

# Bartlett Regional Hospital

**BOARD OF DIRECTORS  
May 26, 2009  
Robert F. Valliant Center Boardroom  
Minutes**

## **CALL TO ORDER**

Kristen Bomengen called the meeting to order at 5:15 p.m.

### **Present**

Kristen Bomengen  
Reed Reynolds  
Dr. Alex Malter

Linda Thomas (by phone)  
Dr. Nate Peimann  
Kevin Sullivan

### **Absent**

Loren Jones

Lennie Gorsuch

### **Others Present**

Shawn Morrow, CEO  
Debbi Lehner, COO  
Cathy Carter, CNO  
Bethany Rogers, QA Director

Garth Hamblin, CFO  
John Raster, M.D.  
Toni Petrie, Executive Assistant

## **ROLL CALL**

**PUBLIC PARTICIPATION** – None

**APPROVALS OF MINUTES** – Kevin Sullivan made a motion to approve the minutes from April 28, 2009 with an amendment to include Linda Thomas's question to Garth at April's board meeting be included in the minutes. Her question was "were we still going to meet our budget expectations in spite of our current indicators that we were trending negatively?" Garth stated "we should still be able to make those projections."

**CEO MONTHLY REPORT** – Shawn Morrow reports;

### **Patient Satisfaction/Clinical Quality**

- The Patient Safety Survey is complete. The report in its entirety was forwarded to the Quality Committee of the Board. A summary will be provided next month.
- Joint Commission Preparedness continues with focus on items identified through the QHR Joint Commission Mock Survey.

### **Cultural Transformation**

- The manager's retreat went well. The educational component of the retreat focused on Leadership Rounding.
- The compensation and benefits review has completed preliminary benchmarking and salary structure design.
- Hospital week included the following activities and tokens of employee appreciation.
  - New BRH fleece vests for each employee
  - Ice Cream Cart rounds to all departments
  - \$500 Alaska Airlines gift certificate drawing for Nurses Day
  - Department Spotlight Boards displayed in the Gallery Hall

- Employee Picnic at Sandy Beach – catered meal, door prizes, etc.
- Gift certificates to a restaurant for those employees that had to work a shift during the employee picnic
- Employee Appreciation Breakfast and/or Lunch
- Wheel of Fortune Prizes
- Evening Pool Rental for hospital employees

### **Financial Strength**

- Net loss for February was (\$93,642). Net Income year to date is \$2,532,669. Year to date net margin is 4.08%.
- We continue to work on reaching targets for overtime, travelers, and productivity. Progress continues to occur in each of these three indicators.

### **Service Line Expansion**

- The Cardiology Steering Committee had its second meeting. A second firm made a presentation to provide feasibility study services. Evaluation forms are being gathered and a recommendation will come to the Board in June.
- REACH – a stroke protocol system using telemedicine went live this month.

### **Medical Staff Development**

- Recruitment efforts are underway for a Psychiatrist.

### **Community Engagement**

- We continue to work/serve on various councils and boards and have representation in civic clubs around the community.
- The Community Relations/Marketing position is filled. Jim Strader will start work on June 1<sup>st</sup>.

### **Other Board Agenda Items**

- The Tour Bus Depot land is now available. The Board has discussed this land off and on over the years as a potential land acquisition. Potential uses and reasons for acquiring the land will be discussed at the Board Meeting.
- Laundry Services: Discussions to bring the local vendor's prices down did not bear fruit. We will be recommending that this service be brought back in-house.
- QHR Benefit Expense: Per the QHR contract any change in Benefit Expense needs to be approved by the Board of Directors. The benefit expense is increasing from the current level of 23.8 percent to 24%.

### **Key Vacancies**

- None

### **QHR Activity**

- Bill Henning, QHR Regional Vice President was on site this month to introduce himself to the Board of Directors and Senior Leadership.
- David Perry, QHR Senior Manager HFR was on site and conducted a Financial Operating Review. When we receive his report, results will be communicated through the Finance Committee.
- Tom Lorenc, QHR Regional Director Supply Chain was on site to review methods to enhance our supply savings through the group purchasing contract and other methods.
- Susan Seeley, QHR Accreditation and Regulatory Compliance Consultant was on Site in April to conduct the Joint Commission Mock Survey. Her report was received this month. We are rapidly reviewing and correcting those areas she highlighted as our most vulnerable. An Executive Summary of Susan's report was included in the Board Packet.
- CEO/CFO Monthly Operating Review. This meeting consists of a review on contract obligations, operating indicators, strategic priorities. The purpose of the review is to ensure QHR is matching its resources with our needs.

