

COFFEY COUNTY HOSPITAL BOARD OF TRUSTEES MEETING

The Coffey County Hospital Board of Trustees met in regular session on July 21, 2014, in the Allen Woods II Conference Room. Board Members attending were: Jim Ochs, Chairman; Gene Merry, Vice-Chairman; Polly Epting, Secretary; Steve Hopkins, Treasurer; Levi Saueressig, Rosemary Rich, Peter Allegre, Tim Smith, and Tim Sipe. Employees attending were: Randy Lindauer, CEO; Dr. John Shell, Chief of Staff; Gus Rogers, CFO; Patty Thomsen, Clinic Administrator; Tracy Campbell, Marketing Director; Wendy Byerley, Long Term Care D.O.N.; and Terri Tweedy, Administrative Assistant. Mark Peterson attended representing the newspaper. Matt Morris attended representing BKD, LLP.

Jim Ochs called the meeting to order at 6:00 p.m.

Recognize visitors: None.

Additions to Agenda: Topics added were: to Old Business, letter C, Evaluations; D, Executive Finance Committee member selection. To VII. Financials, add Loan Authorization Request. Steve Hopkins moved, Gene Merry seconded the motion to approve the Agenda as amended. Motion carried unanimously.

Gene Merry stated that on page three, the last sentence of the fifth paragraph concerning the relationship with St. Francis Hospital in Topeka should be whatever, not however. Steve Hopkins moved, Tim Smith seconded the motion to approve the June 16, 2014 Meeting Minutes as corrected. Motion carried unanimously.

Dr. Shell gave the Medical Staff Report.

Steve Hopkins moved and Tim Smith seconded the motion to approve that Jon Sides, M.D., be reappointed to the Active Staff with the Family Practice privileges as requested for a term of August 1, 2014, to August 1, 2016. Motion carried unanimously.

Steve Hopkins moved and Tim Smith seconded the motion to approve that Stephanie Sedivy, M.D., be reappointed with the Consulting Staff with the pathology privileges as requested for a term of August 1, 2014, to August 1, 2016. Motion carried unanimously.

Matt Morris presented the Draft Audit Report for 2013. Matt stated the actual Audit Opinion is not yet approved but that the numbers presented are actual numbers. He reviewed the reports that were distributed and commented on trend variances, payments, expenses, internal control deficiencies and suggestions for better reporting and processing of information.

Gus Rogers presented the June financial report. He reviewed the graphs and explained that the main financial focus is on cash flow and receivables. Discussion was held concerning the accounts receivable process. There are claims that are uncoded that HRG will address and correct. The days in Accounts Receivable are reducing. The goal is not to exceed 35 to 38 days. Randy stated that \$1.7 million was paid to vendors in the last 50 days decreasing cash-on-hand. He also noted that the review of the Charge Master is a slow process but that the big ticket items are almost complete in correction. As of June 1st the new rates went into effect for bed charges. This correction should increase annual revenue by \$650,000.

Jim stated that he and Randy met with commissioners to discuss the one million dollar loan. The Commissioners will put 1 million into a CD as collateral for CHS's line of credit. The County will

receive the interest earned on the CD. The interest rate from the County is 0%. Peter Allegre moved and Tim Sipe seconded the motion that the Board authorize Randy Lindauer, CEO, of Coffey Health System to borrow one million dollars (\$1,000,000) from the Coffey County Commission and to sign any documentation relating to this transition. Motion carried with Gene Merry abstaining explaining that he is on the Board of Directors for Central National Bank which is involved in this process.

Randy Lindauer gave the Administrator's Report. He, Gus and Matt Morris are working on the 2014 Cost Report.

Healthland has been here and working to resolve problems. They seem to be getting more issues resolved. The Lawsuit from Creekridge was thrown out in Minnesota due to Healthland not fulfilling their duties. The relationship between Creekridge and Healthland is unclear. Randy spoke with Healthland CEO and informed him that CHS will not pay them until the system is running at a 90% rate. Randy noted that Matt Morris advised Karen Smith not to go with Healthland.

The Meadows admitted 4 new residents in 1 week. They were all from outside of Coffey County. New furniture was bought for the apartments. Sunset Manor now has 30 residents. The overtime is decreasing at Sunset. The entire System is working to decrease overtime and discretionary leave.

Quality and Corporate Compliance will be on the August Agenda.

A search has begun for a family practitioner to live and practice in Woodson County. Information has been received by the CHS attorney stating a hospital can operate a clinic outside of the county but not outside the state.

Randy attended the HINK (Health Information Network of Kansas) Board meeting. He is looking at their health plan benefits to compare with other coverages.

Randy visited with the Allen County Hospital CEO concerning Dr. Fejfar. Randy was told that Dr. Fejfar would have clinic privileges but no surgeries as the equipment was too expensive. A contract is being drawn to document what services will be performed.

A grant was submitted for \$400,000 for education and an HVAC grant application is being completed to recapture costs for the new HVAC system.

Jim Ochs stated that he had not received any changes to the evaluations that were distributed at the last meeting for the CEO or the Board Self Evaluation. He asked if anyone had any comments on the documents. Steve Hopkins mentioned that in the Constitution, section 6.2, concerning the duties and authorities of CEO, should correspond with the CEO Evaluation and that the Evaluation should address financial health/fiscal responsibility. He also mentioned that he would like a regular written report with more detail. Jim asked that changes be submitted to him prior to next meeting. The CEO evaluation will be complete in September. Jim asked that Randy complete one on himself and submit to Jim.

Randy stated that most information concerning the Healthcare update had been discussed. He noted that the Disproportionate Share application will be mailed by end of month.

The architects have made a few changes to the Long Term Care plans and will be at the August regular meeting to make a formal presentation. Once finalized, the next step will be to collect bids. Wendy Byerley, Sunset Manor Director of Nursing stated she recently toured a new facility in Kansas City. Terri Tweedy will arrange for a tour of that facility. No decision has been made as to location of the new Long Term Care Unit

Steve Hopkins discussed the Executive Finance Committee and how this will replace the Finance Committee stated in the Bylaws. The Executive Finance Committee will meet monthly prior to the regular Board meeting with the purpose to review finances, streamline financials and make recommendations to the Board. Two or three 3 board members are needed for the committee. Tim Sipe, Gene Merry, Steve Hopkins and Polly Epting volunteered to serve. Randy stated that he, Gus Rogers, Melissa Hall and Patty Thomsen would also serve on this committee.

Tim Sipe moved and Gene Merry seconded the motion to enter into an eighteen minute executive session to discuss non-elected personnel. Motion carried unanimously.

Executive session began at 8:07 p.m.

Regular session resumed at 8:25 p.m.

Peter Allegre moved and Tim Smith seconded the motion to adjourn. Motion carried unanimously.

Meeting adjourned at 8:25 p.m.

Polly Ann Epting, Secretary