

**STILLWATER MEDICAL CENTER AUTHORITY  
BOARD OF TRUSTEES  
Regular Meeting, June 27, 2017  
Stillwater Medical Center Honska Conference Center  
5:30 p.m.**

**Present:** Dan Duncan, Lowell Barto, Beth Buchanan, Cary Couch, MD, and Calvin Anthony

**Absent:** Joe Haney and Mayor Gina Noble

**Others:** Butch Koemel (attorney), Jon Pelzl, MD, Steven Cummings, MD, Denise Webber, Alan Lovelace, Steven Taylor, Shyla Eggers, Scott Petty, Joseph Geresi (Administrative Intern), Dylan Postier (IT) and Cheryl Marshall (minutes)

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Chairman Dan Duncan called the meeting to order at 5:34 p.m.

**APPROVAL OF MINUTES**

Barto moved the Board approve the minutes of the May 23, 2017 regular meeting of the Stillwater Medical Center Authority Board of Trustees as presented. Buchanan seconded the motion and Couch, Buchanan, Duncan and Barto voted in favor of the motion. Anthony abstained as he was unable to attend the May meeting.

**CONSENT AGENDA**

Dr. Olson was unable to attend this meeting. Chairman Duncan moved the Consent agenda up as Dr. Cummings was on duty as Hospitalist and could be called away. Dr. Cummings updated the Board members on the policies and credentialing actions listed on the Consent Agenda. Anthony asked if those being credentialed were employed. Cummings said those on the tonight's agenda were not employed.

Anthony moved that the Consent Agenda be approved in its entirety. Couch seconded the motion, and Duncan, Buchanan, Barto, Couch and Anthony voted in favor of the motion.

**BOARD EDUCATION: MENTAL HEALTH: UNDERSTANDING THE CHALLENGE AND MAKING A DIFFERENCE**

Webber told the Board members about the Mental Health article included in the Board packet. She let them know that we are working with Edwin Fair on a possible Respite program. It may be an opportunity to reduce the number of Emergency Order of Detentions (EODs). We are in the beginning phase and are gathering information. We have not yet done a cost analysis.

## **BALANCED SCORECARD**

Denise Webber shared the Scorecard report with the members. The inpatient satisfaction score is 82.5%, meeting our goal. We are trending well on our clinic satisfaction, ER satisfaction and on our overall Medicare Readmission rate at 4.6%. We are continuing to work to lower patient falls and the c-diff rate. Our employee opinion survey overall rating is 97%, far exceeding our goal of greater than 80%. The physician satisfaction survey will be done later in the year. We are doing well in both the financial and growth category.

## **ACCEPTANCE OF MAY 2017 FINANCIAL REPORT AND JUNE 21, 2017 FINANCE COMMITTEE MINUTES**

Lovelace gave a PowerPoint presentation of the summary of operations for May 2017. Admissions, including rehab, were 311, above budget of 299 and last year of 286. Surgeries were 307 for the month, above budget of 258 and last year of 258. Surgeries at the Surgery Center were 322 for the month, above budget of 295 and last year of 299.

Emergency room visits were 2,561 above budget of 2,384 and last year of 2,391. Outpatient visits, not including ER visits, were 11,517 above budget of 10,183 and last year of 9,968. Births were 70 for the month, below budget of 72 and above last year at 69.

Financial assistance was \$832,000 for the month. Salaries and Wages were at \$6.05M, slightly below budget of \$6.07M and above last year of \$5M. Benefits were \$1.7M above budget of \$1.68M and last year of \$600,000.

Operating Income for the Hospital is \$731,000 above budget of \$435,000 and below last year of \$1M. Operating Income for the Clinics was \$171,000 compared to a budget of \$79,000 and last year of \$111,000. Operating Income Consolidated is \$902,000, above budget of \$514,000 and below last year of \$1.1M.

YTD Operating Income Consolidated is \$6M, above budget of \$3.3M and last year of \$5.1M. YTD Operating Margin Consolidated is 7.0%, above budget of 4% and below last year of 7.1%. YTD Non-Operating Revenue is \$1.9M, above budget of \$276,000 and last year at \$1.1M. YTD Net Income is \$8M, above budget of \$3.6M and last year of \$6.3M.

