

**Phillips County Health Systems
BOARD OF TRUSTEES' MEETING
Education Conference Room, Phillips Co. Hospital
January 19, 2017**

Board Members Present:

Stanley Kats	Jayne Holle
Hazel Ames	Vickie Constable
Stanley Robb	Jessie Wyrill
Christiane 'Criquet' Cole	Ruth Hackerott
Kelly Roe	

Staff Present: Rex Walk, (Interim) CEO

Dave Dellasega, CEO of Great Plains Health Alliance
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 Manager
Steven Seems, Information Technology, Manager
Codi Cox, Patient Accounts Manager
Katie Heinzen, Patient Services Manager
Nick Kennedy, Maintenance Manager
Tara Overmiller, Marketing Director
Peggy Fabin, HR Dept. / Board Recorder

Community Present:

Board Attorney Frankie Forbes, John A. Beim, Arliss Hatcher, Sandi Preuss, Kenneth Schilowsky, Dr. Ben Stephenson, Dr. Tim Lawton.

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 Kats introduced the new board members: Christiane 'Criquet' Cole, Vickie Constable, Ruth Hackerott, and Jayne Holle, of Phillipsburg, Kelly Roe of Logan and Jessie Wyrill of Kirwin. Additions to the agenda; New Business – (f) Board treasurer, (g) Board retreat, (h) Board meeting date, (i) Bank deposit. Hazel Ames made a motion to accept the agenda as amended. Ruth Hackerott seconded the motion. Motion carried 8-0.

Consent Agenda: Kelly Roe motioned to approve the consent agenda. Hazel Ames seconded; Motion carried 8-0.

Public Comment: None

Reports:

Audit- Dave Dellasega, President of Great Plains Health Alliance (GPHA) presented a thorough analysis of the Phillips County Health systems Fiscal Year 2016 audited financials. Mr. Dellasega shared with the PCHS Board that FY2016 was a unique year with the termination of the GPHA lease which improved the net position at the end of FY2016 when compared to FY2015. His presentation also included the fact that PCHS expenses exceeded revenues by \$565,000 while there had been an increase in cash from the previous year of \$143,310. Mr. Dellasega also informed the Board that it would be easier to compare the information contained in the audited financials for FY2017 with FY2016 as a result of all of the accounting changes resulting from the PCHS decision to move from a leased to a managed facility. Dave Dellasega reviewed the entire audit report with the Board and answered questions relating thereto from the PCHS Board of Trustees.

Financial Report: Les Lacey, VP of Regional Operation of GPHA gave the financial report for November 2016 financials – We normally would have December financials at this point, but they are not closed as yet due to training in the finance department.

Balance Sheet - summary and comments

Measure	Position	Comments
Cash	458,465	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	98,973	We will be running the cost report estimator soon to update this to current. We will use a current Provider Statistical and Reimbursement report (PS&R) for this. The current estimate of overpayment (based on the most current PS&R) will likely be in excess of \$250K.
Inventories	231,248	Lower than last year.
Total Current Assets	2,244,866	Significantly improved from last year.
Construction In Progress	123,814	This includes Architectural fees and purchase of land.
Accounts Payable	513,647	While this is lower than last year, we are still not current with our accounts payable.
Total Current Liabilities	1,712,586	This is slightly lower than last year – improved – but not to the degree we would like.
Current Ratio	1.31	Current ratio is the total current assets divided by the total current liabilities. This is improved from last year's figure of 0.90; 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	7,557,922	Total Patient Service Revenue (PSR) is about \$30K below what it was last year, and is well below budget.
Medicare Contractual Adjustment	-522,883	We have had a positive swing in our Medicare Contractual Adjustment of \$922K. 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	127,864	The net of the contractual adjustments is well below last year’s total.
Net Patient Service Revenue	7,432,059	At this point we have this much available to operate the hospital; however this is based on Medicare interim contractual adjustments.
Total Operating Revenue	8,411,529	This includes interest income, taxes, and other operating revenue. This is showing a positive impact from the 340B program.
Total Operating Expenses	8,706,485	Our position is below last year, but above budget. Supplies are up due to 340B and a single patient’s need for a rather expensive medication.
Nonoperating (Rev) Expense	-123,696	
Total Income or (Loss)	-171,260	At this point in the year, we show a loss of about \$171K. As we convert this to a cash status, we would back out the Provision for Uncollectable accounts and the Depreciation expense. These total to \$253,070 – giving cash position of \$82,010 - lower than last month. 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.

