

Bartlett Regional Hospital

3260 Hospital Drive, Juneau, Alaska 99801 907.796.8900 www.bartletthospital.org

Board of Directors

May 21, 2013

Robert Valliant Center

Called to order at 5:15 p.m.

Roll Call

Linda Thomas, President	Reed Reynolds, Vice-President (by phone)
Alex Malter, MD, Secretary, (by phone)	
Bob Storer, Past President	Mary Borthwick
Nancy Davis (by phone)	Kristen Bomengen
Lauree Morton	Nate Peimann, MD

Absent

None

Also present

Chris Harff, CEO	Ken Brough, CFO
Norma Adams, HR	Dick Monkman, Esq.
Toni Petrie, Executive Asst.	Ben Miller, DO, Chief of Staff
Karen Crane, CBJ Liaison	Amy Mead, CBJ Attorney

Linda Thomas called the meeting to order at 5:15 p.m.

Public Participation – None

Approval of Minutes – Ms. Borthwick made a MOTION to approve the minutes from the April 23, 2013 Board of Directors meeting. Ms. Bomengen seconded the motion and they were approved without objection.

CEO Report - Ms. Harff reports

Ms. Harff highlighted some items in her CEO report. We are currently still working on the Xtend Cycle Review. The business office received payments from SEARHC and from Medicare. Next month we will have the Information Technology report about Meaningful Use. We did go live with Meditech 5.66 this morning without any major snafus.

We have been receiving applications for an interim Revenue Cycle Director. We will need to provide a vehicle for this person. Administration included in the budget purchasing a vehicle for contracted employees since renting them is costing a lot more. Mr. Brough will start discussions with CBJ on that process.

Executive Committee – Ms. Thomas reports

Ms. Thomas reported that most of the meeting was focused around our compliance program. The Committee made a motion to bring information on the Compliance Program Policy and Procedure Manual and also the Code of Conduct to the full board by the July Board meeting. In addition, the Committee recommended that Mr. Wray provide electronically the training of the compliance program structure and operations and compliance risks and strategies. Also, the Committee asked Board Members to attest they have read that information by July as well. All of this is being driven by increased Compliance needs in the hospital industry. Ms. Thomas said we want to make sure we are doing our due diligence as a board and following through with the

BOD Minutes May 21, 2013

recommendations. There is a section to determine who reviews and approves the corrective action plans resulting from the audits. The motion was made that those would come from the Compliance Committee, to the Executive Committee, then to the full Board. Ms. Borthwick said as a member of the Compliance Committee, she asked for a hard copy to go through and Ms. Thomas said she would request that. Ms. Bomengen asked when the materials would be available to them. Ms. Thomas said she would see when that would be.

Planning – Dr. Peimann reports

Dr. Peimann is hoping to have the CEO and Board self-evaluations by the next Planning Committee. Dr. Peimann is going to be doing some “homework” on patient experiences for the next meeting as well.

Ms. Thomas would like to go through the strategic goals and objectives at the June Board meeting.

Finance Committee – Ms. Morton reports

The attached financial statements in the packet were reviewed. ***Ms. Morton made a MOTION to accept the financial statements as presented. Mr. Storer seconded and they were approved.***

The CMS Charge Data was reviewed (attached) that compares Bartlett's pricing to other hospitals. There was a link included in the document in case anyone was interested in seeing the full report.

The City Attorney is drafting a letter to Cerner to terminate our contract for the Electronic Medical Record System. Dr. Peimann asked if any representatives from Cerner have been on campus, Mr. Brough responded no they have not.

The Committee wanted to thank staff for their diligent work on the Xtend follow up.

Two items for consideration are the approval of funds to modify the Cardiac Rehab area and the Physical Therapy area for pediatric therapy. The cost for the modification is \$10,862.

Ms. Morton made a MOTION to make the current Cardiac Rehab space into pediatric therapy and to move the Cardiac Rehab department to the Physical Therapy Department for the dollar amount not to exceed \$11,000. Ms. Bomengen seconded.

