna Mansker, MD, Provisional Associate Staff (General Surgery) – with 5 cases to be proctored by group and 5 medical record reviews in first year.

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

**Medical Executive Committee:** As discussed in Executive Session of the Board, Dr. Kenneth Brown asked to have his privileges submitted next month. Mr. Tedder moved to amend the motion made by the Credentials Committee to defer Dr. Brown's reappointment to submit back to the MEC for a recommendation to the Board. Mrs. Murray made a motion, which was seconded by Dr. Kessel, to approve the amended motion by Mr. Tedder. Unanimous approval.

**STAFF REPORTS: Support Services, Human Resources, Information Systems, Patient Care Services, Public Relations, and Quality Services:** Mr. Schulze inquired about the low percentage rate of former employees being contacted by PRC for exit interviews. Mr. Homyk said his staff is working to ensure they have the correct phone numbers to reach them.

*Mr. Tedder suggested the Board Chair send an "at-a-boy/girl" letter to each of the monthly recipients of the You Make a Difference Program. Mrs. Murray asked that Dr. Hermann be invited to the provider's opening on July 21st of the Women's Imaging Center.*

Mr. Ricks said the CPOE initiative has gone very well. He said he has registered BMH for the Meaningful Use program with the State and with CMS. The potential return over the next 4 years from Medicaid and Medicare is around \$8M.

Discussion ensued regarding the departure of Drs. Luther and Vormohr. Mr. Toomey stated there were 4 reasons that they shared with him about why they did not renew their contract:

1. Methodology of their bonus

2. Different practice style – possible desire to incorporate Concierge Medicine
3. Locate their practice on Hilton Head Island (*closer to their homes*)
4. Opportunity to make more money

**Mr. Toomey said he would summarize their reasons and send to the Board as points to pass.** Mr. Schulze asked that we distribute this type of information ahead of time, in order to respond to the community. Mr. Toomey said over 4K letters were mailed to patients and we will advertise in the local newspapers. Mr. Derrick said Dr. Lisle has picked up a day to help with their former patients and the Hutchings have also agreed to assist.

Mr. Tedder made a motion, which was seconded by Mrs. Allen, to approve the staff reports. Unanimous approval.

**BMH FOUNDATION:** Mr. Nettles presented Ron Rosetti's name as being invited to participate on the Foundation's Investment Committee. He pointed out that the Endowment Fund is paying off nicely to the hospital, and asked Board members to thank the Datar Women's Golf Group for their continued support of BMH initiatives. He said his dream is to raise funding efforts for the Endowment to reach a goal of \$20M, which would then provide \$1M to the hospital per year.

**MANAGEMENT REPORT – ER Expansion (handout):** Mr. Toomey gave a report on the status of the Emergency Department construction project. He said there have been glitches in the CON approval process, and work is being done with DHEC to get needed approvals in a timely manner. He said that we will use 2 Central as the ER for a period of time during construction; if we cannot, it will add an additional \$208K. He reviewed the projections costs and stated the final costs total \$14.9M (*\$700K is built in for contingency; however, if it is not used would come back to the hospital*). Mr. Toomey asked the Board to give him the authority to spend up to \$15M for this project, which was budgeted at \$14.5M, contingent upon CON approval. Mrs. Murray made a motion, which was seconded by Mr. Tedder, to approve the budget of \$15M. Unanimous approval.

**Construction Order Release (handout):** Mr. Toomey also stated that the critical path of the construction timeline is to replace the chillers, which provide the air conditioning. He said they would like to start August 2<sup>nd</sup>, so that they can replace the chillers the last week in February or early March. In order to make that timeline, we need to release the orders now for a total commitment of \$1,434,579. Mrs. Murray made a motion, which was seconded by Mr. Tedder, to release the orders. Unanimous approval.

**ED On Call Coverage Agreement (handout):** Mr. Toomey said the agreement has worked well these past three years. He said the recommendation from management is to continue the agreement for an additional two years and to include an additional specialty – ophthalmology. Mr. Tedder made a motion, which was seconded by Mrs. Allen, to approve this revised agreement. Unanimous approval.

**CHAIR ANNOUNCEMENTS:** Mr. Schulze reminded the Board members to tour the new Women's Imaging Center and enjoy a brunch hosted by the architects and the construction company.

**ADJOURN:** The meeting adjourned at 11:15 a.m.

Respectfully submitted,

David Tedder  
Secretary/Treasurer