GPHA Report:

Les Lacy discussed that Corporate Compliance is a formal process to reaffirm the facility’s commitment to uphold the internal and external laws which govern the facility. Les spoke of the benefits of an effective compliance program and the consequences of non-compliance programs. Les reported what Medicare fraud is and common types of Medicare fraud and the penalties for fraud and abuse along with sanctions. Great Plains Health Alliance Corporate Compliance and Code of Conduct program was developed to facilitate having an effective corporate compliance

plan for member hospitals. GPHA's Corporate Compliance Officer is Blaine Miller. GPHA has a Corporate Compliance Committee that meets quarterly

Communications (Information Only)

Committee Reports:

PFAC Committee – In 2015 the Kansas Healthcare Collaborative goal was to assist Kansas hospitals in establishing Patient Family Advisory Councils (PFAC) to improve quality and safety to help attain higher levels of patient satisfaction as reflected in Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) scores. Blue Cross and Blue Shield then made it mandatory for all Critical Access Hospitals (CAH) contracted with Blue Cross and Blue Shield to have a PFAC in place; Medicare will soon follow suit. Katie Heinzen and Amanda Atkisson received training on setting up and implementing a PFAC in the fall of 2015. In Feb 2016 Katie and Amanda interviewed roughly ten people who had recently been a patient in our facility or had family members that had been patients of PCHS. They selected four members to serve on the committee and orientation to the PFAC process started in March. The group met as a functioning PFAC in May. In August Katie and Amanda were asked to speak on the process of starting a PFAC at a meeting in Topeka. There were 50 other hospitals present at the meeting, but PCHS was the first hospital in the state to establish a PFAC program and thus, the most experienced hospital leading the way.

Kenneth Schilowsky, PFAC member, spoke of the first project that the council addressed which was the Emergency Room signs. The council evaluated the Emergency Room signs, inside and outside and felt updating the existing ER signs with new outside lighting along with re-locating signs would make the Emergency Room more visibly accessible. Funding from the Hospital Auxiliary members helped in the purchase of the ER signage. Pending Board approval, the PFAC group would like to gather information and bids on new signs to be placed around the perimeter of the hospital and clinic for better directions and accessibility to each facility. These signs could be easily moved if needed. The PFAC group is also working on a second project to evaluate the outpatient specialty clinic registration process. The committee feels that being able to register in the outpatient clinic area would reduce the amount of walking patients would have when seeing a specialty doctor. Vickie Constable thanked the presenters of the PFAC for their time and projects already implemented and then moved that the Board approve for the PFAC to move ahead with the proposal for the signs, Jayne Holle seconded the motion. Motion carried 8-0.

Kenneth Schilowsky and Katie Heinzen left the meeting at 8:02 p.m.

Credentialing committee - Chairman Kats asked if any of the new Board members would be willing to be on the Board's Credentialing committee. Hazel Ames is currently on this

committee. Three Board committee members are needed on this committee which will meet monthly. Jayne Holle and Vickie Constable volunteered for the two open positions. Meeting date and time will be determined by the committee.

Facility Planning – Rex Walk, CEO spoke of a grant that was submitted to the Cole and Morgan Foundations for funding for the Surgical/Operating Room of the hospital. Ryan Craft along with Jennifer Brumbaugh, Tara Overmiller, Nick Kennedy, Vickie Gibbs, Krystal Schwenn, and Rex Walk all contributed and worked on the grant proposal to the two foundations. At 8:10 p.m. Rex Walk called GMLV representative Ryan Craft via conference call. Ryan Craft reported that the USDA loan paperwork could be started along with working with the district representative at the Hays USDA office. Thus the initial paperwork could begin as it could be a 6 month process. If the Board is not happy with the initial paperwork the USDA application can be canceled. Jayne Holle motioned to proceed with the renovation of the operating room and ratification of the grant funding application request to the Albert & Leona A Morgan and Darwin & Lorene Cole Foundations and associated allocation of funding. Hazel Ames seconded the motion. Motion carried 8-0.

Old Business:

EMR System - The electronic medical records systems were discussed by Donna Winchell, HIM Manager and Steven Seems, IT Manager. Donna reported that on January 6th they held a meeting with various department managers to discuss EMR vendors as well as talk thru questions since the last meeting. No GPHA staff was present. Donna reported staff had good dialogue and honest discussion on the EMR systems. They continue to have questions that have been raised, answered and will have another meeting to finalize before presenting to the Board in February. The staff is looking at support, meaningful use, interfaces, functionality of systems, extra staff times and implementation of each system. Steven Seems said that the staff appreciates the Board and knows that any decisions, especially ones involving finance can be difficult. The goal is to make the Board's decision easier and ensure that the analysis of systems is supported by facts and then recommend what system is deemed best for our facility.

8:38 p.m. Steven Seems left the meeting.

CEO Search- the CEO search is currently on hold. Rex Walk has graciously accepted staying in the position per PCHS Board Chairman request until June, possibly until the end of the year contingent upon GPHA approval.

