BOARD OF TRUSTEES MEETING MINUTES  
May 18, 2017, Board Room, 6:00 p.m.

Board of Trustees members present: Cathrine Blevins, Vice Chair; Forrest Luke; Alman Nicodemus, Secretary/Treasurer; Don Myers; Kelly Hepworth and Terry Carwile.

Board of Trustees members absent: Todd Jourgensen.

Hospital staff present: Andy Daniels, CEO; Beka Warren, VP of Quality; Bryan Curtis, VP of Information Technology; Jennifer Riley, VP of Hospital Operations; Amy Peck, VP of Nursing; Dr. Kristie Yarmer, Chief of Staff; Dr. Scott Ellis, Chief Medical Officer; Don Cook, Moffat County Commissioner; and Julie Hanna, Executive Assistant and Recorder.

Call to Order. The meeting was called to order at 6:17 p.m. by Cathrine Blevins, Vice Chair.

Opportunity for Public to Address. There were no requests from the public. Sam Serniak was introduced to the board as the recruiter.

Agenda Review. There were no changes.

June Calendar. The calendar was reviewed. The June 29 mixer at Physical Therapy was added.

Consent Agenda. The board reviewed the consent agenda – meeting minutes.

MOTION 2017-32: Moved by Alman Nicodemus, seconded by Terry Carwile, That the Board of Trustees approve the Board of Trustees Meeting Minutes of May 18, 2017; accept the Finance Committee May 17, 2017, Meeting Minutes; and accept the Memorial Hospital Facilities Corporation Meeting Minutes of May 10, 2017. Ayes, all. Motion carried.

Consent Agenda – Projects and equipment. There were none.

Medical Staff Privileges. Dr. Kristie Yarmer presented the medical staff privileges.

MOTION 2017-33: Moved by Alman Nicodemus, seconded by Forrest Luke, That the following privileges be approved by the Board of Trustees as reviewed and recommended by the Credentials Committee on May 2, 2017 and the Medical Executive Committee on May 3, 2017.

The following files were presented for Provisional appointment:  
Christopher J. Ryan, MD- Hospitalist Medicine. The Committee reviewed the file for Dr. Ryan and has unanimously recommended his appointment to the Provisional Provider Staff of The Memorial Hospital.

The following files were presented for Advancement:  
Sandeep Bhatt, MD- Hospitalist Medicine. The Committee reviewed the file for Dr. Bhatt and unanimously recommended his appointment to the Associate Provider Staff of The Memorial Hospital.
William R. Howarth, MD-Orthopaedic Surgery Medicine. The Committee reviewed the file for Dr. Howarth and unanimously recommended his appointment to the Associate Provider Staff of The Memorial Hospital.

The following files were presented for Reappointment:

George F. Holmes, MD-Pathology Medicine. The Committee reviewed the file for Dr. Holmes and they unanimously recommended his reappointment to the Associate Provider Staff of The Memorial Hospital.

Malaika C. Thompson, MD-Radiology Medicine. The Committee reviewed the file for Dr. Thompson and they unanimously recommended her reappointment to the Associate Provider Staff of The Memorial Hospital.

Robert M. Macaulay, MD-Pathology Medicine. The Committee reviewed the file for Dr. Macaulay and they unanimously recommended his reappointment to the Associate Provider Staff of The Memorial Hospital.

Ayes, all. Motion carried.

Resolution of Governing Body Adopting and Providing for Standards for Procurement, Bidding and Contract Awards – USDA. Andy Daniels presented this resolution which is attached to the construction of the Medical Office Building. These are the guidelines as to how funds are bid for USDA projects.

MOTION 2017:34: Moved by Forrest Luke, seconded by Terry Carwile, That the Board of Trustees approve the Resolution of Governing Body Adopting and Providing for Standards for Procurement, Bidding and Contract Awards – USDA.

Ayes, all. Motion carried.

Legal Services Agreement. Caplan and Earnest will be handling the legal requirements for the MOB funding as that firm is familiar with the USDA process.

MOTION 2017:35 – Moved by Terry Carwile, seconded by Alman Nicodemus, That the Board of Trustees approve the Legal Services Agreement with Caplan and Earnest for the MOB funding. Ayes, all. Motion carried.

Asset Transfer Agreement between TMH (DBA Memorial Regional Health) and TMH Facilities Corporation (Now Community Clinics at Memorial Regional Health) – Attachment, Pages 20 – 30. This agreement will shift assets allowing the hospital to pick up additional reimbursement for EMS Services and the FQHC functions.