Days in Accounts Receivable was 30.4 days. Days Cash on Hand is 168 days. Cash is \$84.2M, compared to \$76.6M at year end 2016.

To date, we have spent \$2.2M (86%) on the CMS project. Total amount approved for this project is \$2.573M. \$1.6M (22%) has been spent on the Cancer Center Project. Total amount approved for that project is \$7.643M.

Anthony asked if we reserve an amount for unexpected claims due to being self-insured. Lovelace said yes, we book a reserve that is adjusted at year end.

Lovelace stated that the Finance Committee members discussed the financials, the summary of clinic operations and scorecard in detail. He noted that the Cancer Clinic had performed well this month. The Finance Committee recommended approval of the stereotactic biopsy system, property purchase, site & canopy and parking lot GMP and the DaVinci Xi to be discussed individually in this meeting.

Barto moved the Board accept the May 2017 Financial Report and the June 21, 2017 Finance Committee minutes as presented. Couch seconded the motion, and Barto, Anthony, Couch, Duncan and Buchanan voted in favor of the motion.

Lovelace directed the Board's attention to Tab #6. He said that due to the members being asked to approve several items at this meeting, he wanted to give them information on how the various items would be funded. Total Operating Cash including investments is \$84,267,000. The property, DaVinci Xi, parking lot and stereotactic biopsy system totals \$6,328,600, and would be funded from Operations. The Canopy and Site work will be funded from the \$35M loan. Couch asked what criteria was used to determine which projects to fund from Operations and/or the Loan. Lovelace said that when obtaining the loan, the bank required us to list the projects that would be funded from the loan amount. The Canopy and Site work were listed at that time.

#### **APPROVAL TO PURCHASE DAVINCI XI SURGICAL ROBOT**

Lovelace showed the members a video of the DaVinci Xi surgical robot. The cost of the robot with trade in is \$1.693M. Dr. Jon Pelzl, Chief of Surgery, told the Board members that the Xi does considerably more than the current robot. More advanced surgery can be done. The equipment could also be used by the obstetricians and urologists. Patients would experience shorter lengths of stay and in most cases, require much less pain medication. The physician experiences less fatigue as they are able to sit during most of the surgery and are ergonomically positioned. Physicians coming out of school are trained on this equipment, so having it would also help with recruitment.

Anthony asked what percentage of cases could be done with the robot. Lovelace said that we are on pace to do 160 cases this year. Anthony asked if we have met the expected utilization with the current robot. Dr. Pelzl said that we did not at first, but have in the last 18 months. Once we started using it for hernias utilization increased.

Duncan asked if there would be any benefits in keeping the current equipment instead of trading it in. Lovelace said that there wouldn't be a

benefit in keeping the equipment as the new equipment is easier and better to use. The trade-in value is approximately \$350,000.

Anthony asked if we have additional expenses when using the robot. Dr. Pelzl said that there is little cost difference, but the cost to the patient would be the same as laparoscopic. Anthony asked about the life of the robot. Dr. Pelzl said they are developing single site adaptors (deployable arms) for the Xi. We feel they will support the Xi for several years.

Duncan asked about a warranty or service contract. Lovelace said there is no service cost the first year. Year two through five, it will cost \$124,000 annually (operating expense). Lovelace said that Finance Committee recommended approval. Dr. Pelzl said that we haven't had any major issues with the current robot. Duncan asked if there is a learning curve. Dr. Pelzl said the console is the same. The new equipment appears to be easier to use as it has laser guidance and orients the arms for the surgeon.

Anthony moved the Board approve the purchase of the DaVinci Xi Surgical Robot for \$1.693M based on the improvement of care for the patients and decreased fatigue for the physicians. Barto seconded the motion, and Duncan, Barto, Anthony, Buchanan and Couch voted in favor of the motion.

Barto asked that we publicize the Xi. Eggers agreed to do so. Anthony asked to see utilization data annually or semi-annually on cases in which the robot is used. Webber agreed to do so.

