

RIVER'S EDGE HOSPITAL & CLINIC COMMISSION MEETING

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

Wednesday, April 30, 2014

Present: Michelle Chalin, Chairperson; Margie Nelsen, Vice-Chairperson, Kay Moline, Secretary-Treasurer; Trustees: Sandy Gundlach, Bob Meeks and Chuck Zieman; George Rohrich, CEO; Dr. Susan Klenk, Medical Staff President; Dr. Michael Sparacino, Medical Director; Sheri Schmidt, Director of Business Services; Jackie Kimmet, Director of Human Resources; Ann Lauer, Director of Finance; Paula Meskan, Director of Nursing; Tom Wilcox, Director of Environmental Services; Patty Roessler, Director of Patient Care Services; Roxanne Portner, Director of Quality and Infection Control; Kim Johnson, Director of Clinic Services; Todd Prafke, City Administration; and Paulette Redman, Recorder.

Absent: H. Stuart Johnson, Trustee.

CALL TO ORDER

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

APPROVAL OF AGENDA

The agenda for the April 30, 2014, Hospital Commission meeting was reviewed. Mr. Rohrich requested the addition of an Item for the Audit Report, to be given following Item 3; the addition of Item 6-C – Quality Dashboard, and a discussion at the end of the meeting regarding setting of a Commission Workshop date for May, 2014.

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

APPROVAL OF MINUTES

The minutes of the regular Hospital Commission meeting of March 26, 2014, were reviewed. A typographical correction was made on page 4, line 2 of the Quality report to change the word “prevented” to “presented.”

ACTION: A motion was made by Sandy Gundlach to approve the minutes of the regular Commission meeting of March 26, 2014, as amended. The motion was seconded by Kay Moline and carried with all members voting in favor.

MEDICAL STAFF

A. Medical Staff Meeting Minutes. The minutes of the April 8, 2014, Medical Staff Meeting were reviewed. Dr. Klenk noted introductions by Lisa Danielson, Dietician from the local Family Fresh grocery store, and Nicole Boelter, Exercise Physiologist, now heading up the Live Well Fitness Center. Dr. Klenk also reviewed the report from the Medical Services Committee, noting that patient satisfaction scores and the provider peer review process were discussed. Nominations were taken for the office of Vice President, which will be vacated upon Dr. Troedson's departure at the end of May.

Action: A motion was made by Chuck Zieman to acknowledge receipt of the Medical Staff Meeting minutes of April 8, 2014. The motion was seconded by Sandy Gundlach 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 as listed on the report:

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Initial Appointment to the Medical Staff:

Bhavini (Tina) Carns, MD	Courtesy Staff – Pathology
Scott Tyson, MD	Teleradiology

Reappointment to the Medical Staff:

Gary S. Goldberg, MD	Courtesy Staff, Urology
Loretta Krahn, CRNA	Courtesy Staff, AHP, Nurse Anesthetist
Richard K. Marlow, DMD	Courtesy Staff, Oral & Maxillofacial Surgery
Gina Risty, MD	Courtesy Staff, General Surgery

Withdrawal from Medical Staff Membership:

Jonathan Erickson, MD	Courtesy Staff, Ophthalmology
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ACTION: A motion was made by Margie Nelsen to accept the recommendation of the Credentials Committee and grant appointment, reappointment or change in status for each of the practitioners listed above. The motion was seconded by Kay Moline and carried with all members voting in favor. A motion was made by Bob Meeks 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.

2013 FINANCIAL AUDIT REPORT

Mark Dale, representing EideBailly, LLP, presented the results of the financial audit for the year 2013, 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 65 and GASB 61, no changes in existing accounting policies.
 - Management judgments and accounting estimates and qualitative aspects of accounting practices.
 - Corrected and uncorrected misstatements – to add back prepaid insurance premium which had been written off as part of the GASB 65 implementation, net impact was to increase net position by \$87,200.
 - 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.
- Internal control matters – Significant Deficiency identified in the preparation of financial statements and the limited size of office staff. Deficiencies reported in the current year are consistent with those reported in the prior year.

Health Care Environmental Trends were noted and discussed. Current trends include rising costs and reduced reimbursement, health care reform, physician recruitment and retention, and health information technology.

