

COFFEY COUNTY HOSPITAL BOARD OF TRUSTEES MEETING

The Coffey County Hospital Board of Trustees met in regular session on June 27, 2016, in the Allen Woods II Conference Room. Board Members attending were: Steve Hopkins, Chairman; Peter Allegre, Vice-Chairman; Rosemary Rich, Secretary; Craig Stukey, Treasurer; Jeff Clark; Dennis Young; Levi Saueressig; Cameron Roth; and Judy Reese. Employees attending were: Leonard Hernandez, CEO; Dr. John Shell, Chief of Staff; Jim Van Hoet, Chief Financial Officer; Patty Thomsen, Vice President of Medical Clinics; Theresa Thoele, Vice President of Human Resources; Melissa Hall, Vice President of Clinical Services; Tracy Campbell, Marketing Director; Terri Tweedy, Executive Assistant; Krista Cubit, Long Term Care Director; and Vickie Seems, Long Term Care Business Office Manager. Matt Morris, Auditor, attended representing Baird, Kurtz, and Dobson. Visitors attending were: Juanita White, Controller, and Trevor White.

Chairman Hopkins called the meeting to order at 6:30 p.m.

Treasurer, Craig Stukey, led the Pledge of Allegiance.

Visitors Juanita White and Trevor White were welcomed.

No changes were made to the Agenda.

Consent Agenda

There were no changes made to the May 23, 2016 and May 25, 2016 Board of Trustee Minutes.

Matt Morris reviewed the 2015 Audit. He suggested monitoring FTE's closely. Comparisons between the Critical Access and PPS designations were presented. The Long Term Bed Tax will increase July 1st. Each bed's tax was \$350 per year but will now be \$1950 per bed. This totals \$70,200 per year compared to \$13,650 in previous years. The number of licensed beds were reduced as of June 1, 2016 from 42 to 36. Morris mentioned that we may not be capturing all work performed at the nursing home because of manual charting. This reduces the case mix index (nurse hours per resident day) which reduces reimbursements. Computerized charting may be more beneficial.

Christa Kubit, Long Term Care Director introduced Vickie Seems, Long Term Care Business Office Manager. Seems reported she is working on the Medicaid pending resident accounts. Three accounts are processed with 4 still pending. The admission process has been revised to facilitate and aid in the Medicaid application process.

BKD will perform an interim cost report spanning from January through May of 2016 to determine if the trend remains the same for inpatient and outpatient numbers and if Critical Access Hospital (CAH) designation is the better option for CHS. This report will cost approximately \$5000.00 and will be complete by the end of July. Hernandez has been through the change in designation process three times. The designation would take effect the first of the month following approval. Hernandez stated Newman's Hospital is one of the largest CAH in the nation. He said this designation would not change operations but would increase reimbursements. Ransom Memorial Hospital's CEO, Matthew Heyn, has mentioned that they can not change to CAH designation due to their location, but would like to. At this time, there

are no “hot buttons” or long term effects that would negatively affect this designation. One third of the nation’s hospitals are CAH. CHS can revert back to PPS (Prospective Payment System) designation, if desired. Financially, it is better to be a CAH system. Therapy reimbursements may be slightly effected due to the department being off site. CAH Cost Report reimbursement would increase because the entire System’s financials are used in the calculations. Currently, Rural Health Clinic financials are what is used for the report. CAH Medicare reimbursement of ambulance charges is 101%.

Morris reviewed the 2015 annual audit. He stated Accounts Receivable decreased \$1.5 million from 2014. The Accounts Payable is current. Bad Debt equates to 6% of the gross revenue which is 1% (\$350,000) over the national average. CHS will not receive EHR (Electronic Health Record) money after the 2015 payment is received due to program terminating. There is one year remaining for the Medicaid EHR payment the CHS will receive. Employee expenses were significantly higher due to being self-insured. This category increased by \$800,000 from 2014. Morris suggested reviewing commercial options for coverage. Overall, a \$3,304,000 operating loss and \$2,317,000 net loss was reported. Morris stated that the Board is more engaged which is having a positive effect on the finances. The 340B program is scheduled to begin this fall which could increase revenue by \$200,000 to \$300,000 in the first quarter of 2017, depending on the start date. BKD will create a financial report comparing the first half to the last half of 2015.

Morris is pleased with the work that Van Hoet and White have completed and the segregation of duties that has taken place. This helps create better checks and balances.

Dr. Shell gave the Medical Staff Report. A new Mental Health Counselor Privilege form has been created and is ready for Board approval.

