

**Phillips County Health Systems
BOARD OF TRUSTEES' MEETING
Education Conference Room, Phillips Co. Hospital
February 23, 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
Les Lacey, VP of Regional Operations of GPHA
Rhonda Kellerman, Clinic Administrator
Krystal Schwenn, Chief Financial Officer
Donna Winchell, Health Information Management Manager
Steven Seems, Information Technology, Manager
Codi Cox, Patient Accounts Manager
Nick Kennedy, Maintenance Manager
Tara Overmiller, Marketing Director
Jennifer Brumbaugh, OR Supervisor
Peggy Fabin, HR Dept. / Board Recorder

Community Present:

Board Attorney Frankie Forbes, John A. Beim, Roger John, Craig Singer, Bret Miller, Christian Knipp.

Chairman Stanley Kats called the Board of Trustees' meeting to order at 6:06 p.m. in the Education/Conference Room at the Phillips County Hospital. Kelly Roe made a motion to accept the agenda as presented. Jessie Wyrill seconded the motion. Motion carried 8-0.

Consent Agenda: It was noted that the CEO report says January 2017, it should be February 2017. Jayne Holle motioned to approve the consent agenda with the CEO month change. Kelly Roe seconded; Motion carried 8-0.

Public Comment: None

Reports:

Financial Report: Les Lacey, VP of Regional Operation of GPHA gave the financial report for December 2016 and January 2017 financials.

January 2017 Financials

Balance Sheet - summary and comments

Measure	Position	Comments
Cash	553,395	While this is better than last year, it is not a strong position given the cash needs of the hospital. Cash will be slower to accumulate with volume as we made a request to reduce our interim rate to control our potential payable on our upcoming cost report settlement.
Allowance for 3 rd Party contractual	35,770	We received word on the cost report estimate earlier today indicating that as our costs and volume stand on 1/31/2017, we would owe \$215,051 to Medicare. This may change somewhat as we complete the final two months of this fiscal year. Cash due the Medicare Program will likely be due sometime in late July.
Inventories	205,427	This continues to be lower than last year.
Total Current Assets	2,210,982	While this is improved from last year, you will note that our total current liabilities are up significantly, which will have a harsh impact on our current ratio.
Accounts Payable	808,557	This is increased from last year. We will discuss an accounts payable aging report to help you understand the situation.
Total Current Liabilities	1,998,068	As stated above this is increased from last year – due to the accounts payable being increased from last year and the health insurance assessment.
Current Ratio	1.11	Current ratio is the total current assets divided by the total current liabilities. We would like this to be 2.0 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	9,397,091	Total Patient Service Revenue (PSR) is \$160K below what it was last year, and is well below budget.
Medicare Contractual Adjustment	-548,797	We have had a positive swing in our Medicare Contractual Adjustment of \$185K that is contributing to our overpayment situation, but is being addressed with the change in interim payments. There was a large swing in last year’s Medicare contractual adjustment that was a result of a large journal entry correction and an cost report settlement payment at the calendar year end.
Total Deductions	310,247	Total contractual adjustments are heavily dependent on the current month result. 91.6% of the current total contractual adjustments are seen in the current month actual column.
Net Patient Service Revenue	9,086,844	At this point we have this much available to operate the hospital; however this is based on Medicare interim contractual adjustments.
Total Operating Revenue	10,267,982	This includes interest income, taxes, and other operating revenue. This is within a few hundred dollars of our position last year.
Total Operating Expenses	10,911,885	We continue to see supplies up due to one very expensive medication. Expenses are over budget by \$225K. Factors in this include the insurance assessment, 340B, and the very expensive med.
Non-operating (Rev) Expense	-164,431	
Total Income or (Loss)	479,472	Based on interim reimbursement, this represents a cash loss of \$155K at this point in our fiscal year.

GPHA Report:

Les Lacy discussed that the fourth quarter of 2016 1,790 breaches affecting 171,096,936 patients in the United States were reported to Health & Human Services; each breach involving over 500 patients. Network Servers logically, impact the largest number of patients when breached. Although hacking is only 15% of the number of incidents, hacking has impacted 75% of all

patients since reporting began in 2009. The largest number of incidents reported fell under the category of "Theft" with 765 incidents.

Communications (Information Only)

Committee Reports:

6:56 p.m. Arliss Hatcher entered the meeting. 6:58 Bill Greving entered the meeting.

