

BOARD OF TRUSTEES MEETING MINUTES RECORD

DATE:	LOCATION:	START	ADJOURN
April 4, 2016	Hood Building Southport, NC	5:00 pm	6:30 pm
MEMBERS PRESENT: Sherri Marshall, Chair Karen Taylor, Vice Chair Joe Agovino, Secretary Jim White Dr. Robert Zukoski Melissa Hinnant Dr. Scott Starks - Excused		NON MEMBERS PRESENT: Tom Siemers, CEO Dan Porter, CFO Carol Northup, RN, CNO, COO Dr. Karen Wood, Chief of Staff Lynda Stanley, President, Foundation Lori Smith, Clerk of the Board Terry Pope, State Port Pilot	
Guests: <u>North Carolina Hospital Association</u> Cody Hand, Vice President and General Counsel Emily Roland, Member Advocacy Coordinator			

	AGENDA ITEM	DISCUSSION/CONCLUSIONS	ACTION
1.	Call To Order	Karen Taylor Called the Meeting to Order at 5:00pm.	
2.	Roll Call	Joe Agovino Called Roll Roll Reflected Above. A quorum was present.	
3.	Approval of Minutes	Minutes to be Approved: March 7, 2016	MOTION: To accept the minutes of March 7, 2016. Motioned By: Jim White Seconded: Melissa Hinnant All Present in Favor The Motion Carried
4.	Special Presentation	<u>North Carolina Hospital Association</u> Cody Hand, Vice President and General Counsel Emily Roland, Member Advocacy Coordinator The Board was updated on the legislative activities in North Carolina as well as sharing ramifications of actions on many hospitals. Highlights include: <ul style="list-style-type: none"> Appreciated Trustee involvement with state legislators. NCHA is against repeal of the CON process and COPA laws. 	

		<p>Abolishing the CON process would open development of ambulatory surgical centers (ASC's) which would drain needed revenue from hospitals and leave them only with supporting charity care and business draining left over cases. The lobbyists are on the move again to press the issue. It is important that Trustees are involved to educate the legislators on their positions. ED physicians are more concerned about abolishing CON due to the subsequent normally reliable physicians that would not take call to care for patients.</p> <ul style="list-style-type: none"> • The NCHA does not want CON reform at the same time as Medicaid reform. There is now "fee for service" rather than capitation. NCHA is working on a system that addresses these payments focusing on fee for service combined with bundles. The stability of the system relies on the CON process. • Hospitals have become defacto housing for behavioral health patients. NCHA is working on a process that would include payments to EMS for serving the patient on site or take them directly to a specialty point of care. • NCHA is working on a system that hospitals could become exempt and not as a refund system decreasing the workload and costs of processing. • It was noted that 70% of residents will practice in the location they complete their residency. • Hospitals are transforming for a better patient experience, better outcomes and lower costs. We need to be prepared for the changing future. • Hospital Advocacy Day is May 24 in Raleigh. Trustees were urged to attend. It was noted that Sen. Bill Rabon may be the Rules Chair, a important seat position. It is important for Trustees to voice their opinions and share their hospital stories directly with the legislators. They indicated that they have been very responsive to the hospitals positions. 	Trustees possible attendance at the May 24 th Advocacy Day.
5.	CEO Presentation	<p><u>Tom Siemers, CEO</u></p> <p>As a follow up to the NCHA presentation, Tom Siemers shared information on "Transformation In Healthcare." The information from the recent ACHE meeting solidified where Doshier needs to head or as we state "skate to where the puck will be."</p> <p>Highlights include:</p> <ul style="list-style-type: none"> • A notable source in the healthcare industry now states that hospitals need to be headed for Accountable Care Organizations (ACO's). The change from last year reflects the fast changes coming to the industry. • Healthcare is moving from small financial risk to high financial risk moving from FFS (Fee for Service), Case Rates, VBP (Value Based Payments), to Bundled Payments and lastly to Capitation. • The movement is from limited provider integration to developed provider integration. 	

		<ul style="list-style-type: none"> • There are choices to make in order to survive and the Board discussed the ramification of taking no action. Since Doshier touches over 91,000 lives per year and is responsible for an economic impact of \$127M locally, it is imperative that the Board plan for the next few years. The government is already making changes to become effective in 2017 -2019 and forward. • Varied models of payments were outlined: MIPS (Merit Based Incentive Payment System), APM (Alternative Payment Model), VBP (Value Based Pricing), and Bundled Payments. It was explained that the government has put these models into play but there are no specifics on the indicators to be measured for payments and comparisons at this time. • The CCJR (Comprehensive Care for Joint Replacement) was explained and as of March 31, the government has already started this test program with 800 hospitals in key markets. It is not reasonable to think that CAH's (Critical Access Hospitals) will be treated differently. It was stressed that we need to plan for the future. • Hospital teams need to be informed as well as education and development of teams including providers. • The Board discussed the formation of a committee to begin focusing on the transformation issues. They discussed organizing positions within the community and creating collaborative partnerships. The Executive Committee will address the issue. 	Executive Committee topic discussion.
6.	Management Reports	<p><u>Foundation Report –Lynda Stanley</u></p> <ul style="list-style-type: none"> • The Foundation received several letters from organizations in support of community involvement in healthcare. • There are several more educational events at homes of Board members. These events have been successful in getting information to the community. • The April 13th field trip has 17 persons. Board is urged to call if they want to be included. • The Gala is on April 22. Over 100 persons attending with more to come. 	
		<p><u>CEO Report - Tom Siemers</u></p> <ul style="list-style-type: none"> • No further report 	
		<p><u>CFO Report – Dan Porter</u></p> <ul style="list-style-type: none"> • The USDA loan for \$1M has been processed. Larry Sampson, Loan Specialist, Rural Development USDA; Crystal A. Wiley, Area Specialist, USDA; Michael Murchison, Attorney At Law, Hospital Counsel; Pam Mason, Paralegal, Murchison, Taylor and Gibson Dan Porter and the Executive Committee of the Board of Trustees processed the required loan obligations. The \$1M loan has a first payment due 	

