

RIVER'S EDGE HOSPITAL & CLINIC COMMISSION MEETING

River's Edge Hospital & Clinic Conference Room

Wednesday, April 24, 2013

Present: Gil Carlson, Chairperson; Michelle Chalin, Vice-Chairperson; Kay Moline, Secretary-Treasurer; Trustees: Sandy Gundlach, Margie Nelsen and Jerry Pfeifer; Colleen Spike, CEO; Dr. Michael Sparacino, REHC Medical Director; Dr. Susan Klenk, Medical Staff President; Kristin Schultz, Director of Quality, Infection Control and Clinic Services; Patty Roessler, Director of Ancillary Services; Sheri Schmidt, Director of Business Services; Jackie Kimmet, Director of Human Resources; Tom Wilcox, Director of Environmental Services; Paula Meskan, Director of Nursing; Ann Lauer, Director of Finance; Todd Prafke, City Administrator; Guest Brian Bohn, Mayo Clinic Health System Manager for St. Peter and LeSueur; Guest Mark Dale, Auditor, EideBailly; and Paulette Redman, Recorder.

Absent: H. Stuart Johnson, Trustee.

The regular meeting of the Hospital Commission was called to order at 12:22 p.m. by Chairperson Gil Carlson.

APPROVAL OF AGENDA

The agenda for the April 24, 2013, meeting was reviewed.

ACTION: A motion was made by Margie Nelsen to approve the agenda as presented. The motion was seconded by Kay Moline and carried with all members voting in favor.

APPROVAL OF MINUTES

The minutes of the regular Hospital Commission meeting of March 27, 2013, were reviewed.

ACTION: A motion was made by Margie Nelsen to approve the regular Commission meeting minutes of March 27, 2013, as presented. The motion was seconded by Sandy Gundlach and carried with all members voting in favor.

2012 FINANCIAL AUDIT REPORT

Mark Dale, representing EideBailly, LLP, presented the results of the financial audit for the year 2012, as outlined in the formal report.

Mr. Dale noted the financial statements and management letters that were distributed for review. He then discussed the following:

- Communication with the Board –
 - Identifying the auditor's responsibility.
 - Significant accounting policies – adopted GASB 62 and GASB 63, no changes in existing accounting policies.
 - Management judgments and accounting estimates and qualitative aspects of accounting practices.
 - Corrected and uncorrected misstatements – a decrease in the allowance for contractual adjustments and an increase in estimated third party payor settlement receivable resulted in an impact of \$399,600 increasing the net position of the facility.
 - Difficulties encountered in performing the audit – no difficulties in dealing with management. Mr. Dale stated the audit went very smoothly.
 - Disagreements with management – none.
 - Management consultations with other independent accountants – none noted.
 - Other matters discussed prior to retention – none.
 - Supplementary information accompanies the financial statements.

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- Internal control matters – material weaknesses included preparation of financial statements and estimated third party payor settlements; Significant Deficiency identified in the limited size of office staff. Deficiencies reported in the current year are consistent with those reported in the prior year.
- Other Matters:
 - Zone Program Integrity Contracts (ZPIC) – A program being implemented by Medicare to look for fraud and abuse.
 - Application of New Accounting Standards – GASB 61 and GASB 65 will be implemented in FY2013. GASB 61 will potentially impact reporting and disclosure for the Foundation. GASB 65 will involve changes to items previously reported as assets and liabilities, affecting deferred financing and refunding costs. The impact will be to decrease total assets, increase total liabilities and decrease net position.

Mr. Dale reviewed the balance sheets, noting total cash of \$4.6 million, noncurrent cash of \$6.4 million, for a combined total of over \$11 million, stating the cash position is in very good standing. Patient receivables are increased compared to 2011, and liabilities are consistent with 2011. Overall net position decreased from \$9.8 to \$9.1 million, which does compare favorably to a peer grouping of Minnesota Hospitals.

The Statement of Revenues, Expenses and Changes in Net Position was reviewed. Overall the facility showed a 2% increase in revenue for 2012, a 5% increase in total expenses, an overall loss of \$727,058, and a net margin of -4.3%. EBIDA ratio 6.3%, debt service coverage 1.17.

Review of Operating Activities showed a total of 1,602 inpatient/swing bed days, down from 1,659 in 2011. Inpatient revenue accounted for 20.5% of total revenue, outpatient revenue 79.5% of the total. Personnel expenses and market share data were also reviewed.

Mr. Dale discussed the potential change in payment methods by Blue Cross/Blue Shield. BC/BS is planning to move to a prospective payment system which may result in a reimbursement decrease of anywhere from 1% to 20%. The changes will be implemented at River's Edge in 2014.

ACTION: A motion was made by Jerry Pfeifer to accept the audit report as presented. The motion was seconded by Michelle Chalin and carried with all members voting in favor.

MEDICAL STAFF

A. Medical Staff Meeting Minutes. The minutes of the April 9, 2013, Medical Staff meeting were reviewed.

ACTION: A motion was made by Kay Moline to acknowledge receipt of the Medical Staff Meeting minutes of April 9, 2013. The motion was seconded by Margie Nelsen and carried with all members voting in favor.

