

RIVER'S EDGE HOSPITAL & CLINIC COMMISSION MEETING

River's Edge Hospital & Clinic – Helen G. White Conference Center

Monday, November 23, 2015

Present: Margie Nelsen, Chairperson, Kay Moline, Vice-President; Trustees: H. Stuart Johnson, Blake Combellick, Susan Carlin, Bob Meeks, and Roger Parras; Nadia Malik, MD, Medical Staff President; George Rohrich, CEO; Gregg Chartrand, CFO; Laura Brink, Director of Clinic Services; Stephanie Hill, Chief Marketing & Development Officer; Roxanne Portner, Chief Quality Officer; Paula Meskan, Chief Nursing Officer; Jackie Kimmet, Chief Human Resources Officer; Todd Prafke, St. Peter City Administrator; Samantha Pherson, Executive Assistant and Recorder.

Absent: None

CALL TO ORDER

The regular meeting of the Hospital Commission was called to order at 12:25 p.m. by Chairperson Margie Nelsen.

APPROVAL OF CONSENT AGENDA

The consent agenda includes the following:

- Approval of the Hospital Commission Meeting Agenda for November 23, 2015.
- Approval of the October 28, 2015, Hospital Commission Meeting Minutes.
- Acceptance of the November 10, 2015, Medical Staff Meeting Minutes
- Acceptance of the November 18, 2015, Finance Committee Minutes
- Acceptance of the October 21, 2015, Quality Management Committee Meeting Minutes.

ACTION:

- 1) A motion was made by H. Stuart Johnson to approve the consent agenda. The motion was seconded by Kay Moline and carried with all members voting in favor.

GENERAL VISITOR COMMENTS

Visitors: None

MEDICAL STAFF

- A. **Medical Staff Meeting Minutes.** The minutes of the Medical Staff meeting of November 10, 2015, were present for review.
- B. **Medical Staff Credentialing.** A report from the Executive/Credentials Committee of the Medical Staff was presented for review. A recommendation was made by the Credentials Committee to approve medical staff membership and granting of privileges to the physicians and allied health professionals as listed on the report:

Initial Appointment to the Medical Staff:

Grace Totoe, MD

Active Staff, Internal Medicine/Hospitalist

Eyal Ron, MD

Courtesy Staff, Teleradiology

Reappointment to the Medical Staff:

Steven Anderson, MD

Courtesy Staff, Ophthalmology

Jennifer Cousins, PA-C

Courtesy Staff/AHP, Surgical PA

Jennifer Donkin, RD/LD

Courtesy Staff, Dietitian

Change in Category – Provisional to Full Membership:

None

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Withdrawn from Medical Staff:
None

NOTE: Per Consulting Radiologist Ltd (CRL), discontinue processing Dr. Joanna Carlson's application. Effective 10/23/2015, she is no longer with CRL.

ACTION:

- 1) A motion was made by H. Stuart Johnson to accept the recommendation of the Credentials Committee and grant appointment, reappointment or change in status for each of the practitioners listed above with the exception of Dr. Joanna Carlson, whose application was withdrawn per request of CRL. The motion was seconded by Kay Moline and carried with all members voting in favor.
- 2) A motion was made by Kay Moline to accept the recommendation of the Credentials Committee and grant clinical privileges to each of the practitioners as listed above, with the exception of Dr. Joanna Carlson, as requested and approved by the Credentials Committee. The motion was seconded by Roger Parras and carried with all members voting in favor.

ADMINISTRATIVE REPORT

A. Executive Summary.

The written report submitted by George Rohrich was reviewed.

- October was a busy month statistically which translates into high revenue, showing a positive bottom line of approximately \$155,000, cutting the overall year-to-date bottom line to about (\$288,000), versus year-to-date budget of (\$713,000), and the 2014 year-to-date loss of (\$1,225,000).
- October results show a decrease of cash on hand of \$95,000 and a decrease year-to-date of \$757,000. The decrease in October was primarily due to an increase in receivables and equipment.
- Inpatient surgical procedures continue to trend positively.