MOTION 2017:36 – Moved by Alman Nicodemus, seconded by Don Myers, That the Board of Trustees approve the Asset Transfer Agreement between TMH (DBA Memorial Regional Health) and TMH Facilities Corporation (now Community Clinics at Memorial Regional Health). Ayes, all. Motion carried.

GPO Contract. Denise Arola presented information on the group purchasing plan through Quorum. Other plans were reviewed, but it is recommended that The Memorial Hospital remain with this plan. No action is required.

Investment Policy Recommendation. Denise Arola presented the policy that will provide direction and guidelines for investment funds that Memorial Regional Health may have available from time to time. Since MRH is a political subdivision of Moffat County, it is subject to Colorado Statutes defining how public funds can be invested. This policy also provides for Delegation of Authority to the CFO and CEO to maintain the investments.
MOTION 2017:37 – Moved by Forrest Luke, seconded by Alman Nicodemus, That the Board of Trustees approve the MRH Investment Policy. Ayes, all. Motion carried.


April had a net loss of approximately $128,000. The 2017 YTD net loss of $833,000 is $872,000 less than 2016's $40,000 YTD profit. The 2017 loss includes $852,000 of one-time Cost of Issuance expenses. In addition, approximately $25,000 of supplies and minor equipment have been purchased from Dr. Harper's clinic acquisition. Consulting and legal fees in the amount of $337,000 have been incurred as a result of acquisition analyses, contracts, and restructuring, etc. Without these expenses, there would be a year to date profit of approximately $369,000.

Net patient revenue for April was over budget by approximately $219,000 and approximately $35,000 more than April of 2016. April's YTD Medicare usage was approximately 6.0% higher than in 2016 with the main decreases being seen in commercial and private payors.

April expenses were over budget by $305,000. Employee benefits, purchased services and contract labor drive this variance. Contract labor for travelers continue to run high as we have travelers in several departments. Employee benefits are high as we have several high claims and haven't met the Stop Loss deductible.

April volumes were below budget in Med/Surg and Swing beds as well as surgeries, clinic visits and physical therapy. April Year to date volumes exceed prior year in OB, newborns, surgeries/scopes, lab and diagnostic imaging.

In February, Medicaid required a re-validation for all providers. As a result, claims were not being processed. In April, we began receiving a small amount of the outstanding Medicaid claims. Medicaid receivables are still running approximately $2m higher than average as a result of the slow claims payments.


May 2017 CEO Monthly Report. Andy Daniels, CEO, presented the report.

2017 Goals – May 10, 2017

1. Complete implementation of 340B program to capitalize Critical Access Hospital Program to significantly reduce the cost of infusion and related drugs. Extend program to benefit out-patient provider based clinics to further enhance net operating revenues. Financial Goal

May-2017 Update: 340B project is moving along quite well. We are transitioning into the production and training phase before we go live. The 340B wholesale account is currently being created for ordering drugs at 340B pricing. All should go as planned. We anticipate final implementation and go live in June if not sooner.

We completed our financial analysis and pro-forma for retail pharmacy and the conservative estimate shows an immediate net operating margin in the first year. Our intent is to implement a retail pharmacy as quickly as possible. It will be located in the old hospital where the area the old pharmacy once occupied. We have set a goal of October 2017 to open. As part of our strategy our 2018 employee benefit plan will utilize our pharmacy as the sole pharmacy in our drug benefit. We will offer incentives to make this better for employees including providing a set of limited OTC and low cost drugs for free. Our plan is to also stay open to match the hours of our walk-in clinic for enhanced patient and community services.
2. Rebrand the organization to reflect what we are and what we hope to become – Memorial Regional Health.  **Growth Goal**  
**May-2017 Update:** The navigation and design for the new website has been approved. We are now in progress of moving the site into production. The OB Clinic signage and new main hospital signs are now installed. We are starting the process of replacing other outdated signage.

3. Develop pro-forma analyses of new service lines to determine if viable and/or strategic. New service lines to be considered include: Home Health, Hospice, Public Health, Employee Health, In-Patient Geriatric Psychiatry. If viable, pursue. **Growth Goal**  
**May-2017 Update:** We are in process of working through the final agreements with Centennial Home Care but do not anticipate any issues from completing the transition by June 1st, 2017. As soon as the transition is complete we will be filing the 855 with CMS to add hospice services. Kristine Cooper is doing an excellent job, and the former owners have been impressed with her ability during this transition period.

