

BOARD OF TRUSTEES' MEETING
Education Conference Room – Phillips County Hospital
December 21, 2017 12:00pm

Board Members Present:

Stanley Kats

Vicki Constable

Christiane 'Criquet' Cole

Hazel Ames

Jayne Holle

Jessie Wyrill

Ruth Hackerott

Kelly Roe

Staff Present:

Rex Walk, Interim CEO

Les Lacy, VP Regional Operations of GPHA

Vickie Gibbs, Director of Nursing

Nick Kennedy, Maintenance Manager

Kristi Troyer, Lab Tech

Jennifer Dodds, Patient Engagement Director

Mildred Hadley, Radiology Dept Manager

Jessica Hawkins, Infection Control

Krystal Schwenn, CFO

Tara Overmiller, Marketing Director

Codi Cox, Patient Account Manager

Doreen Huntley, Dietary

Donna Winchell,

Marissa Davis,

Kathleen Wilson, Chef

Theresa Hughes, Recorder

Community Present:

Board Attorney Frankie Forbes, John A. Beim, Nick Poels, Lance Munyon,

Chairman Stanley Kats called the Board of Trustees' meeting to order at 12:08 pm in the Education/Conference room at the Phillips County Hospital.

Review of Agenda: Chairman Kats asked for any additions to the agenda. Additions requested included: 1) Committee Reports: Human Resource committee requests approval of the mission statement and the HR charter. 2) Old Business: Add update on the grant and CEO contract. 3) Move economic impact study to January meeting. 4) Reports: Add Aging of Accounts. 5) Notifying the public of meetings dates and times. Jessie Wyrill moved that the Agenda be approved as amended; seconded by Ruth Hackerott. Motion carried 7-0.

Rex Walk apologized to John Beim and other community persons for any confusion surrounding the meeting start time.

Consent Agenda: Chairman Kats asked for approval of the Consent Agenda. GPHA report is pending. Jayne Holle moved to accept the consent agenda as amended; Ruth Hackerott seconded. Motion carried 7-0

Administrative Report: Doug Anderson of High Plains Mental Health was unable to attend the meeting, so Rex Walk briefly explained the behavioral health pilot program that Doug is currently working on. HPMH will add a mental health aspect which is currently missing in the swing bed program and will start rounding with swing bed patients in February. HPMH will be onsite in the outpatient clinic once a week to start with but hopes to expand and help cover another aspect of the community's overall health. Jayne Holle queried if there was a similar program anywhere else. Per Les Lacy, there is one in Minneola.

REPORTS:

1. March 2017 Financial Report (Revised): Les Lacy, VP of Regional Operations of GPHA, presented the year-end report (March 2017) and the October, November financial reports. There was some question as to what items are included in various line items. This will be the subject of a future board education. Krystal Schwenn reported on a recent letter from WPS, stating they have reviewed and lowered PCHS reimbursement rates. The rates are scheduled to revert to the higher amounts on April 1, 2018.

2. October 2017 Financial Report:

Measure	Position	Comments
Cash	\$963,771	The cash position continues to be significantly stronger than the prior year balance YTD and is higher than the prior month.
Estimated 3 rd party receivable	\$18,543	This will change. There will likely be a payable on the cost report that is not booked at this time.
Total Current Assets	\$3,179,607	Still better than last year; however, again - Total Current Liabilities are also up.
Accounts Payable	\$887,478	Up from last year, lower than last month. Again, the balance sheet is a snapshot in time. Bills have been paid (and arrived) since this month has been closed.
Total Current Liabilities	\$2,263,608	Up from last year, lower than last month.
Current Ratio	1.40	Current ratio is the total current assets divided by the total current liabilities. We would like this to be 2.0 or higher. While our position has improved from last year at this time, this will change (be lower) when the cost report estimate is booked.