Mr. Dale reviewed the balance sheets, noting total cash of \$5.4 million, noncurrent cash of \$5.1 million, and a total of cash and assets of \$10.7 million, which is down approximately \$300,000 from 2012. Patient

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receivables are decreased compared to 2012, and liabilities are increased from 2012. Overall net position decreased approximately \$500,000 compared to 2012, currently at \$8.2 million, and continues to compare favorably to a peer grouping of Minnesota Hospitals.

The Statement of Revenues, Expenses and Changes in Net Position was reviewed. River's Edge an increase of \$500,000 in revenue for 2013. Expenses increased by 1%. Overall the facility showed a loss of (\$529,533), which is improved from the 2012 loss of (\$727,058). Net margin for 2013 is -4.0%, EBIDA ratio 6.8%, debt service coverage ratio 1.3.

Review of Operating Activities showed a total of 1,644 inpatient/swing bed days, up from 1,602 in 2012. Inpatient revenue accounted for 25.4% of total revenue, outpatient revenue 74.6% of the total. Total expenses per adjusted patient day of \$2,926.00. Personnel expenses and market share data were also reviewed.

ACTION: A motion was made by Bob Meeks to accept the audit report as presented. The motion was seconded by Kay Moline and carried with all members voting in favor.

ADMINISTRATIVE REPORT

A. Executive Summary. The written report submitted by George Rohrich was reviewed. In addition, Mr. Rohrich noted that River's Edge will host the City Council workshop on May 5. Council members will be given tours of the facility at this time.

B. Strategic Plan Update. Mr. Rohrich presented a progress report on the strategic plan, noting the following:

- Growth – some services are above budget for the month, some below budget.
- Satisfaction – marketing plan is on schedule.
- Quality – Inpatient readmission rate and inpatient falls meeting goal.
- People – Turnover rate thus far 2014 – 7 people equating to 4%.
- Finance – ICD-10 implementation delayed by one year. Excellian project is on schedule.

In researching the employee turnover rate, it was found that the turnover rate has been over 30% annually for the past three years. In light of this finding, Mr. Rohrich asked that the goal be adjusted upward to 24% turnover rather than the 12% turnover rate first identified. A 24% rate would represent a one-third improvement. One of the priorities for the Studer project will be to reduce employee turnover – initial work will be with increasing the accountability of the leaders within the facility and improving managerial connections with employees.

ACTION: A motion was made by Bob Meeks to amend the strategic plan, changing the goal for overall employee turnover to greater than or equal to 24%, rather than the initial rate approved of 12%. The motion was seconded by Sandy Gundlach and carried with all members voting in favor.

C. Statistical Dashboard. The statistical report for March was reviewed. Overall activity was below benchmark for the month.

FINANCIAL REPORT

Ann Lauer presented the financial report for March, 2014. The dashboard for financial indicators was reviewed and discussed. Gross operating revenue was \$2,156,685, compared to a budget of \$2,531,136.

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Net operating revenue was \$1,643,912 for March, which is below the budget set of \$1,675,973. Operating expenses stood at \$1,592,082, below the budgeted amount of \$1,712,092. March resulted in a net operating gain of \$51,830. Combined with non-operating revenue, the facility shows a gain of \$54,243. This brings the year-to-date excess revenue over expense to (\$304,396), compared with a budgeted loss of (\$97,977). Current Ratio at the end of March stands at 4.16, down from 4.55 in February. Days Cash On Hand is 109.18 days, and Days Revenue in Accounts Receivable stands at 40.80 days. March shows a negative cash flow of (\$73,543).

Community Care grants totaled \$12,783.32 in March, covering 26 accounts that qualified for 100% write-off and 2 accounts that qualified for a 50% write-off. Collection activity for Commission approval totaled \$76,233.02 for March, representing 126 patient accounts. Of this total, \$51,486.89 was from 86 insured accounts, \$24,746.13 was from 40 uninsured accounts. The Revenue Recapture program through the State of Minnesota resulted in receipt of \$26,684.36. Gross collections activity year-to-date 2014 is \$218,655.35; gross bad debt recovery year-to-date 2014 is \$136,056.00.

Accounts Payable review for March included a total of \$682,279.47 paid via check. There were no payments made via accounting data program.