B. Statistical Dashboard.

The statistical report for October, 2015, was reviewed. Of the 18 measured activities, 14 are noted to be above budget for the month, the same as last month number. Swing bed days continue to remain low but are increasing and work continues on the opportunities to increase swing bed days.

C. Updates.

- Construction for the hospitalist on-call room started the week of November 16, 2015. The project is still in the early stages, and is scheduled to be completed in late December. The construction of the hospitalist on-call room will allow the hospital to free up a patient room, bringing the bed count up to 15 patient rooms.
- The Rural Healthcare Conference is February 7-10, 2016, and will be located in Phoenix, Arizona. The CEO of the New Ulm Hospital will be speaking at this event.
- The next Trustee webinar will be on Tuesday, December 8, 2015. The topic for this webinar is "Creating a Culture of Compliance."

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- There have been discussions with the Orthopedic Fracture Clinic (OFC) about the continuing growth of OrthoEdge. There has been a positive trend of increased surgical procedures and numbers are continuing to grow at a rapid pace. River's Edge is limited on how many surgical procedures they can continue to receive because of the number of inpatient rooms they have to offer. Mr. Rohrich proposed to the hospital commission that the facility master plan be reviewed to determine if it would be possible to increase the number of patient beds from 14 to 25. This would require River's Edge to obtain proposals and bids for the facility master plan, and reporting this information back to the hospital commission at a later date.

ACTION: A motion was made by Bob Meeks to approve River's Edge to obtain bids and proposals for a project manager and architect based on the facility master plan to increase the number of patient rooms from 14 to 25. The motion was seconded by Susan Carlin. A roll call vote was called by Bob Meeks.

Roll Call Vote:

Margie Nelsen, aye; Kay Moline, aye; Susan Carlin, aye; H. Stuart Johnson, aye; Bob Meeks, aye; Blake Combellick, aye; Roger Parras, aye; Nadia Malik, aye.

Motion was carried with all members voting in favor.

FINANCIAL REPORT

A. October Financial Summary.

Gregg Chartrand presented the financial report for October, 2015. Minutes from the November 18, 2015, Finance Committee meeting were available for review. Gross operating revenue was \$1,181,416 for the month, with net patient revenue at \$2,544,765. Year-to-Date gross revenue is \$3,499,544 ahead of budget, and net patient revenue is \$1,001,056 ahead of budget. Operating expenses stood at \$2,137,602. Year-to-date operating expenses are behind budget by (\$290,472), largely due to the expense associated with implants. October resulted in a net operating income of \$152,123. This brings the year-to-date excess revenue over expense to (\$322,583), compared with a budgeted loss of (\$734,363). The EBIDA (expense before interest, depreciation and amortization) calculation showed a monthly profit of \$334,413, with a year-to-date profit of \$1,207,779.

Cash flow for October showed a decrease of (\$95,207), with operating cash standing at \$3,889,099 and funded depreciation at \$2,811,609. The decrease in cash was primarily due to the first payment for equipment purchases in the amount of \$143,628.55. Current Ratio at the end of October stands at 3.18. Days Cash On Hand is 101.68 days, and Days Revenue in Accounts Receivable stands at 64.19 days.

B. Write-Off to Collection.

Community Care grants totaled \$8,019.05 in October, covering 9 accounts that qualified for 100% write-off in the amount of \$7,848.35 and 2 accounts that qualified for 50% write-off in the amount of \$170.70. Year-to-Date Community Care grants total \$83,371. Collection activity approval totaled \$64,924.86. Year-to-Date collection activity stands at \$714,322. Year to date \$244,720 of gross bad debts have been recovered. The Revenue Recapture program through the State of Minnesota resulted in receipt of \$2,533.74, year-to-date recovery total of \$196,000.

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ACTION: A motion was made by Susan Carlin to accept the recommendation made by the Finance Committee for approval of \$8,091.05 in Community Care grants and \$64,924.86 in write-offs to collection. The motion was seconded by Kay Moline and carried with all voting in favor.