#### **ACCEPTANCE OF JUNE 13, 2017 FACILITIES COMMITTEE MINUTES**

Taylor updated the members on the items discussed at the June 13, 2017 meeting of the SMC Facilities Committee of which the minutes were included in the packet. Taylor noted that the second phase of the fourth floor project is moving faster than the first phase. CMS received their certificate of occupancy.

Barto moved the Board accept the June 13, 2017 Facilities Committee minutes as presented. Couch seconded the motion, and Anthony, Buchanan, Couch, Barto and Duncan voted in favor of the motion.

#### **REVIEW OF OVERALL PRELIMINARY PROJECT BUDGETS**

Steven Taylor went over the preliminary cost estimate provided by Flintco which was included in the packet. He showed the members renderings and provided details of each project: Canopies and Site, Heart and Vascular Institute, West Conference Room expansion, Surgery Addition and Renovation, Lobby, 2<sup>nd</sup> floor, and 3<sup>rd</sup> floor space. Anthony asked about the financing for the projects. Lovelace reminded the members that the loan amount of \$35M would not cover all of the costs of the construction projects. The additional amount will be funded from operations. Anthony asked if a proforma had been completed for some of the projects. Taylor

said that a market survey was done showing the need for growth in heart and vascular and for surgery. We would like to add a spine program and will need larger rooms for those types of surgeries. Webber said that recruiting an interventional cardiologist, adding a second cath lab and recruiting a spine surgeon would pay for the construction of those two projects. We are also adding an urologist next year. Dr. Pelzl said that scheduling surgery block time is becoming more difficult and additional surgery space is needed.

#### **APPROVAL OF SITE AND CANOPY REDESIGN AND PARKING LOT GMP**

Taylor directed the Board members to Flintco Construction's GMP included in the packet. He showed renderings of the canopies and the changes to be made to the face of the hospital. Taylor said that the parking lot (155 spaces) behind the Women's Clinic would be added first to allow for the laydown space needed in front during construction. The new entrance into the main parking lot to the Emergency Department will also be added before major construction begins. Total guaranteed maximum price for the canopy and site work is \$3,578,313. Total guaranteed maximum price for the parking lot project is \$571,600. Those projects can come in under the price quoted, but not over. Duncan asked about the architecture fees. Taylor said that the fee is actually set and not 7.5% as stated.

Webber told the Board that she realizes that it has been a few months since they have seen the ROI for the Heart and Vascular Center and the Surgery expansion, so she agreed to email it to them. A consultant is also working on an ROI for Spine.

Anthony moved the Board approve the Site and Canopy Redesign and Parking Lot GMP as presented. Couch seconded the motion, and Barto, Anthony, Couch, Duncan and Buchanan voted in favor of the motion.

#### **APPROVAL OF PROPERTY PURCHASE**

Taylor directed the Board's attention to the properties listed in the Board packet (3 commercial, 4 residential). We are currently leasing two of the commercial properties. All are located near the hospital and are being used or could be used in the near future. Taylor said that we are already out of space in the 12<sup>th</sup> Street building and do not have any clinic space available at this time. We received appraisals on all properties listed. Duncan asked about the property at 604 S. Walnut. Webber said that the interior has been remodeled. If Mental Health Services comes to fruition, we may be able to use that location. Taylor said that location is within the CMS radius guidelines should a hospital-based service be needed. John Koemel (attorney) stated that a resolution had been prepared for signature allowing Steven Taylor to sign the necessary documents at closing. The Board expressed their agreement and Chairman Duncan authorized Taylor to sign the closing documents. Total price for all seven properties is \$3.744M.

Anthony moved the Board approve the purchase of the seven properties as presented. Buchanan seconded the motion, and Anthony, Duncan, Buchanan, Couch and Barto voted in favor of the motion.

#### **APPROVAL OF STEREOTACTIC BIOPSY SYSTEM**

Taylor told the Board that the 3D mammography system allows the radiologists to visualize malignancies that previously escaped detection. Enhancing the biopsy system would allow similar (greater) visualization for biopsies. The current stereotactic system for biopsies is 2D, so we are sometimes unable to visualize suspicious abnormalities. Patients with more subtle calcification must be sent out to other facilities. The equipment is also more comfortable for the patient as they are lying down versus standing up using 2D. The total price (including trade-in) is \$320,000.