Discussion:

Mr. Reynolds asked why the Board was not aware of the need for pediatric therapy. Ms. Harff responded that many children now need sensory type integration services through PT/OT and Speech Therapy. We have a significant waiting list for pediatric patients. Our Cardiac Rehab is small and we have no patients in that area. We are trying to address a higher clinical need service by swapping out the services. There is a Request of Information to show its meeting a patient need and also more revenue for the facility. The electrical supply, the flooring, and a post in the Cardiac Rehab area need to be adapted for the use and safety of pediatric patients. Mr. Reynolds said he understands the need for those services, but his concern was the information wasn't previously provided before any capital requests came before the Board. ***The motion passed by a roll call vote.***

There has been a settlement agreed upon by Administration and the State for the Medicaid Rate Appeal. Mr. Brough said this relates to a rate appeal. They set the rates every 4 years for hospitals in Alaska. This goes back to rates on charges and expenses from 2007 which determines our reimbursement for 2009, 2010, 2011 and 2012. The compromise we came to was \$804,710.00. There will be an appeal for the next cycle also that affects our rates for 2013, 2014, 2015. Mr. Brough reported Stephen Rose, Esq, has been working on this issue with the hospital. The state has made it clear this is their best and final offer to resolve this. They were willing to go to court if we didn't agree to this dollar amount.

Ms. Bomengen asked what the original claim was. Mr. Brough said our calculation could have been as high as 1.2 million but the state's amount was significantly lower.

BOD Minutes May 21, 2013

Ms. Borthwick asked if there is a deadline this needed to be resolved by. Mr. Brough said they want to resolve this now (this week) or we will go to court. **Ms. Morton made a MOTION to approve the negotiated settlement for the amount of \$804,710 Ms. Borthwick seconded.**

Ms. Bomengen wanted to know what the State is trying to accomplish by reprocessing these claims. Mr. Brough responded all the claims we have filed with them over the years were affected by these rates. They are going to go and recalculate all of these claims and apply the new compromised on formula.

Group Purchasing Organization – Mr. Brough discussed the fundamentals of the GPO. When we terminated the Quorum contract, we had to go to a new GPO. The conversion began on April 1, 2013. We had to get new vendors and establish new contracts. We have the first GPO; everything has to go through them first. When they do not have a contract with a provider, we step down to our secondary GPO, which in our case the second GPO is Amerinet.

We gave the Amerinet contract to Ms. Mead to review. After 6-12 month's we will review how we did compared to before and how close we were to the estimates we were given and how close are we to where we were before.

Ms. Thomas asked Mr. Brough to explain rebates. Mr. Brough responded that most of the rebates will come directly to us.

Dr. Peimann asked how VHA Innovation's price differs from independent hospitals to a hospital system such as Providence. Mr. Brough responded with your standard GPO's they have bigger volumes so they get better pricing.

Mr. Reynolds asked about Capital items. Mr. Brough said GPO's will negotiate a good buy for us. They get commitments from other hospitals to get the buying power.

Ms. Davis asked how the staff will be impacted searching for the best pricing between GPO's. Mr. Brough said the staff doesn't get involved in this with the exception of the specialty departments like LAB, this is a Materials Management function.

Dr. Malter said he thought we did our due diligence in selecting the current GPO and is comfortable that Administration has given the Board good advice. He said he has no concerns whatsoever. Dr. Peimann asked if there are there any managers that have the impression the prices will go up. Mr. Brough said it's impossible for them to know yet, it's too early.

Ms. Borthwick asked for clarification on whether the Directors see prices or do they just see how their budget is impacted. Mr. Brough said the Directors approve invoices for their departments. The departments most affected by supplies are; Materials, Lab, Radiology, Pharmacy and the OR. The Materials Manager is charge of working with every one of those trying to make sure we get everything in place.