We submitted our bid to Moffat County for providing an on-site employee wellness clinic. We are waiting for feedback from the County to determine if we will be invited to present.

We have been working with Diamond Healthcare to determine if an in-patient geriatric psychiatric unit might make sense. We have completed that analysis and at this time it does not appear viable but perhaps be a future endeavor.

4. Apply for Rural Healthcare Clinic (RHC) Status for our existing primary care and pediatrics clinics to allow TMH to bill cost reimbursement for Medicare/Medicaid to improve bottom line performance. If approved, implement. **Financial Goal**  
**May-2017 Update:** We received an update from the Colorado Department of Health that they do not have the capacity to survey us “any time soon” and advised that they would accept an accreditation from either “The Compliance Group” or the “American Association for Accreditation of Ambulatory Surgery Facilities.” We engaged “The Compliance Group” and submitted the application of 5/10/2017. We will be working as quickly as possible to get prepared and get this group on-site to complete our accreditation survey. We are still trying to get this completed by the end of June 2017 so we can begin billing by July 1, 2017 a Rural Healthcare Clinic.

5. Continue with the goal of fostering an organizational culture that promotes a stronger spirit of ownership and partnership between the hospital and clinic. As part of this goal we will: 1) MRH will become more involved in the community through service programs; 2) Develop and embrace the history of our organization; and 3) Implement employee programs that focus on training, retention and competencies. **People Goal**  
**May-2017 Update:** MRH is a sponsor of the upcoming Craig/Moffat Clean-up Day to be held on 5/20 and 5/21. We are volunteering to serve breakfast on Saturday for the volunteers beginning at 6:00 AM (serving 7:30 AM to 8:30 AM). We are also encouraging employees to volunteer with the City and County on projects within the community.

Amy Peck has developed a program with CNCC to engage nursing graduates in a “transition to practice program.” The program includes using existing nurses as preceptors and signing new grads to contracts for tuition reimbursement that pays back their education over the course of four years. The benefits are twofold: engagement with existing staff as preceptors and secondly building a pool of nurses to avoid the use of travelers. As a note of interest, we spent over $600,000.00 in 2016 in nursing travelers. If this program is successful it will boost not only CNCC’s program but make a positive impact in our continuity of staffing and
reduce overall expenses. Amy has identified a candidate for a clinical educator, and an offer has been made. Hopefully the candidate will accept the position.

MRH provided meat and potato salad for a community fundraiser for Zack Klein and his family. Zack is an employee who has four children who all have very serious medical issues. The fundraiser garnered $13,000 for the family.

Dan Davidson of the Museum has agreed to serve as our “archive specialist” at the time capsule opening to be held on June 14. We are also contacting descendants of the local people involved in the building of the original hospital. The Bella Voce group has agreed to sing and military.

6. Recruit the following at minimum: (1) Orthopedic Surgeon, (1) orthopedic physician assistant, and (2) internal medicine physicians. **Growth Goal**

**May-2017 Update:**

**Orthopedics:** We interviewed Dr. John LeBlanc the week of 5/1/2017. Based upon feedback we are extending an employment offer.

**Family Medicine:** Dr. Kipe is officially an MRH employee. Bridget Barnhart, PA has agreed to terms to come on board as Dr. Kipe’s PA. She will start July 17th pending final Board approval. Carol Bolt is moving down to the 600 Russell Street location.

**Emergency Medicine:** Dr. Watson informed us that she is not renewing her contract and taking more of an administrate role with Team Health. Her current contract expires in October.

7. Using Six-Sigma knowledge and ISO-9001 strategies, develop targeted process with measurable improvements in the following three areas: (1) Operations: Billing Operations and Workflow; (2) Clinical Quality: Medication Reconciliation; and (3) Customers: Customer Experience. As part of the Billing Operations and Workflow specifically implement guarantor billing. **Quality Goal**

**May-2017 Update:**

(1) **Operations:** Flow issues to financial counseling in the clinic are improving with the change in the system to have the patient come to the clinic in time for the counseling to occur. This is prior to the appointment. We have also significantly tightened up pre-authorizations for surgeries which is helping significantly.

(2) **Clinical Quality:** Medication Reconciliation work continues. Most recently problems around the flow of non-formulary drugs are being tweaked. (3) **Customers:** We identified a new gap (and source of frustration) with our customer regarding our process for calling back (or not calling back) test results out of the clinic. The issues surround lack of consistent process, follow-through and use of technology. Dr. Yarmer is meeting with the Clinic Quality Committee to begin to work to correct this issue.