- There have been telephone calls and emails concerning education, benchmark data reports, reimbursement/legislative advisories, federal grant advisories, strategic trends, and compliance issues.

Kevin Sullivan asked Shawn if the Short Stay Surgery Project would be added as a standing item on the Board agenda and Shawn mentioned it would be included under the Planning section/Construction Update.

Kristen asked about the Executive Summary regarding Universal Protocol "timeout." Dr. Peimann explained the term "timeout" which means; all procedures including outpatient require staff to do a timeout before the procedure to allow you to identify the proper site, identify the proper patient, and identify the proper procedure. In that timeout they want to see "staff pause." (JCAHO) They want to see that happening to all patients in all areas and they want to see procedures to make sure that's in place. They (JCAHO) have included a checklist to follow these protocols.

Bethany Rogers was introduced to the Board as the new Quality Director.

*Shawn announced that the Governing Board needs to provide a system for resolving conflicts among individuals working in the hospital. This authorization does not need to be in policy form, but does need to be documented in the minutes.*

***Nate Peimann made a motion that the Board of Directors delegates the function of conflict resolution to the Human Resources Department of Bartlett Regional Hospital. Conflicts should be resolved at the lowest possible level in the organization and in accordance with existing policies. The Human Resources Department conducts or locates conflict resolution facilitation when necessary. The MOTION passed unanimously.***

**Medical Staff Report** - John Raster, MD reports;

**Reed Reynolds noted that he reviewed the Credentialing files and made a motion to approve them as presented. The MOTION passed unanimously.**

## **COMMITTEE REPORTS**

**EXECUTIVE COMMITTEE** – Kristen Bomengen reports;

1. **Drug Screening:**

The Executive Committee augmented by Lennie Gorsuch and Linda Thomas discussed implementing a policy and it was clear that the members at this meeting held divergent views of the acceptability of drug testing. This issue it will be held until the June Board meeting.

Kevin Sullivan asked that we provide a copy of what other hospitals in Alaska are doing as far as drug screening. Shawn will provide that information in the June board packet.

2. **Monitor Stimulus Package IT:** Garth went over several issues related to the Stimulus package, State of Alaska process and our process for an Electronic medical record. This will stay on the Executive Committee's agenda in the future to monitor these efforts and will come to the Board as needed for action.
3. **Wells Fargo/Beech Street State Health Insurance:** Shawn and Garth stated that the State of Alaska would be moving from Premera to Wells Fargo/Beech Street and that representatives of Beech Street would be meeting with the Hospital to discuss this transfer.
4. **HRSA Grant:** Garth stated that in the Federal Budget there were funds for BRH for "equipment". It is the intention of BRH to apply for these funds and use a majority for partial payment of the new CT Scan.

**JOINT CONFERENCE** – No meeting

**QA Committee** – Dr. Peimann reports;

- 1) Bethany Rogers, BRH Quality Director, was introduced. Any formal review or action for her has been deferred one month to allow her to familiarize herself with the organization.

- 2) Review D. Monkman recommendations of medical staff quality review process and update current progress on these recommendations on a quarterly basis.

Justine Muench reviewed the current SCIP (Surgical Care Improvement Project) measures and our results. Question: *Dr. Malter asked for a reminder of what "SCIP" meant and Dr. Peimann explained its meaning is; SURGICAL CARE INFECTION PREVENTION (antibiotic administration one hour prior to cut-time.)*

- 3) Introduced and briefly discussed Patient Safety Survey Results and plan to discuss at June Meeting.

#### **PLANNING COMMITTEE – Reed Reynolds reports;**

##### Construction Update

- Current Project: Project is progressing nicely. Expect the lab to move mid-June. Remainder of the 3<sup>rd</sup> floor & the laboratory renovations (Microbiology, Pathology office & Drawing room/waiting room) will be complete by the end of July.
- Med Sur/Same Day Care Project: Planning completed. Same Day care area is meeting with some differing opinions from several physicians over pre-admission testing and other issues. Preliminary drawings coming – expect to begin work in Feb 2010.

##### Laundry Services

- Current vendor has proposed a 6 year contract at \$1.05 per pound; it is estimated that the hospital volume is 350 pounds per day which can be done in-house for \$0.58 for an annual savings of \$85,000. Advantages include existing infrastructure, no transportation costs.
- The current vendor is not expected to oppose a decision to provide laundry service in-house.
- The required renovations to accommodate the laundry can be done as a change order.