C. Accounts Payable Review.

Accounts Payable review for October included a total of \$1,492,729.76 paid via check.

ACTION: A motion was made by Susan Carlin to recommend approval of checks totaling \$1,492,729.76. The motion was seconded by Roger Parras and carried with all voting in favor.

D. 2016 Budget Presentation and Approval

Gregg Chartrand presented the 2016 Budget, with the budget packet being reviewed. In 2016 the assumption is made that there will be a 12.10% growth in Net Operating Revenue. There will be a 5% price increase; this increase is what is currently allowed by Medicare. Total Patient Revenue budgeted for 2016 would be \$44,200,730 with deductions from patient revenue at \$14,827,990. Net patient revenue would stand at \$29,372,740, and other operating revenue would be \$225,304. That would bring the total revenue to \$29,598,044.

There is a 12.08% growth in total expenses. The largest increase would be in the increase to employee benefits at 47.99%. Medica increased their insurance premiums by 24% for the 2016 year. River's Edge employees would see an increase of 10-12%, with River's Edge covering the remaining cost. There would be an increase of 4.67% to employee salaries and wages. This is a combination of the negotiated increase for union contracted employees and adjustments toward market wages for all other employees based in the Healthcare Human Resources Association of Minnesota (HHRAM) salary survey.

The capital budget recommendation is \$506,408 for primary expenditures. This would be used for Bio Med Equipment (\$300,000), Cisco Wireless System that is outdated (\$80,000), and Cisco switches that are currently 10 -11 years old (\$126,408). Secondary Expenditures were also discussed with \$51,789 budgeted for ER door security, and \$33,725 for carpet replacement of worn carpet.

ACTION: A motion was made by Susan Carlin to approve River's Edge Hospital & Clinic's 2016 Budget. The motion was seconded by H. Stuart Johnson and carried with all members voting in favor.

QUALITY REPORT

The Quality Management Committee minutes from the October meeting were reviewed. The Quality Dashboard report was also distributed for review. The dashboard contains results from a number of measurable and reportable quality measures. Transfer communication measures are below benchmark, and improvement of these measures will be part of the goals set for 2016. River's Edge maintained a 4-star rating in July. River's Edge received national recognition by the National Organization of State Office in Rural Health and iVantage Health Analytics for overall excellence in Outcomes and Patient Perspectives.

CEO EVALUATION

Todd Prafke reviewed the CEO Evaluation Memorandum that was provided to the Commissioners, noting the importance of this Commission responsibility. Mr. Rohrich's performance in 2015 was viewed as meeting or exceeding or standards.

Mr. Prafke also stated that Mr. Rohrich's contract is to conclude at the end of 2015. There is the possibility of having a closed session in December to discuss a future contract.

ACTION: A motion was made by Bob Meeks to approve the 2015 CEO Performance Evaluation for George Rohrich. Motion was seconded by H. Stuart Johnson and carried with all voting in favor.

DIRECTOR COMMENTS

George Rohrich: Mr. Rohrich would like the commission members to keep in mind that the surgeries done by OrthoEdge keep steadily increasing.

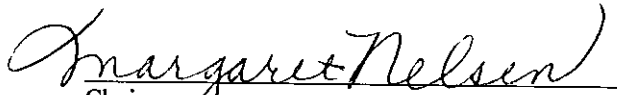
Susan Carlin: Ms. Carlin will not be able to attend the December 23, 2016 Commission Meeting.

ADJOURNMENT

ACTION: A motion was made by Blake Combellick to adjourn the meeting. Motion seconded by Roger Parras and carried with all voting in favor. Meeting was adjourned at 2:24 p.m.

NEXT MEETING

The next regular meeting of the Hospital Commission will be Wednesday, December 23, 2015, at 12 noon. This meeting will convene in the River's Edge Hospital Helen G. White Conference Center. The Finance Committee meeting will be held on Wednesday, December 16, 2015, at 1:30 p.m. This meeting will convene in the River's Edge Hospital Helen G. White Conference Center.


Chairperson

Secretary