

COFFEY COUNTY HOSPITAL BOARD OF TRUSTEES MEETING

The Coffey County Hospital Board of Trustees met in regular session on October 16, 2015, in the Allen Woods II Conference Room. Board Members attending were: Steve Hopkins, Chairman; Rosemary Rich, Secretary; Craig Stukey, Treasurer; Cameron Roth; Judy Reese; Tim Smith; Levi Saueressig; and Dennis Young. Peter Allegre, Vice-Chairman arrived at 6:27 p.m. Employees attending were: Leonard Hernandez, CEO; Dr. John Shell, Chief of Staff; Cheryl Batchelor, Interim Chief Financial Officer; Patty Thomsen, Vice President of Medical Clinics; Tracy Campbell, Marketing Director; and Terri Tweedy, Executive Assistant. Melissa Hall, Vice President of Clinical Services arrived at 6:40 p.m.

Chairman, Steve Hopkins called the meeting to order at 6:00 p.m.

Treasurer, Craig Stukey, led the Pledge of Allegiance.

There were no changes to the Agenda.

Tim Smith mentioned that he had asked for an Accounts Receivable breakdown the previous month and asked if one could be given to the Board. Steve stated this information was discussed in the Executive Finance Committee and Craig Stukey would discuss this information in his report.

- Tim Smith moved and Craig Stukey seconded the motion to approve the September 21, 2015 and October 8, 2015 meeting minutes as presented. Motion carried unanimously.

Dr. Shell gave the Medical Staff Report. Pulmonologist, Dr. Leeds, presented a sleep study proposal that has the possibility of generating income and could possibly allow some patients to be tested at home. Steve asked about the ICD-10 implementation. Dr. Shell said it was going smooth and Leonard stated he has visited with Health Information Management about the process. This appears to be going well.

Craig Stukey reviewed the Executive Finance Committee Report. He said the reports showed expenses decreased by \$300,000 while income increased by \$200,000.

Interim Chief Financial Officer Cheryl Batchelor reported that year-to-date revenue exceeds last year by \$2.8 million, concluding "That tells us that we're doing better at getting bills out the door, so we can get the money in." Batchelor also reported significant progress on efforts to reduce salary expenses and full-time equivalent staffing. When Coffey County recently loaned CHS \$1 million and restructured \$3.4 million in debt to stabilize finances, the CHS board committed to making a five percent reduction in salaries and benefits. "At the end of September year-to-date, we were sitting at 267 FTEs. Year-to-date 2014 was 268 FTEs, but when you look at January of this year we were at 285 FTEs. So, from September of last year until January of this year, we increased 20 FTEs. Well, we're back down that same amount. That's pretty good because we have done what we said we were going to do." Batchelor also reported that acute care discharges are down 77 from this time last year; patient days are down 400; outpatient visits are slightly down; and clinic visits are up by over 500. The audit firm, BKD, will be present at the hospital to perform the 2014 audit in late October.*

Cameron is stepping down from the Executive Finance Committee. Judy Reese has accepted appointment to replace him.

The pre-fab building sale should be finalized by mid-November.

Peter Allegre reported on the Strategic Planning Committee. Allegre reported that the strategic planning committee is prioritizing staff suggestions and sorting long-term planning issues from operational issues. Leonard Hernandez will put together a strategic plan outlining objectives that can be fulfilled within the next one, two, and three years.*

Dennis Young will email the board evaluation/selection information he has received to Terri Tweedy for distribution.

- Tim Smith moved and Judy Reese seconded the motion to approve actions of Board committees and each Medical Staff Credential/reappointment. Motion carried unanimously.

Discussion was held regarding the possibility of changing the meeting date to allow for more time to process financial statements. No action was taken.

The board reviewed proposed changes to the accrual rate of employee discretionary leave. When asked about the impact on employee morale, Leonard responded that he had conducted a series of all-staff meetings to discuss the organization's financial position and introduce measures to further reign in expenses while protecting jobs. "I think people understood a little bit better—once we started talking about finance, where the hospital was, where we've been, and some of the things that are happening now—why we had to have (these) discussions. Even though nobody jumped up and cheered, I think it was the consensus that they knew we were doing something in the right direction to keep us here long-term." A lengthy discussion ensued regarding the accrual of D.L. and use of voluntary and involuntary "low-census" time off. The board requested data regarding low census time and the usage of D.L. time to cover forced time off. "This is hard no matter what. Part of the discussion (the executive finance committee) had today is that we were trying to make ourselves aligned—both with the insurance changes and (D.L. accrual)—with the Kansas Hospital Association data that we have for averages of what everyone else is doing. So that is why these values changed." Hernandez recommended that, rather than focusing on low census time, attention should shift to increasing census and revenue.*

Leonard recommended that Critical Access Designation be reviewed as this has not been done since 2012 according to the auditors, BKD. On completion of the 2014 annual audit, a study will be done to determine if this designation would be beneficial for CHS.

Hernandez also reported that he'd met with the county commission earlier in the day. "The first question they asked was about billing. They wanted to know how we're doing with billing and what changes have taken place, so we discussed that quite a little bit. We talked about changes that we've made in this last quarter. In July, August, and September, we saw our gross revenue increased by about \$300,000 a month. That's the kind of thing we need to see happen on that side. We also saw our expenses drop about \$200,000 a month. Those are good signs on top and bottom, and those are the kinds of things that will be difference makers over the course of a year." The commission also asked Hernandez for a status update on the proposed Madison clinic. Other area hospitals are now interested in putting a clinic in Madison. Following discussion, board members indicated a preference to keep CHS resources local and focus on strengthening existing programs and facilities before committing to expansion beyond Coffey County.*

Steve reviewed the response letter from Scott Palecki regarding procedural questions raised during the Board Retreat held on September 2, 2015.

The board requested an update on property deeds. The matter will be researched and addressed at the next meeting.

The board instructed Leonard to assure that the administrator of Sunset Manor is appropriately designated and assigned.

- Dennis Young moved and Levi Saueressig seconded the motion to enter into a 20 minute Executive Session with Leonard Hernandez to discuss non-elected personnel with open session to resume at 8:00 p.m. in Allen Woods II Conference Room. Motion carried unanimously.

Executive session began at 7:40 p.m.

Regular session resumed at 8:00 p.m. in Allen Woods II Conference Room.

- Cameron Roth moved and Dennis Young seconded the motion to enter into a 20 minute Executive Session with Leonard Hernandez to discuss non-elected personnel with open session to resume at 8:20 p.m. in Allen Woods II Conference Room. Motion carried unanimously.

Executive session began at 8:00 p.m.

Regular session resumed at 8:20 p.m. in Allen Woods II Conference Room.

Leonard was commended for sending weekly update reports to the board, sharing information to all employees about the change to the health insurance delivery coverage and for keeping the physicians informed about the System.

Steve mentioned that Bob Saueressig was very complimentary about the Trustees and has confidence in the board.

- Judy Reese moved and Cameron Roth seconded the motion to adjourn the meeting at 8:25 p.m. Motion carried unanimously.

Rosemary Rich, Secretary

Potential follow-up items for November regular meeting (not all inclusive):

AR breakdown report

Discussion of accrual rate - DL policy

Low-Census Report

Property title changes and Sunset Manor administrator designation updates

Strategic Planning update

(*) Taken from The Insider - October 2015 edition