3. November 2017 Financials:

Measure	Current position	Last month Position	Comments
Cash	\$921,650	\$963,771	The cash position continues to be significantly stronger than the prior year balance YTD and is

			higher than the prior month.
Estimated 3 rd party receivable	\$18,543	\$18,543	This will change. There will likely be a payable on the cost report that is not booked at this time.
Total Current Assets	\$278,506 \$3,179,052	\$3,179,607	Still better than last year; however, again - Total Current Liabilities are also up.
Accounts Payable	\$835,460	\$887,478	Up from last year, lower than last month. Again, the balance sheet is a snapshot in time. Bills have been paid (and arrived) since this month has been closed.
Estimated 3 rd party Payable	\$5,416	\$5,416	
Total Current Liabilities	\$2,188,105	\$2,263,608	Up from last year, lower than last month.
Current Ratio	1.38	1.40	Current ratio is the total current assets divided by the total current liabilities. We would like this to be 2.0 or higher. While our position has improved from last year at this time, this will change (be lower) when the cost report estimate is booked.

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	Current YTD Position	Last Month's YTD Position	Comments
Total Patient Service Revenue	\$6,786,230	\$5,077,556	November was a lower revenue month than October in every respect. In particular Swing bed and Ancillary outpatient volume has been down.
Medicare Contractual Adjustment	-\$612,395	-\$504,759	There is still a high positive contractual showing on the monthly volume. This will change in coming months as the interim payments have been adjusted downward. However, this will also create some hardship concerning cash collections.
Total Deductions	-\$96,554	-\$71,392	This figure is based on Medicare interim contractual adjustments and will change with the cost report. It is based on current activity and estimates and for the time being is as reliable as we can make it. Look for an adjustment here related to the cost report estimator in coming financial reports.
Net Patient Service Revenue	\$6,882,784	\$6,112,902	This month's activity is below budget, but YTD remains above budget. This comes from interim reimbursement due to Medicare contractual adjustments.
Total Operating Revenue	\$7,992,270	\$7,100,210	This includes interest income, taxes, and other operating revenue. Still over budget and better than last year due to the contractual adjustment based on interim contractals.
Total Operating Expenses	\$8,170,062	\$7,212,078	Operating expenses remain over budget due to the operating room project that has not yet been capitalized.
Total Income or (Loss) from	\$589,550	\$654,110	With interim reimbursement and 340B income, the hospital appears to be making a profit. This will likely

Hospital Operations			change with the cost report.
Clinic Net Patient Service Revenue	\$779,964	\$692,873	Again, this is below last year and below budget.
Total Clinic Expenses	\$1,091,927	\$957,641	There continues to be an adjustment made to account for the provider worksheet allocations of provider time. This is done at several other facilities as well.
Total Income (Loss)	\$277,586	\$389,342	While we seem to be experiencing a better year than last year, we will need to book 3 rd party contractual payables to get a better look at what our position is. This is the reason we keep mentioning that the contractual adjustments are interim in nature.

1:09 pm Mildred Hadley joined the meeting.

COMMITTEE REPORTS:

- 1. Credentialing Committee:** The credentialing committee met and reviewed the applications of five providers.

New Appointment with privileges:

Byungsoo Ko, M.D. Consultant, Cardiology, Hays
Sinha Abhisekh, M.D. Consultant, Nephrology, Kearney
Joseph Vavricek, M.D. Consultant, Radiology, Kearney

Reappointment with privileges as previously requested:

Alain Efstratiou, M.D. Consultant, Cardiology, Kearney
Jodies Scheele, P.A. Allied Health, Radiology, Kearney

Hazel Ames moved that the privileges be approved for all five as requested; seconded by Ruth Hackerott. Motion carried 7-0.

- 2. Human Resource Committee:** Committee presented a new mission statement, Patient-centered Excellence, and the HR Committee Charter for approval. Vicki Constable moved that the mission statement and the HR Committee Charter be approved as presented with typo corrections. Hazel Ames seconded. Motion carried 7-0
- 3. Building, Equipment, and Grounds (BEG) Committee:** Nick Kennedy went over the GE Power issues. PCH has worked with Prairie Land Electric and increased the 480-volt service from 75 kva to 150 kva and replaced the wires coming off the transformer into the building allowing for more range to run the X-Ray equipment, CT Scanner, and MRI mobile unit simultaneously.

Nick is researching the possibility of the use of Armstrong Foundation funds to install an automatic door opener to the main lab entrance.

The Board approved Kruse Corporations bid to correct the Med Gas Deficiencies back in October and Nick is working with Krystal Schwenn to get that scheduled. Kruse Corp will need three weeks lead time to get parts and supplies.

Ryan Craft, LK Architecture, was on site December 15th to discuss ideas for the daycare committee, bathrooms in the patient rooms and the ER Nurses Station.