Stukey and Van Hoet reviewed the Executive Finance Committee Report. Stukey reported normal activities at the Committee meeting on June 23, 2016. Van Hoet reviewed the financial documents noting there was a \$101,000 Bad Debt recovery in May; the employee health expense increased; the Pension plan expense was higher than normal due to having three pay periods in May; contract labor is still high at SSM; the County Appropriations have been properly adjusted; and the FTEs are now reported correctly.

Hernandez stated Cindy Hildebrand will return to regular duties next week.

There are five students enrolled in the CNA class.

The 2017 County subsidy has been increased to two mils each for Hospital and Ambulance which includes dollars for operating and capital expenses.

Dr. Sides knows of a resident that may be interested in practicing here. She has a year or two before completing her residency. Hernandez will arrange a meeting, with her, to discuss this opportunity.

Allegre reviewed the progress of the Strategic Plan. He discussed the Retreat and asked what the group would like to do for this year’s event. All are asked to review their calendar and determine which date(s) is/are best for this one day session.

- Stukey moved and Reese seconded the motion to approve the actions of the Board committees, the 2015 Audit, and each Medical Staff Credentials/reappointments. Motion carried unanimously.

CEO Report

Hernandez spoke about the benefits of CAH designation.

There are 23 residents at The Meadows with 4 vacant apartments.

Two pharmacies have submitted their applications for participation in the 340B program. Yates Center and Allegre Drug applications have not been received yet. These are to be complete and submitted by July 15th. October 1st is the target start date. CHS's application is complete.

There has been no response from the city of Madison about the foundation issue.

Greenwood County Hospital has not responded to the correspondence sent earlier this month about the MRI service and account. The amount in arrears is \$50,000. Messages have been left but no return response has been received. Hernandez will meet with their CEO.

Nuance has experienced counsel turnover which has created problems for our attorney, Scott Nehrbass, to speak with anyone about the history of this account. Nuance has invoiced CHS for \$130,000. Nehrbass is working with Nuance to correct these charges.

The Press Ganey Report (Quality of Service) is the best one to date. All staff have done a great job.

Hopkins stated he likes the Accounts Receivable report showing the change in percentages. He asked that should the report ever be revised, to keep this information in the report.

The Code of Conduct Signature Page was distributed to all Trustees. These are to be reviewed, signed, and returned to Tweedy.

Consultation Items

None

Information, Other

None

The meeting recessed for five minutes.

Executive Session

- Reese moved and Roth seconded the motion to enter into a 20 minute Executive Session with Leonard Hernandez, CEO and Terri Tweedy, Executive Assistant, to discuss non-elected personnel with open session to resume at 8:40 p.m. in Allen Woods II Conference Room. Motion carried unanimously.

Executive session began at 8:20 p.m.

Regular session resumed at 8:40 p.m. in Allen Woods II Conference Room.

- Allegre moved and Stukey seconded the motion to enter into a 10 minute Executive Session to discuss non-elected personnel with open session to resume at 8:53 p.m. in Allen Woods II Conference Room. Motion carried unanimously.

Executive session began at 8:43 p.m.

Regular session resumed at 8:53 p.m. in Allen Woods II Conference Room.

- Young moved and Saueressig seconded the motion to enter into a 10 minute Executive Session with Leonard Hernandez, CEO, to discuss non-elected personnel with open session to resume at 9:04 p.m. in Allen Woods II Conference Room. Motion carried unanimously.

Executive session began at 8:54 p.m.

Regular session resumed at 9:04 p.m. in Allen Woods II Conference Room.

- Allegre moved and Clark seconded the motion to enter into a 10 minute Executive Session with Leonard Hernandez, CEO to discuss non-elected personnel with open session to resume at 9:20 p.m. in Allen Woods II Conference Room. Motion carried unanimously.

Executive session began at 9:10 p.m.

Regular session resumed at 9:20 p.m. in Allen Woods II Conference Room.

Roth moved and Stukey seconded the motion to approve the performance increase as identified in Section 4. C. of Leonard Hernandez's, CEO employment contract to be effective June 21, 2016. Motion carried unanimously. (On June 28, 2016, the Chairman approved an effective date change to June 19, 2016 to coincide with the start date of the payperiod.)

- Allegre moved and Reese seconded the motion to adjourn the meeting at 9:28 p.m. Motion carried unanimously.

Rosemary Rich, Secretary

Possible follow-ups (not all inclusive) for July meeting:

Payment to CMS for refund error

Capital Expense Invoices

Surgeon

Durable Medical Equipment Service

340B Pharmacy Program

Madison Foundation

2015 Financial Audit

Annual Retreat

Nuance Contract

Greenwood County Hospital MRI Account