##### Land Purchase

- Princess has offered land previously used to store their busses, to BRH. The land has a tax value of \$800,000; Princess is asking \$1.2 million.
- Loren suggested the land could be used for a new daycare center. Other ideas included a medical office building, cardiac cath, behavioral health. Question was raised about contamination of the land from prior use. Garth noted that the ophthalmologists may vacate their building in five years. Lennie asked about funding.

##### Information Technology

- Loren called attention to the large expected Federal investment for improved information technology in the health care industry. Discussed various implications. Felt worthy of further discussion.

**Reed Reynolds made a MOTION to approve the "Patient Plan of Care" policy. Reed made an amendment to the policy to include southbound hospitals under the "Scope of Services" section.**

#### **FINANCE COMMITTEE – Kevin Sullivan reports;**

##### April 2009 Financial Results

##### **Notable Financial Events**

- Low revenue in CT Scanner due to repair needs
- High Outpatient Revenue in Physician Surgical Services, beginning to see contractual adjustments after 10 months of operation
- Low revenue in Pharmacy due to low chemotherapy

##### **Summary**

Operating results for April show total patient days over budget. Inpatient Revenue was 7.3% under budget while outpatient revenue was 4.6% over budget leading to total revenue right at budget. Revenue deductions were 17.4% over budget. Total Operating Expenses were 5.1% over budget with high salaries and other fees. For April, Net Loss of \$93,642 was \$532,083 under budget.

Our Operating Cash balance is \$7,096,586 as of the end of the month, an increase of \$1,023,914.

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## **Year-To-Date for our Fiscal Year 2009**

### **Financial**

- Total Revenue of \$78,126,298 is 2.0% under budget
- Revenue Deductions of \$16,075,393 is 2.9% under budget
- Net Revenue of \$62,050,393 is 1.7% under budget
- Total Operating Expenses of \$60,998,207 is 0.2% under budget
- Net Income of \$2,532,669 is \$885,312 under budget

### **Statistics and Indicators**

- ER Visits of 11,182 are 7.8% under budget
- Staff Hours per Adjusted Patient Day is 1.54% lower than budget
- Net Margin is under budget by 1.33%
- Productivity is 99
- Overtime Percentage is 4.86%

**Kevin Sullivan made a MOTION to approve the financials as presented. MOTION passed unanimously.**

Linda commented April YTD is down 26% from budget so she asked Garth If he saw any unusual items that will make that worse or better by the end of our fiscal year? Garth replied we saw in the month of April some rebounding in the census like we expect. What we also saw in April are some unfavorable variances in the two items that we have the least control over which is bad debt and the volume of Medicare and Medicaid patients that come in.

### **HRSA Grant**

We have been designated to receive a federal HRSA grant in the amount of just over \$471,000 for renovation and equipment. Recommendation is to use part of the funds for planned purchase of replacement CT Scanner. Budget for CT is \$1.22 million. Grant would be a savings in the amount Bartlett would expend for the equipment. \$100,000 of the savings would be used to address radio communication problems experienced at Bartlett with our own communications and by the Juneau Police Department and Capital City Fire and Rescue. The balance, some \$371,000, would be a reduction in capital expenditure and be cash we did not expend.

**Kevin Sullivan made a MOTION that from the proceeds of this grant, to allocate 100% of those to funds \$471,000 towards the budgeted purchase of a CT Scanner. MOTION passed with unanimous roll call vote.**

**Kevin Sullivan made a MOTION to allocate from that \$471,000 savings or additional funding from this grant that we allocate \$100,000 of the savings to the improvement of our communications system as outlined to improve radio communications on our campus "the radio project." MOTION passed with a roll call vote.**

### **Benefit Percentage for Employees of Quorum Health Resources, LLC**

The Committee reviewed a letter indicating the change in benefit percentage of QHR employees from 23.8% to 24.0% based on analysis of costs associated with providing benefits. Bartlett's contract with Quorum requires Board approval of change in benefit percentage.

**Kevin Sullivan made a MOTION that out percentage amount for costs associated with providing benefits to our employees be modified from it's current rate of 23.8% to 24% effective May 1, 2009 retroactively. MOTION passed with unanimous roll call vote.**

### **Laundry Service**

The Committee reviewed information – emails and proforma financial information - related to the issue of laundry service and whether we continue to contract for the service or do our own laundry. If we bring in-house the payback on capital investment is estimated to be 1.6 years. Useful life of needed equipment is 10 years.