The new Patient Tracking System that Bryan developed for the hospital mentioned last month has been completed and is ready for rollout. Training and full usage should be completed by the end of June.

8. Complete master site plan and then detailed architectural design for new needed clinical and operational space. **Growth Goal**

**May-2017 Update:** Progress is moving forward. We reviewed and revised the first set of drawings from the series of meetings held on 04/11/2017. We had a second series of design sessions on 5/11/2017. We should have a set of updated drawings to share in about two weeks. We will send these out to board members upon receipt. We will be meeting on June 12th with the building committee to review progress and with providers and management on June 13th.

9. Seek out funding opportunities and approval to build needed clinical and operational space. If possible, obtain funding to begin building program. **Growth Goal**

**May-2017 Update:** We received notice from USDA that we have been invited to proceed to full application. We have started that process. I am recommending that we issue a request for
proposal to engage a construction manager. A good construction manager at this stage of design (design assist) will help us identify ways to reduce costs. There are two types of Construction Managers: Construction Manager as Constructor (CMc) and Construction Manager as Advisor (CMa). A CMc acts in the capacity of a General Contractor and is financially and professionally responsible for the construction. This type of Construction Management is also referred to as Construction Manager “At Risk”. The construction contract is between the owner and the CMc. The CMc in turn subcontracts for some or all of the work. This is my recommendation on how to go forward with this project. Our intent is to select the CMc on a competitive, open and free philosophy using a Request for Proposal. Since USDA also requires that the CMc carry 100% surety and insurance, it also weeds out those that may not have the skills to do project.

In accordance with the USDA application, a Public Meeting will be held on May 24, 2017 at Noon in the hospital conference rooms regarding the proposed Medical Office Building project. The public is invited to attend this meeting and to provide comments on the proposed project. A notice will be published in the Craig Daily Press on May 12, 15, and 17, and the notice of Board of Trustees meeting will be posted in the appropriate places. We will present information on the project, and respond to questions. All board members are invited to attend.

10. Implement e-ICU (Electronic Intensive Care Unit) with the goal of transferring fewer patients from TMH for critical care medical related issues (i.e. Sepsis, etc.). **Service Goal**

**May-2017 Update:** eICU is progressing well. The contract was signed and the needs assessment has been completed. The required technology has been ordered and part of has already been received. Diana Dockins has started the process of getting the University of Utah physicians credentialed in our facility. We have a phone conference set up with the team from University of Utah and the Memorial Regional Health staff on Wednesday 5/10/17 as a kickoff of the next steps to successful implementation.

11. Revamp current hospitalist and ED programs to reduce the overall costs, improve patient retention in the system and improve provider continuity to the community (i.e. – stop the rotation of so many providers, attempt to build program ourselves and implement method to review cases being shipped that we could have kept at TMH). **Service Goal**

**May-2017 Update:** Dr. Kipe has been named the Director of Inpatient Medicine effective 5/1/2017. He has asked for 30 days to get adjusted to the change in the clinic (new EMR, etc.) before determining a preferred strategy to making needed changes.

12. Complete implementation of ISO-9000-2015 Quality Management System and achieve ISO-9001 Certification (This is a multi-year goal). **Quality Goal**

**May-2017 Update:** Zach Johnson will assume the position of ISO Auditor and lead MRH towards ISO-9001 Certification. ISO training will be provided the week of May 15 in order for Zach to become proficient. Additional training is scheduled for June 13 – 15 which will be expanded to include other members of staff.

13. Conduct a financial analysis and determine the possibility of converting the organization to a Federally Qualified Health Center (FQHC). Present to the board the findings, analysis, estimated costs, pros and cons and challenges to accomplish. **Growth Goal**

**May-2017 Update:** On 5/10/2017 the Facilities Corporation Meet and passed the necessary resolutions to modify the purpose and bylaws of the existing entity. The new entity is now called “Community Clinics at Memorial Regional Health” (CCMRH) and the board membership has been changed to reflect the requirements of a future Federally Qualified Health Center (FQHC). Due to the restrictions on this model, board members cannot have a family member employed by either the FQHC or MRH. I am no longer a voting member of the entity
but remain as ex-officio as President of the Corporation. The current board consists of the following community members: John Ponikvar, Tonya Griffith, Janell Oberlander-Haefs, and Kathryn Dietz. Board members serving are Don Myers and Cathrine Blevins. Unfortunately, Kevin Peck could no longer serve as a voting member of the board but is remaining as an ex-officio member. We have three board seats open and are looking for nominations. Lastly, the CCMRH board voted to accept the assets associated with the ambulance service. This will be an action item approving this transfer pending the completion of the necessary paperwork to bill for services from CCMRH.