Nick went on to highlight the many accomplishments the maintenance team oversaw in 2017 including the surgical suite upgrade, new x-ray equipment, door locking system, new hospital beds and AC units for the clinic, HIM/IT and pharmacy. Nick thanked the Board for their role in making these possible and for the Board's continued support.

- 4. PCHS Daycare Committee:** Mildred Hadley reported on a site visit to the Beloit hospital daycare. The Committee is looking to obtain licensing for 23 children. However, the estimate of children utilizing the daycare would be closer to 10 to 12. The Committee believes that the PCHS daycare will not adversely affect a community daycare as it will be utilized by employees and their children only.

Public Comment: Nick Poels spoke to the non-profit daycare in the planning stages for the whole community by a local task force that is roughly nine months to completion. Nick wanted to ensure that, after receiving the hospital's letter of support, efforts were not being duplicated. The non-profit daycare is initially being licensed for 59 children, which can be increased if necessary. The daycare is not part of PCED but a community service to help local businesses as a potential benefit to employees. They are also building a storm shelter that can accommodate 90 individuals.

2:00 pm Nick Poels and Mildred Hadley left the meeting.

OLD BUSINESS:

- 1. Logan Health Clinic:** A letter of interest was sent to Max Lowry so they would be aware of PCHS' interest in partnering with the town to get the clinic running again. After speaking to Max Lowry, Rex learned that the community of Logan had engaged Midwest Healthcare Consultants to assist them in becoming a rural health clinic. Logan's going to run with it for a while to see if they can do it on their own. They do know that PCHS is willing to help if needed. Rex spoke with Midwest Healthcare Consultants as well and has asked to take advantage of their coming here in January and have them look at some of our clinic operations. Rex spoke with Max Lowry to make sure this would not be an issue; Max felt it was merely the communities working together. Rex did indicate that the fluid nature of the situation could mean addressing the reinstatement of the rural health clinic licensure.

2. KHA Political Action Contributions: Last call for the donations to KHA.

3. PCHS Advisory Finance Committee: Rex updated the Board on the charter for the committee's role and responsibilities in working with PCHS. The group will begin meeting in January 2018. The goal will be to meet a week before Board meetings to facilitate any items necessary are added to the Board packet before it is sent out. Kelly Roe inquired about the possibility of the public being allowed to come to the meeting. Initially, the meetings will be closed as they work through startup but would eventually be open to the public with no commentary.

2:18 pm Rex Walk left the meeting.

CEO Contract: Frankie Forbes discussed the new contract to be offered to Rex Walk to become the CEO of PCHS. Rex will no longer be dividing his time between PCHS and GPHA. The initial contract will be for three (3) years starting January 1, 2018, and run through December 31, 2020. Unless either party terminates, it could roll over for successive one (1) year terms. Rex will diligently and consciously give his full time and attention to the discharge of his duties as CEO of Phillips County Hospital. Duties would be consistent with the expressed goals and objectives of the Board of Trustees. Frankie went through several areas of the contract including possible bonus payout for meeting Board approved targets for the hospital, a signing bonus, and termination without cause on either side. The Board will review the contract at the end of the initial three (3) years, and any changes will be made before it evergreens. Any changes will need to be in writing and signed by both parties. Jayne Holle asked for clarification on any further connections to GPHA and being on their payroll. Rex will no longer be tied to GPHA as of December 31, 2017.

2:28 pm Kathleen Wilson joined the meeting.

2:30 pm Rex Walk and Codi Cox joined the meeting

Kelly Roe inquired about the signing bonus being negotiable which Rex agreed to. Criquet Cole asked about Rex moonlighting every other Friday to continue his work on supply chain issues. It was determined it does benefit PCHS and that, at any time it does not bring value, it will be revisited. Vicki Constable motioned for contract approval with the provision to pay the signing bonus within six (6) months as economics allow. Ruth Hackerott seconded. Motion carried 7-0.