**Kevin Sullivan made a MOTION that staff proceeds to undertake whatever is necessary to begin to do laundry in house effective November 13, 2009. MOTION passed unanimously.**

### **Operating Room Equipment Requests**

The committee reviewed 2 Operating Room Equipment requests – we are waiting for more information on volume / usage and revenue / charges for an ENT Surgical Navigation System. Cost is \$99,867. The second requested item is for Bariatric Yellow Fin Stirrups – cost \$7,571. Expenditure for new / replacement is preferred over \$4,000 needed to repair existing equipment. No action at this time.

### **Project Funding – de-appropriation of equipment funds**

The budget / funding for the current project include \$1.96 million for equipment and furnishings. With the project nearing its close, recommendation is to request de-appropriation of \$1.5million from the project to reimburse Bartlett for equipment and furnishings purchased.

**Kevin Sullivan made a MOTION to de-appropriate 1.5 million from project funding that will come back to us as unrestricted funds. MOTION passed with a unanimous roll call vote.**

### **Land**

We have again been approached by Holland America Line about interest in their bus barn property on Hospital Drive. The Planning Committee discussed at its meetings and raised some questions including our need / plans for the property. Staff has contacted the CBJ Lands Office about process and any issues. Given the use of the property over the past many years, an environmental assessment will need to be done to determine condition of land / soils. Purchase would need to consider fair market value so an appraisal will likely be needed. Bartlett Board would recommend purchase and CBJ Assembly would give final approval. In order to move quickly, we may enter into a Purchase Agreement which would outline terms of purchase on occurrence of certain steps / meeting certain conditions. No action is needed at this time.

### **State of Alaska Employee Insurance – Wells Fargo / BeechStreet**

We have word that the State of Alaska has contracted with Wells Fargo for processing health insurance claims for State employees and retirees. Wells Fargo works with Beech Street who has contacted us about discounts.

### **Cardiology Service Feasibility Work**

The evaluation committee has met with 2 vendors and is working on recommendation relative to conducting feasibility study.

### **QHR Consultants**

David Perry, of QHR Health Financing Resources, was on site April 30 and May 1 to review accounting for Medicare and Medicaid Contractual Adjustments. He also reviewed accounting for Bad Debt and reserves / allowances for Bad Debt. He will provide a written report of work and findings. He did indicate that things seem to be in line, with no problems or errors.

Tom Lorenc, of QHR Material Resource Group, met with Director of Materials Management of several others on May 1 to discuss HealthTrust Purchasing Group and other Group Purchasing Organization changes and issues.

### **Medicaid Rate Appeal**

We have had Medicaid Rates for FY 2002 and 2003 under appeal for some time. A recent proposed decision appears favorable for Bartlett. We are awaiting a final decision by the Commissioner of the Department of Health & Social Services.

**PHYSICIAN RECRUITING** – No meeting

**BARTLETT FOUNDATION** – Kevin Sullivan reports;  
Allen Marine Cruise had a great turn out.

There was discussion at the meeting regarding the policies and procedures with our donor(s) to improve communication to let the donor(s) know what their money is being used for.

**RAINFOREST RECOVERY CENTER** – Cathy Carter reports;  
Cathy reported there are a couple of good applicants for the vacancies.  
Staff are continuing to work with MHU on their 12 step program.

## **OTHER BUSINESS**

### **Executive Session**

**Dr. Malter made a MOTION to go into Executive Session at 6:28 pm to discuss a matter regarding physician personnel issues The Board came out of Executive Session at 6:50 pm no action was taken.**

### **Board Member Comments**

Reed asked about the Wells Fargo Insurance and what possibilities are of considering HAS at this time. Garth responded we could look at it, but it would not affect the State at this time.

Reed asked how Hourly Rounding is going. Cathy Carter responded that it is going well in Med/Surg but not in OB and CCU because it's a little more difficult as they are "specialty units."

There was a lengthy discussion around our productivity and targets.

Reed would like to see a discussion on lowering health care costs. Linda proposed getting a group together at the Finance Committee level to consider how to engage discussion and action on reducing healthcare costs of our community and make recommendations to the Board.

Letters that were sent to the hospital were reviewed.

June Calendar was reviewed. The following changes were made;

Executive Committee – June 2<sup>nd</sup> @ Noon

QA Committee – June 9<sup>th</sup> @ 11:00 am. QA was moved permanently to the first Thursday of the month.

## **ADJOURNMENT**

**Dr. Malter made a motion to adjourn at 7:15 p.m. The motion passed unanimously.**

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**Nate Peimann, MD, Secretary (Date)**