Facility Planning – Craig Singer, Bret Miller and Christian Knipp representing Knipp Services led a discussion on the proposed Operating Room upgrade, the installation of the chiller, and the air handling unit. They reported that an air cooled chiller instead of the current water pump chiller would be more cost effective. The air handler serving the major OR room would be an electric unit with its own control giving the room the desired air quality. They would essentially demolish the current major OR room down to the studs and replace walls, ceiling, install the new air handling unit, medical gas piping, change electrical receptacles as indicated, etc. all while containing dust and debris during construction. The team's completion goal is the end of April if they can get Board approval to order supplies by next week. They had been notified that Trane is implementing a 4% increase across the board on materials starting March 3, 2017. Nick Kennedy then reported that there had been some mold found in the ceiling of the hallway which would require remediation. The estimated cost of the proposed work, without mold abatement, would total \$516,622.00. Of that amount, grants from the Morgan Foundation and the Cole Foundation would cover \$400,000.00 of the cost payable in three annual installments. Discussion then followed on the fact that a loan would be needed to move forward with the operating room upgrade, where the loan could be obtained, and what interest would be charged. Criquet Cole moved that the Board approve the scope of work in Knipp's proposal for \$516,622; motion died for a lack of second. Jessie Wyrill then moved that the Board approve Knipp's proposal and to obtain a loan for \$116,622.00 the amount of the proposed upgrades plus the expenses for mold removal in excess of the grants and that the interest rate on the loan be less than 5.5%. Les Lacy brought up that we need to cover the whole cost of the project, Kelly Roe moved to amend the motion. Striking out \$116,622.00 and inserting \$516,622.00. Jessie Wyrill seconded the motion. The Amendment passed. The amended motion passed 6-2. Chairman Stan Kats signed the Knipp contract agreement. Craig Singer, Bret Miller and Clinton Knipp left the meeting at 7:36 p.m.

Credentialing committee – Hazel Ames reported that the Credentialing Committee had met and approved the privileges as requested for Robert Sourk, M.D., Consultant, Sleep Interpretation. Reappointment with privileges as previously requested for Ahmad Daraghme, M.D., consultant, Cardiology Wichita, Clyde Meckel, M.D., consultant, Cardiology, Bryant Heart, Paul Wardlaw, M.D., consultant, DWC Locum, Shannon Hoos-Thompson consultant Cardiology, Kearney. Updated privilege request for arthroscopic procedures for Patrick Harrison, D.O., Orthopedic surgeon, New West.

Human Resource committee -- Jayne Holle reported that the Human Resource Committee had met one time but had nothing further to report.

Old Business:

EMR System -- Donna Winchell, HIM Supervisor and Steven Seems, IT Supervisor, presented information that had been gathered on four companies offering EMR (electronic medical records) systems. The companies were Cerner through GPHA, Cerner, Meditech through Hays Med Center and CPSI. Information had been gleaned from company representatives and institutions using a proposed system. Donna and Steven showed the comparison for initial cost set up, yearly cost, support, networking and maintenance programs for the five systems. They reported that staff had studied pros and cons from each company and had recommended that the Cerner through GPHA would best serve the needs of PCHS. Kelly Roe motioned to move forward with the EMR system of GPHA and that staff is to put together a spreadsheet displaying the comparison information from the EMR systems that were included in the study. . Jessie Wyrill seconded the motion. Voting Aye - 6, Voting No - 2. Opposed Vickie Constable, and Jayne Holle.

Signature Policy: A rough draft of the policy was emailed to Board members. It is referenced as the Signature Policy on the agenda but should have been corrected during consent agenda as the policy name is Commitment Approval Process. There is editing that needs to be made to the policy. Tabled to next meeting.

New Business:

Board Travel/Education Policy: A rough draft of the policy was emailed to Board members. Editing is still required on this policy. Tabled to next meeting.

Executive Session: 8:50 p.m., Vickie Constable moved that the Board enter executive session for a period of 15 minutes to discuss personnel issues; seconded by Jessie Wyrill. Motion carried. Chairman Kats asked the Board, Les Lacy, Rex Walk, and Frankie Forbes to stay and then asked for a 5 minute recess. Arliss Hatcher, Bill Greving, Roger John, John Beim, Krystal Schwenn, Donna Winchell, Steven Seems, Codi Cox, Nick Kennedy, Tara Overmiller, Jennifer Brumbaugh, Peggy Fabin left the meeting. Executive session began at 8:56 pm and open session resumed at 9:11pm. No action taken.

Adjournment: Ruth Hackerott moved that the meeting adjourn; seconded by Criquet Cole. Motion carried. Meeting adjourned at 9:13pm.

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

Secretary Nazel Ames

Recorder Peggy Fabin