NEW BUSINESS:

1. Charity Care Policy Amendments: Codi Cox presented a change to the policy on the Financial Assistance program. With the transition from leased to managed, PCHS is no longer a 501 c3 facility, and the policy has been changed to reflect that. The following statement was added to the program: If Patient is set up on a mutually acceptable pay plan and defaults on pay plan as set forth in the pay plan agreement; account may be turned to an outside collection agency, and any financial assistance that was granted will be reversed to original amount owed, and the full amount will be owed by the patient. This will be noted to any patient receiving the financial assistance. Codi noted it does not happen often, but this would ensure the hospital's ability to seek recompense. Hazel Ames motioned for approval, Jayne Holle seconded. Vote 7-0. Motion carried.

Public Commentary: Doreen Huntley inquired as to the process of applying and receiving benefit from the Financial Assistance Program as well as the hospital's steps in working with patients on payment.

2:43 Codi Cox left the meeting.

2. New Year Strategic Retreat: Tara Overmiller addressed the need for a Board retreat to discuss specifics regarding strategic goals and how they are to be measured and met in the new year. Tara will send out information to Board members on possible dates and time.

2:50 pm Kathleen Wilson left the meeting.

3. Board Member Pictures: Tara has set up an agreement with Ultimate Image to take photos of the Board. The pictures will then be hung in the hospital. Board members will schedule their appointment and work directly with Ultimate Image. Criquet inquired about the cost which Tara assured was minimal.

4. Phillips County Chamber of Commerce Community Forum: Tara discussed an upcoming community forum and stated that to keep costs down and reach a greater audience, a My Phillips County Online platform will be utilized. Vicki Constable asked about the process to follow up on any questions that come from the public and if they could be answered on the spot or as soon as possible and not delayed. Tara discussed the processes in place and stated that questions could be addressed live as well as in the future if someone watches the recording of the meeting versus live.

5. FY19 Budget Process: January 22nd department heads will start working through the budget process. The only change anticipated this year is having the financial advisory board look at numbers before anything is taken to the board.

6. Annual Report to the Community: Rex Walk would like to start working on a written report to the community on both plus and minuses that have transpired over the past year. This presentation could be live streamed on My Phillips County Online and published in the local newspaper(s).

7. Kansas Hospital Association (KHA) 2018 Strategic Plan: Rex and Les attended a KHA meeting in which their new strategic plan for 2018 was rolled out. KHA desires to continue working with PCHS going forward. KHA offers several leadership courses and would like Board members to serve on their committees.

8. Grant Update: Tara Overmiller worked with Becky Levin on a grant for two new pieces of equipment. Unfortunately, PCHS was not chosen for the grant, but they were directed to funding through the Hope Littlejohn Endowment that has agreed to provide the funding needed to acquire the new centrifuge and corresponding analyzer/scanner/printer for the lab.

2:55 Doreen Huntley left the meeting

9. Next PCHS Board of Trustees' Meeting: Thursday, January 25, 2018, 6:00 pm in the Education Conference Room at Phillips County Hospital

BOARD EDUCATION:

- 1. "What Does It Mean to Become Studerized"?** Tara Overmiller and Jennifer Dodds reported on their trip to Las Vegas, NV to attend the Studer Group meeting. Studer works to improve the patient experience through an overhaul of the healthcare culture both internally and externally. The program focuses on quality, people, finances, service, community, and growth. Tara and Jennifer are both excited to implement Studer's AIDET program (Acknowledge, Introduce, Duration, Explanation, Thank you) which utilizes a consistent conversation structure to help both physicians and staff anticipate the needs of patients and their families. They have approached Dr. Tim Lawton, a frequent locum tenens, to work as a "fire starter" with other providers. The result hoped for: Two Buildings, One Culture.

EXECUTIVE SESSION:

Attorney Frankie Forbes stated there was a need for executive session. Vicki Constable moved that the Board enter executive session for a period of 10minutes; the executive session being necessary to protect attorney-client privilege. Chairman Stan Kats asked that the Board members, Frankie Forbes, Rex Walk, Les Lacy, Krystal Schwenn and Theresa Hughes stay for the meeting.

John Beim, Lance Munyon, Vickie Gibbs, Nick Kennedy, Kristi Troyer, Donna Winchell, Jennifer Dodds, Jessica Hawkins and Marissa Davis left the meeting.

The Board entered executive session at 3:14 pm and returned to open session at 3:24 pm. No action taken.

ADJOURNMENT: Jayne Holle moved that the meeting adjourn; seconded by Vicki Constable. Meeting adjourned at 3:16 pm.

Secretary Nazel Ames

Recorder Jane Holle