ACTION:

- 1) A motion was made by Chuck Zieman to accept the Financial Report for March, 2014. The motion was seconded by Kay Moline and carried with all members voting in favor.
- 2) A motion was made by Margie Nelsen to approve \$76,233.02 in write-offs to collection for March. The motion was seconded by Sandy Gundlach and carried with all members voting in favor.
- 3) A motion was made by Margie Nelsen to accept the Accounts Payable Review. The motion was seconded by Sandy Gundlach and carried with all members voting in favor.

QUALITY REPORT

A. Quality Management Committee Meeting Minutes.

The minutes of the March 19, 2014, Quality Management Committee Meeting were distributed for review. Roxanne Portner summarized the minutes, noting that seven departments had reported on their quality activities.

ACTION: A motion was made by Bob Meeks to acknowledge receipt of the Quality Management Committee meeting minutes of March 19, 2014. The motion was seconded by Sandy Gundlach and carried with all members voting in favor.

B. Quality Health Indicators (QHi) Data.

A Quality Health Indicators report through 4th quarter 2013 was reviewed. QHi is a web-based benchmarking program with hospitals in 15 different states participating.

C. Quality Dashboard.

Roxanne Portner presented a "Quality Dashboard." Inpatient Satisfaction for the 1st quarter of 2014 was 90.3%, slightly below the benchmark of 90.5%. All other indicators for 2014 are at or above benchmark for the 1st quarter of 2014. Hospital core measure data for 2013 was also included on the dashboard – two areas not meeting the goal included Fibrinolytic therapy within 30 minutes of ED arrival and door-to-imaging time for stroke patients. Both measures had low numbers of patients included in the measure; however are also areas that will be addressed as River's Edge prepares to become a "Stroke-Ready" facility over the next year. "Stroke Ready" is a designation similar to a trauma designation. Facilities that are stroke ready have implemented programs to improve their response to stroke patients. The State of Minnesota began taking applications for Stroke Ready facility designations on April 1 – the goal for River's Edge is to become a Stroke Ready facility by December 1, 2014.

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EDUCATION

- A. **"Top Ten" Facts That Every Hospital Trustee Should Know About HIPAA.** A webinar discussing the Health Insurance Portability and Accountability Act of 1996 (HIPAA) was presented. Roxanne Portner has recently been appointed as the HIPAA Compliance Office and is responsible for employee training for HIPAA. Kevin Schaefer is responsible for computer security. Ms. Portner noted that an increasing area of potential HIPAA violation is the use of social media. She recommends that employees keep their work life and private life separate in order to avoid the potential for inappropriate disclosures of work-related information. Ms. Portner is also currently working on performing a risk assessment to identify where breaches of protected health information may occur.

DIRECTOR COMMENTS

Bob Meeks, Trustee: Thanked George Rohrich and Chuck Zieman for their comments to the City Council regarding the purchase of the Omnicell and cystoscopy equipment.

Todd Prafke, City Administrator: Congratulated Ann Lauer and Mr. Rohrich for a successful financial audit.

Patty Roessler, Director of Patient Care: Announced that Shirley Miller, RPh, PharmD, has been hired as the new pharmacist following Gary Swedberg's retirement.

Paula Meskan, Director of Nursing: Invited Commissioners to attend the High-STEP Open House scheduled for Wednesday, May 14, 2014, from 5:30 to 7 p.m. Plans are underway for a fifth season of the High-STEP program to include another group of 50 students. River's Edge will be co-hosting a scrubs camp this summer along with Gustavus Adolphus College. The camp would be open to 24 middle school students who would spend one day at River's Edge and one day at Gustavus. River's Edge is also partnering with Gustavus Adolphus for their summer Institute of Nursing program.

COMMISSION WORKSHOP


Mr. Rohrich requested setting a date and time for a Commission workshop for purposes of discussing potential services that can be provided by River's Edge. Consensus was to set a workshop on May 13, 2014 from 1:30 to 3:30 p.m.

ADJOURNMENT

ACTION: A motion was made by Kay Moline to adjourn the meeting. The motion was seconded by Margie Nelsen and carried with all members voting in favor. The meeting was adjourned at 1:55 p.m.

NEXT MEETING

The next regular meeting of the Hospital Commission will be Wednesday, May 28, 2014, 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 at 11:30 a.m. A Hospital Commission Workshop will be held on Tuesday, May 13, 2014, from 1:30 to 3:30 p.m.


Chairperson


Secretary