Barto moved the Board approve the purchase of the Stereotactic Biopsy System as presented. Couch seconded the motion, and Anthony, Barto, Buchanan, Duncan and Couch voted in favor of the motion.

#### **REVIEW AND APPROVAL OF ADMINISTRATIVE POLICIES**

Denise Webber asked to table the Legal Emergency Plan policy to find out more about the changes made.

#### **CEO REPORT**

Topics of Ms. Webber's CEO Report included the following:

#### **WEBBER NAMED TO OHA BOARD OF DIRECTORS**

Webber accepted an appointment to the Oklahoma Hospital Association Board of Directors. She is looking forward to her service on the Board.

#### **EMPLOYEE FORUMS**

Employee Forums were held in June. It was an opportunity to let staff know the many wonderful things happening here at SMC. A video recording was made and played at the offsite locations, so those employees didn't have to travel to receive the information.

#### **EMPLOYEE SURVEY RESULTS**

We were very pleased with our overall employee satisfaction rate, which was 97%. "Your Immediate Supervisor" rate dropped just slightly, so we will look into that further.

#### **OKLAHOMA HOUSE BILL 1470**

HB1470 goes into effect November 1<sup>st</sup>. The statute of limitations for civil actions was amended. Essentially, all parties who bring negligence actions will be entitled to attorney's fees if they prevail.

### **PHYSICIAN APPRECIATION EVENT**

The Physician Appreciation Event was held. This year we had a Fiesta. It was a fun evening. Webber expressed her appreciation to the Board members who were able to attend.

### **MSPB PERFORMANCE FOR VALUE BASED PURCHASING**

This measure evaluates a hospital's efficiency as reflected by Medicare and is used in determining a hospital's overall Value-Based Purchasing score. We are pleased with our score of 0.97, which is better than the average of other hospitals. This is driven somewhat from our CPC program.

### **MEDICATION RECONCILIATION STANDARDIZED PROCESS**

A team has been working on our Medication Reconciliation Process. They developed a standardized process for the clinics, outpatient care and inpatient care to maintain a current medication list across the continuum. Our goal has been to decrease errors and improve communication between nursing and physicians.

### **KARMAN LEGACY HOSPICE**

July 1<sup>st</sup>, Stillwater Medical will take official ownership of "Karman Legacy Hospice." The new Executive Director, Sherry Crockett, has been hired and will start in her new role July 3<sup>rd</sup>. We are excited to have them join our team.

### **UPCOMING EVENTS**

Webber invited the Board members to the DaVinci Xi Robot Open House on July 17<sup>th</sup>. They were also invited to the Chamber's Business After Hours event at Total Health Aquatics on July 18<sup>th</sup>.

The Vizient Physician/Trustee/CEO Leadership Conference will be held on September 14<sup>th</sup> and 15<sup>th</sup> in Denver, Colorado. Marshall let the Board members know that Vizient is working to book hotel blocks and that she would send out an email to find out if they plan to attend the conference.

Chairman Duncan was pleased to tell the Board that Denise Webber had received the 2017 Bold Leadership Award. A brief video was shown.

Anthony asked if Webber would include information about Blackwell in her next report. She agreed to do so. She said that currently they are looking for a CFO and have an interview scheduled on Thursday.

### **NEW BUSINESS**

None.

Prior to the meeting, Board members reviewed the following Medical Staff meeting minutes:

*Performance Improvement/Patient Safety*                      5/23/2017

*Electronic Medical Records Cte.  
Surgery/Anesthesia Section  
Medicine Section*

5/26/2017  
6/8/2017  
6/8/2017

**ADJOURN**

There being no further business, Barto moved that the meeting be adjourned. Couch seconded the motion, and Couch, Buchanan, Barto, Anthony and Duncan voted in favor of the motion. The meeting was adjourned at 7:14 p.m.



Chairman of the Board



Secretary of the Board