14. Explore all options for an integrated I.T. System that will support the operations of the organization. Complete in 2017 the analysis, costs, pros, cons and make a recommendation to the board. **Growth Goal**

**May-2017 Update:** All information and follow-up information has been provided to St. Mary’s, Centura and Cerner. We are waiting for proposals to be returned for evaluation.

15. Report other major operational items to the board.

**May-2017 Update:**

**Board Development Survey & Self-Assessment:** Based upon the results of the board self-assessment we will be scheduling the following sessions with the board for education.

- Risk Management & Oversight – June 22nd Board Meeting Dinner
- Succession Planning – July 20th Board Meeting Dinner
- Industry Trends – August Board Retreat
- Effective Board Governance – We have purchased two different books on the topic and will be distributing these as soon as they arrive. We will work together and cover a couple of chapters at time in each book. One book I believe to be “one of the worst books on topic” and the other “one of the best books on the topic.” I believe learning will come from both books and the real approach is somewhere between.

**OB/GYN Clinic:** This project is complete. The clinic opened as plan on May 8th. Open house is scheduled for May 17th from 5:00 PM to 7:00 PM.

**Northwest Colorado Health:** We offered to Lisa Brown, the CEO of Northwest Colorado Health, the option to purchase our building at fair market value. We offered to split the cost of the appraisal. She acknowledged the offer and told us that they would be meeting this month and get back with me.

**Proposal for Walk-In/Rapid Care Clinic:** We hope to have the final proposal and contract ready by board for the lease of our land to a developer and lease-back of a building that meets our needs. If it is not ready this may slip to next month’s board meeting for decision. The building plans are “permit ready” and could be submitted in June.

**Request to Foundation:** We have made a request to the foundation for the purchase of two vehicles to support Home Health & Hospice at Memorial Regional Health. Having a couple of vehicles is really the best approach in that it will save reimbursements for mileage and lower insurance liability costs. Hopefully, they will consider this request and fund the purchase.

**Group Purchasing Organization:** Finance and purchasing has completed their analysis of the GPO options and will be making a recommendation at board meeting to enter into a new agreement. Details will be presented at board meeting.
**Investment Options:** Denise is working on investment options for the “mortgage reserve funds” and additional case being held for “projects.” She will be presenting in May.

**Asset Transfer:** As part of our new corporate structure, I am asking for permission to execute an agreement to transfer the assets of the EMS service line to “Community Clinics at Memorial Regional Health” pending completion of set-up with Medicare/Medicaid (insurance payers) and other logistical items. The shift will conservatively save us $100,000.00 over 12 months.

**Variance Request:** We submitted a variance request to the City to address the parking local parking requirement of 1 space per 3 exam rooms. We are requested a parking ratio of 3.33 spaces per 1000 finished square feet. The meeting will be held May 15th at the city building. Hopefully this will be approved by zoning and passed to counsel for approval. The current ratio would require us to build another non-needed parking lot to the tune of $640,000.00

**Corporate Structure:** Included in your packet is a corporate structure that shows what is currently proposed to be structured under what entity. I am happy to walk anyone through this and explain the reasoning for the structure.

**Volunteer Chaplaincy Program:** We are working with the local ministerial alliance to re-establish the volunteer chaplaincy program. The program “fell apart” somewhere around 2005-2006. We will need this program to support our intended Hospice Service Line as well. I am meeting with the group on May 17th to look at processes and policies.

**Executive Session.** At 7:00 p.m. the board adjourned to Executive Session.

**MOTION 2017:38** – Moved by Alman Nicodemus, seconded by Terry Carwile, That the Board of Trustees adjourn to Executive Session for the purpose of reviewing matters of negotiation pursuant to C.R.S. § 24-6-402(4)(e), and Executive Session for the purpose of reviewing personnel matters pursuant to C.R.S. § 24-6-402(4)(f). Ayes, all. Motion carried.

At 7:26 p.m. the board returned to regular session.

**MOTION 2017: 39** – Moved by Forrest Luke, seconded by Alman Nicodemus, That the Board of Trustees approve contracts for Dr. Scott Ellis, Dr. John LeBlanc, Bridget Barnhart and William Arnold. Ayes, all. Motion carried.

At 7:30 p.m. the Board of Trustees adjourned.

Respectfully submitted,

**Julie Hanna**
Julie Hanna
Executive Assistant and Recorder