B. Medical Staff Credentialing. A report from the Executive/Credentials Committee 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 listed on the report:

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Initial Appointment to the Medical Staff:

David A. Bryce, MD

Courtesy Staff, Pain Management

Rohaam F. Mehta, MD

Courtesy Staff, Pain Management

Reappointment to the Medical Staff:

Benjamin W. Chaska, MD

Courtesy Staff, Emergency Medicine

Richard L. Lowry, OPA-C

Courtesy Staff, AHP, Orthopedic Physician Assistant

Christopher J. LaFleur, CRNA

Courtesy Staff, AHP, Anesthetist

Heather Dale, PA-C

Courtesy Staff, AHP, Family Nurse Practitioner

ACTION: A motion was made by Michelle Chalin to accept the recommendation of the Credentials Committee and grant appointment or reappointment for each of the practitioners listed above. The motion was seconded by Jerry Pfeifer and carried with all members voting in favor. A motion was made by Michelle Chalin to accept the recommendation of the Credentials Committee and grant clinical privileges to each of the practitioners listed above, as requested and approved by the Credentials Committee. The motion was seconded by Sandy Gundlach and carried with all members voting in favor.

FINANCIAL REPORT

Ann Lauer presented the financial report for March, 2013. The dashboard for financial indicators was presented and discussed. Revenue over budget saw an increase in March to \$1,592,437 compared to a budget of \$1,453,014. Operating expenses increased to \$1,592,912, over budget for the month. Excess Operating Revenue over Expenses for March showed a net operating loss of (\$475). Combined with non-operating revenue, the facility shows a gain of \$1,715 for the month. Year-to-Date Excess Revenue Over Expense shows a loss of (\$94,806). This compares to a budgeted loss of \$(371,528) year to date. Current Ratio stands at 4.03, Days Cash On Hand is 98.03 days, and Days Revenue in Account Receivable stands at 46.27 days.

Community Care grants for March totaled \$6,017.39, of which 8 accounts qualified for 100% write off and 2 accounts qualified for a 50% write off. Collection activity for Board approval totaled \$69,463.37 for March, representing 175 patient accounts. Of this total, \$35,058.35 was from insured accounts, \$34,405.29 was from uninsured accounts. The Revenue Recapture program through the State of Minnesota resulted in receipt of \$31,705.96. Accounts Payable review included a total of \$590,436.66.

ACTION:

- 1) A motion was made by Michelle Chalin to approve the Financial Report for March, 2013, as presented. The motion was seconded by Margie Nelsen and carried with all members voting in favor.
- 2) A motion was made by Michelle Chalin to approve \$69,463.37 in write-offs to collection. The motion was seconded by Sandy Gundlach and carried with all members voting in favor.
- 3) A motion was made by Sandy Gundlach to approve the Accounts Payable Review. The motion was seconded by Margie Nelsen and carried with all members voting in favor.

QUALITY / SAFETY

No report for March, 2013.

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ADMINISTRATIVE REPORT

The written report submitted by Colleen Spike was reviewed. There were no additional comments.

QUALITY / EDUCATION / OPERATIONS

- A. Dashboards – Financial/Statistical.**
The statistical dashboard for March was reviewed.

- B. Electronic Medical Record Update / Financial Management / HR Management Update.**
Costs for implementation of electronic health records are being pulled together. A special Commission meeting will be held on Tuesday, May 14, at 12 noon, to review the plans and projected costs of transitioning to new electronic systems.

- C. Commission Bylaws Review.**
Review of the Commission Bylaws was tabled until the next regular meeting.

DIRECTOR COMMENTS

Paula Meskan, Director of Nursing: Paula Meskan invited the Commissioners to attend the High STEP Health Science Academy open house that will be held on May 15, 2013, from 6-8 p.m. in the Conference Room. The high school students involved in the High STEP program will be giving their year-end presentations.

Sandy Gundlach: Questioned how the CEO search was progressing. Todd Prafke noted that the applications are going to the City offices and will not be looked at until after the closing date of May 31. He stated he has received a number of phone calls and e-mails regarding the position.

Gil Carlson: Mr. Carlson extended sympathies on behalf of the Commission to Todd Prafke on the recent death of his father.

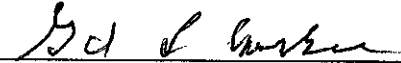
ADJOURNMENT

ACTION: A motion was made by Jerry Pfeifer to adjourn the meeting. The motion was seconded by Michelle Chalin and carried with all members voting in favor. The meeting was adjourned at 1:04 p.m.

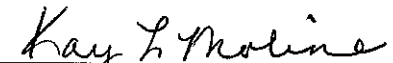
NEXT MEETING

A special meeting of the Hospital Commission will be held on Tuesday, May 14, 2013, at 12 noon in the Helen G. White Conference Room, for the purpose of discussing the transition to new computer systems and an electronic health record.

The next regular meeting of the Hospital Commission will be Wednesday, May 29, 2013, at 12 noon. This meeting will convene in the River's Edge Hospital Helen G. White Conference Room. The Finance Committee meeting will be held at 11:30 a.m.



Chairperson



Secretary