New Business:

Financial Assistance Policy: Krystal Schwenn, CFO discussed the financial assistance policy that was revised and implemented by the former Chief Financial Officer but never approved by Administrator and the Policy committee. The revised policy gave the Patient Accounts Manager the approval to give financial assistance to accounts up to \$999.99, CFO approval from

\$1,000.00-\$4,999.99, Administrator \$5,000.00-\$9,999.00 and Board of Trustees approval of \$10,000.00 or higher. Krystal Schwenn spoke of the GPHA policy that had been in place and she thought we were using gave the Patient Account Manager approval to accounts \$0.00 - \$750.99, CFO \$751.00 - \$2,000.99, Administrator \$2001.00 - \$5000.99, Board of Trustees Representative \$5,001.00 or higher. After discussion and input from Patient Accounts Manager Codi Cox and CFO Krystal Schwenn, Kelly Roe made a motion to accept the GPHA Financial Assistance Policy with wording and amount changes to the policy as follows:. Financial Counselor or Designated Representative should be replaced with Patient Account Manager, with approval for amounts of \$0.00 to \$750.99, CFO approval for the amounts of \$751.00 - \$2,000.99, Administrator approval for the amounts of \$2,001.00 - \$5,000.99 and \$5,001.00 or higher approval to the Board of Trustees or Representative. The terms "For Managed Hospitals; GPHA CFO for Leased Hospital" should be deleted in the policy. Jayne Holle seconded the policy as amended. Motion carried 8-0.

Signature Policy: Interim CEO, Rex Walk reported that the Signature Policy is still being developed. Three items being reviewed are contracts, special orders and capital purchases. The policy will be presented at the February Board meeting for review.

8:50 p.m. GPHA CEO, Dave Dellasega left the meeting.

Krystal Schwenn, CFO discussed the need for a charge master review. The charge master is a listing of every single procedure/item that a hospital can bill to include charges for pharmaceuticals, supplies, ER, outpatient and inpatient room charges. There are currently eight thousand line items listed in our charge master. Krystal has received price quotes from three respected companies of one time fees and yearly maintenance fees for charge master reviews. A detailed sheet of the three companies was handed out. ACS companies initial fee is \$15,500.00 with \$11,000.00 year maintenance fees, nThrive's initial fee is \$35,150.00 with 1 year maintenance fee included, GPHA's initial fee is \$8,000.00- \$10,500.00 with \$4,200 1 year maintenance. Christiane 'Criquet' Cole motioned to move forward with obtaining GPHA to conduct the charge master review. Ruth Hackerott seconded the motion. Motion carried. 8 - 0.

Official Newspaper: Board members chose not to have an official newspaper. Any news releases will be sent to both local newspaper offices at the same time effective 01/19/2017.

Physician Recruitment: Rex Walk reported that a representative from the recruiting firm of Jackson Physician Search was here last week and met with himself and Stanley Kats. The company is currently opening another office in the Kansas City area. After discussion on the physician search and responses received by the firm for medical services providers Jessie Wyrill made a motion to proceed with the firm of Jackson Physician Search and giving Stanley Kats and Rex Walk negotiating power for contract fees and Board Attorney viewing the contract presented to the Board. Ruth Hackerott seconded the motion. Motion carried 8-0.

9:48 p.m. Dr. Ben Stephenson left the meeting.

Treasurer – Chairman Kats asked for volunteers for Treasurer. Christiane ‘Criquet’ Cole volunteered for the open position.

Board Retreat – Rex Walk led a discussion on a Board retreat. It was decided that the Board would schedule a retreat to take place on Thursday, February 16th at 5p.m.

Board Meeting – it was the consensus of the Board members to change the monthly date of future Board meetings from the 3rd Thursday of each month to the 4th Thursday of each month and to move the meeting start time to 6 p.m. The next Board meeting will take place on February 23rd at 6 p.m. in the Hospital Education/Conference room.

Bank deposit – after Board discussion Jayne Holle motioned to have the daily operations account, restricted fund account, and deposit from the County tax money, each distributed between all three banks in Phillipsburg. Vickie Constable seconded the motion. Motion carried 8-0.

Rex Walk, Interim CEO discussed Board sub-committees. A Human Resource committee and Facility committee were discussed. Volunteering for the Human Resource committee was: Ruth Hackerott, Jayne Holle, Christiane ‘Criquet’ Cole and Kelly Roe. Presently on the Facility Committee are Stanley Kats and Stanley Robb. Jessie Wyrill and Kelly Roe volunteered to be on this committee.

Executive Session: no request.

Adjournment: Vickie Constable moved that the meeting adjourn; seconded by Hazel Ames. Meeting adjourned at 10:07 p.m.

Next Board Meeting: Thursday, February 23, 2017 at 6 p.m.

Secretary Hazel Ames

Recorder Peggy Talbot