

**Phillips County Health Systems
BOARD OF TRUSTEES' MEETING
Education Conference Room, Phillips Co. Hospital
November/December Meeting
December 8, 2016**

Board Members Present:

Stanley Kats	Stan Robb
Hazel Ames	Sandi Preuss
Art Henrickson	Arliss Hatcher
Nicole Jones	Ruth Hackerott
Kelly Roe	

Staff Present: Rex Walk, Interim CEO

Les Lacey, VP of Regional Operations of GPHA
Rhonda Kellerman, Clinic Administrator
Krystal Schwenn, Chief Financial Officer
Vickie Gibbs, Director of Nursing
Donna Winchell, Health Information Management Supervisor
Nick Kennedy, Maintenance Supervisor
Tara Overmiller, Marketing Director
Peggy Fabin, HR Dept. / Board Recorder

Community Present:

Christiane 'Criquet' Cole, John A. Beim, Jayne Holle, L. Kent Culbertson, Roger John, William Greving.

Chairman Stanley Kats called the Board of Trustees' meeting to order at 7:00 p.m. in the Education/Conference Room at the Phillips County Hospital. Chairman Stanley Kats introduced the new appointed Board members Ruth Hackerott of Phillipsburg, and Kelly Roe of Logan. Arliss Hatcher made a motion to accept the agenda as printed and emailed. Hazel Ames seconded the motion. Motion carried 8-0.

Consent Agenda: Art Henrickson motioned to approve the consent agenda with no GPHA report. Hazel Ames seconded; motion carried 8-0.

Public Comment: None

Reports:

Financial Report: Les Lacey, VP of Regional Operation of GPHA gave the financial report for October.

Balance Sheet - summary and comments

Measure	Position	Comments
Cash	\$550,977	While this is better than last year, it is not a strong position given the cash needs of the hospital.
Allowance for 3 rd Party contractual	\$72,104	This allowance has been calculated using the cost report estimator tool using last year's Provider Statistical and Reimbursement (PS&R) report. Interim payments and volume are significantly different and so using a current PS&R is yielding a significantly higher payable to the Medicare Program. Interim payment rates have been adjusted down by the Medicare Program to solve this issue, but these adjustments mean that cash flow is likely to become increasingly difficult. The current estimate of overpayment (based on the most current PS&R) will likely be in excess of \$250K.
Inventories	\$227,687	Lower than last year.
Total Current Assets	\$2,527,088	Significantly improved from last year.
Construction In Progress	\$123,814	This includes Architectural fees and purchase of land.
Accounts Payable	\$704,336	While this is lower than last year, we are still not current with our accounts payable.
Total Current Liabilities	\$1,896,175	This is slightly lower than last year – improved – but not to the degree we would like.
Current Ratio	1.33	Current ratio is the total current assets divided by the total current liabilities. This is improved from last year's figure of 0.98, however the position we would like is 2 or higher.

Statement of Profit and Loss – summary and comments

As the year progresses, the YTD side of the Statement of Profit and Loss gives a better “macro” look at the position of the hospital. The current month is still very important and can be used to identify changes on a month to month basis.

Measure	Position	Comments
Total Patient Service Revenue	\$6,755,408	Total Patient Service Revenue (PSR) is about \$40K above what it was last year, but is well below budget. Inpatient and outpatient ancillary services have been lower, but swingbed and swingbed ancillary revenue has been up. Rural health clinic revenue is lower than last year and lower than budget.
Medicare Contractual Adjustment	(\$320,276)	We have had a positive swing in our Medicare Contractual Adjustment of nearly \$700K. This has created an overpayment situation that we will need to be prepared for and is only partially addressed with the adjustments to the interim payments.
Total Deductions	\$152,754	The net of the contractual adjustments is well below last year’s total.
Net Patient Service Revenue	\$6,602,654	At this point we have this much available to operate the hospital, however this is based on Medicare interim contractual adjustments.
Total Patient Service Revenue	\$7,476,960	This includes interest income, taxes, and other operating revenue. This is showing a positive impact from the 340B program.
Total Operating Expenses	\$7,658,503	Our position is below last year, but above budget. Supplies are up due to a single patient’s need for a rather expensive medication.
Nonoperating (Rev) Expense	(\$123,115)	This includes miscellaneous revenue such as the 5K runs, river run, relay for life, etc.
Total Income or (Loss)	(\$59,328)	At this point in the year, we show a loss of about \$60K. As we convert this to a cash status, we would back out the Provision for Uncollectable accounts and the Depreciation expense. These total to \$216,756 – giving a cash position of \$157,428. However, this is based on Interim reimbursement – the Medicare Contractual Adjustment, which is creating an overpayment situation. An interim cost report will give us an accurate look at our history and will help us to more accurately estimate our position at the end of our fiscal year.

Communications (Information Only)

Committee Reports:

Facility Planning: Rex Walk, Interim CEO reported that he has been working with the department managers, to prioritize capital equipment needs for the next three years. Capital equipment needs identified totaled 2.1 million dollars. Since the Board has entered an agreement with GLMV Architectures, LTS Engineers and Knipp Services, for a complete building assessment and supervision of the USDA loan application process, the list of priority needs will be given to this group to aid in pre-application paperwork on the USDA loan. GLMV will present the application paperwork at the January Board meeting for approval before moving forward. One of the most pressing needs identified is the air exchange and humidity issues in the operating room. Today Dr. Patrick Harrison, Orthopedic physician of New West in Kearney, Nebraska began his practice in the outpatient clinic. He will do minor surgeries and conduct an outpatient clinic initially on an every other week basis with future plans based upon volume. Dr. Harrison's orthopedic PA will rotate every other week with Dr. Harrison. An upgrade of the operating room would enable Dr. Harrison as well as the consulting surgeons from Hays Medical to perform more complex surgical procedures at Phillips County Health Systems.