Ms. Crane asked Mr. Brough when he would get to the point when he goes back to see whether they are actually meeting the price they quoted and when would he evaluate if we're getting what we should. Mr. Brough said approximately 6 months down the road. Things tend to settle down at that point. Materials Management works with Controller and reports to CFO and CEO. VHA was here last week and visited a few departments. Dr. Peimann asked if we are we buying supplies through contracts we have in place. Our old GPO has cut us off. We are paying the price the vendor offers. The GPO helps us compare the pricing.

Ms. Thomas asked if there is a risk that we would be incurring increased costs of significant dollars by year end over the GPO. Mr. Brough said none of the data he has seen indicates anything close to that. Ms. Thomas' recommendation is to have Mr. Brough keep the Finance Committee updated and report back to the Board by December on any new findings. Mr. Reynolds asked who would bear the cost/differential, would it be the department or would it be a GPO conversion category that is not placed on the department but rather assumed as part of the

BOD Minutes May 21, 2013

cost in this conversion. Mr. Brough said Medicare rules dictate it stays with the department using the supplies, we don't have a choice in the matter.

CMS data charges – This is very useful information. We will have a better feeling for next year when looking at our pricing since we should be able to tell specifically what is going on with discounted costs at other facilities. He looks forward in the next few months getting more information to expand on this.

Bylaw Committee – Ms. Borthwick recommended approving the second read of the Bylaws at the June meeting.

BRH Foundation – Ms. Bomengen reports

They had a retreat on April 29th where they received a lot of proposals to support projects here.

They are planning a big Gala event September 7th and asked Ms. Bomengen to invite everyone from the Board. It will be held up at the tram and they are working with Alaska seafood marketing to bring in a big chef. The proceeds will support a particular project at BRH, something like the Sexual Assault Response Team.

Mr. Monkman – Radiation Oncology Clinic

An oncology group has approached BRH to financially participate in the building it is constructing near Valley Medical. If the Board is interested in this proposal, there are several issues to be resolved. In addition to questions about the financing costs, the building will be an “air condo,” which means that the building owners will not own the land under it. CBJ has serious concerns about this type of development.

Ms. Bomengen made a MOTION to go into executive session at 6:43 p.m., to discuss matters which could be confidential by law. Mr. Storer seconded and it was approved.

The Board came out of executive session at 6:50 p.m. No action was taken.

Medical Staff – Dr. Ben Miller reports

Dr. Miller recommended approving the Credentialing report. ***Dr. Peimann made a MOTION to approve the Credentialing report as presented. Ms. Bomengen seconded and it was approved.***

Other Business

The June calendar was reviewed.

Dr. Ben Miller said there is a potential for losing another pediatrician on the call schedule. It was suggested by Dr. Malter to work with Medical Staff, then with Administrative staff to recommend the call dilemma. Mr. Monkman suggested this be discussed at Joint Conference.

Dr. Peimann made a MOTION that the Board will seek a solution from the medical staff or find a solution that serves best interest in patient safety and patient quality. Ms. Davis seconded.

Discussion:

Ms. Morton would support the motion if there is a time certain. Dr. Malter would like a month to think about this before putting it into a motion. Dr. Peimann will agree to table the motion. Critical Services needs to be defined. ***Mr. Storer made a MOTION to table this motion for a month. Ms. Borthwick seconded and it was approved.***

The June calendar was reviewed.

The Board took a recess at 7:15 p.m.

Back in session at 7:20 p.m.

BOD Minutes May 21, 2013

Ms. Morton made a MOTION to go into executive session at 7:22 p.m., to discuss matters which are confidential by law and could impact the finances of the hospital. Ms. Borthwick seconded and it was approved.

The end of the agenda was met and the meeting adjourned at 8:50 p.m.

Board Secretary

BOD Minutes May 21, 2013

Bartlett Regional Hospital — A City and Borough of Juneau Enterprise Fund