Credentialing committee: Nicole Jones reported that the Credentialing committee met and recommends approval of one new appointment with requested privileges for Patrick T. Harrison, D.O., New West Orthopedic, Kearney, Nebraska and five reappointments with requested privileges was recommended for: Mauricio Anaya-Cisneros, M. D. Cardiology consultant, Troy W. Kerby M.D., and Jules Whiteman, M.D, consultants of Radiology Hays, Ward Newcomb, M.D., Pathology consultant, John Pokorny, M.D., Ophthalmology consultant. Nicki Jones made a motion to approve the one new recommendation and reappoint the five others along with Jennifer Hamons P.A. Family Practice and Matthew Mendlick, M.D. and Gregory Peters, M.D., Real Radiology consultants. Sandi Preuss seconded the motion. Motion carried 8-0.

Community Advisory Group – Rex Walk spoke of the Community Advisory group that was started in November. He asked Kent Culbertson to comment on this group. Kent said a group consisting of business men, clergy and etc. came together and are currently looking at ways to recruit and retain within Phillips County. The group met last week and through pooling connections they have three names of prospective physicians.

CEO report:

1. Interim CEO Rex Walk advised the Board that as of this date the line of credit made available by the local banks and approved by the Board of Trustees last month has not been touched or needed. Rex has provided introductory training on Marketplace Procure for all department heads to be used when comparing prices.

2. Rex recently performed an audit of the number of meetings and hours spent in meetings by department managers/staff on a monthly basis. Based upon the results, the goal will be on reducing or eliminating any non-essential and non-regulatory governed meetings. Changes in the department head meeting have been made to reduce the number of individuals attending. He will also be evaluating off-site meetings, car-pooling and who should attend such meetings.

3. Dr. Ryan Lee's last day in the clinic was December 3rd. Dr. Lee is leaving to join the VA system in Rapid City, South Dakota. Dr. Lee informed us it was a very difficult decision but felt it was the right decision for him and his family at this time.

4. Kuddos to the Dietary staff on the Thanksgiving meal provided to the patients. Many positive comments have been received regarding the meal.

5. Rex Walk closed his report by saying it remains an honor to be here as the interim CEO and he looks forward to work with GPHA and all staff in the days to come to help PCHS achieve its goal of becoming an exemplary community healthcare organization providing exceptional care for the citizens of Phillips County and surrounding areas.

Old Business:

Access Care- Weekend access care is seeing an average of 5 patients a weekend. Access care during the evenings has been slower.

Billing office update- At the July 2016 meeting following a recommendation from the CFO, the Board decided to drop the GPHA Central Billing Office contract and move the billing to PCHS on-site. The former CFO then ordered new registration privacy cubicles along with new office chairs totaling \$71,690.00 without the Board's approval. Following the resignation of the CFO, the Board decided to retain GPHA Central Billing Office and Rex attempted to cancel the order for the chairs and privacy cubicles. The chairs have since arrived but have not been opened. Administration is currently in negotiation trying to stop delivery of the custom made privacy cubicles along with returning of the chairs.

EMR System - The electronic medical records system of Medi-tech, and Cerner were discussed. GPHA has graciously moved installation of the Cerner system for our facility back four months allowing us time to study other systems. Our staff continues to look at other facilities using the Cerner or Medi-tech systems. Hays Medical will not take our facility on till 2018 should we decide to enter contract with them. Staff will be in contact with other facilities that are using Cerner or Medi-tech to see why they switched and if they are satisfied with functions of the system. Hope to make a determination on the EMR system our facility chooses after the 1st of the year.

New Business:

CEO Search- weekly meetings of the CEO search committee are being held. Phone interviews were held with two candidates in the past week with another candidate phone interview scheduled for December 12th.

Chairman Kats thanked the outgoing Board members for all of their years of continued dedication and support while on the Board. Tara Overmiller, Marketing Director, presented certificates of appreciation to Arliss Hatcher, Art Henrickson, Nicole Jones and Sandi Preuss to thank each for their years of service.

Executive Session: Stan Robb moved that the Board enter executive session for a period of 15 minutes for Attorney/Client privilege seconded by Sandi Preuss. Motion carried 5-0 President Stanley Kats asked that Board members, Les Lacy, Rex Walk, Krystal Schwenn CFO and Peggy Fabin remain for executive session. Chairman Kats asked for a 5 minute recess while Christiane 'Criquet' Cole, John A. Beim, Jayne Holle, L. Kent Culbertson, Roger John, William Greving, Rhonda Kellerman, Vickie Gibbs, Donna Winchell, Nick Kennedy and Tara Overmiller, left the meeting. Executive session began at 8:23 p.m. and open session resumed at 8:38 p.m. No action taken.

Adjournment: Sandi Preuss moved that the meeting adjourn; seconded by Nicole Jones. Meeting adjourned at 8:42 p.m.

Next Board Meeting: Thursday, January 19, 2016 at 7 p.m.

Secretary Hazel Ames

Recorder Peggy Fabin