		<p>April 4, 2017 and the last payment April 4, 2056. Several required inspections will be due. The loan interest rate dropped to 2.875%. The original loan was at 3.5% which translates in a projected savings of \$1.6M due to restructuring the loan. All legal papers will be filed on Tuesday April 5.</p> <p><u>Financial Report</u> The financial reports were included in the meeting packet.</p> <p>Days Cash on Hand: 57.2 Days Revenue in A/R: 88.5</p> <ul style="list-style-type: none"> ➤ There were 5 swing bed admissions in February. ➤ The payor mix in February remains in the "caution" range. All other indicators hit or surpassed budget. ➤ Total revenue was up 18% in February. <p>Operations YTD <\$737K> Total YTD \$41K March is trending at \$11M gross revenue.</p> <p><u>Property Disposition</u></p> <ul style="list-style-type: none"> • 719 N. Howe St (next to NAPA) has had no additional offers after public notice. The tax assessment is at \$287,994, the July appraisal at \$275,000 and the purchase offer is at \$225,000. The transaction will have a positive impact to the cash reserves of \$225,000. • A resolution was made authorizing the sale of surplus property and other actions as necessary. • Vote: 6 Yea's; 0 Nay's <p><u>Wellness Center</u></p> <ul style="list-style-type: none"> • The schedule completion date for the Wellness Center is now August 5. The Local Government Commission will review the debt application at its May committee. 	<p>MOTION: To authorize the sale of real property at 719 N. Howe St, Southport, C and proceed with the sale process at the offer indicated. Motioned By: Melissa Hinnant Seconded BY: Jim White All Present In Favor The Motion Carried.</p>
		<p><u>IOP and Nursing Report – Carol Northup, RN</u></p> <ul style="list-style-type: none"> • The IOP report was included in the meeting information. No additional remarks. 	
7.	CLOSED SESSION	<p>MOTION: In accordance with N.C. General Statute 143-318.11(a) (1) to discuss (a) confidential credentialing and peer review information protected under N.C. General Statute 131 E-97.2 (b) confidential healthcare contracts protected under N.C. General Statute 131 E-99 and (c) confidential competitive healthcare information protected under N.C. General Statute 131 E-97.3.</p>	<p>MOTION: To move to closed session in accordance with the indicated statutes. Motioned By: Jim White Seconded: Melissa Hinnant All Present in Favor The Motion Carried</p>

8.	OPEN SESSION ADDITIONAL BUSINESS	<p>The Trustees returned to Open Session</p> <p><u>Credentialing Addendum</u> The Credentialing Addendum was approved as presented.</p> <p><u>Medical Staff Bylaws</u> The Medical Staff has added an Emeritus Category to the Medical Staff Bylaws. The Board of Trustees approved the addition.</p>	<p>MOTION: To accept the Credentialing presented as indicated on the Credentialing Addendum. Motioned by: Joe Agovino Seconded by : Jim White All Present In Favor The Motion Carried</p> <p>MOTION: To accept the addition of the Emeritus category to the Medical Staff Bylaws. Motioned by: Jim White Seconded by : Melissa Hinnant All Present In Favor The Motion Carried</p>
9.	ADJOURN	The meeting was adjourned at 6:30 pm.	<p>MOTION: To Adjourn the Board of Trustees Motioned By: Jim White Seconded By: Melissa Hinnant All Present in Favor. The Motion Carried</p>
	Board Minutes Accepted	<p><u>Sherri Marshall, as Chair</u> Sherri Marshall, Chair</p>	

J. ARTHUR DOSHER MEMORIAL HOSPITAL

STATISTICS

February-16

		(A) Month Actual	(B) Month Budget	(C) Prior Month Actual	(D) FYTD Actual	(E) FYTD Budget	(F) Prior FYTD Actual	
1	Medical Admissions	45	45	54	237	264	249	1
2	Swing Bed Admissions	5	-	5	10	-	-	2
3	Surgical Admissions	30	23	26	141	131	94	3
4	Total Admissions	80	68	85	388	395	343	4
5								5
6	Census Days	269	213	195	1,073	1,231	1,092	6
7	Swing Bed Census Days	69	-	24	93	-	-	7
8	Total Census Days (Includes Swing Bed)	338	213	219	1,166	1,231	1,092	8
9	Average Daily Census (Includes Swing Bed)	11.7	7.3	7.1	7.7	8.1	7.2	9
10	Average Daily Census (Excludes Swing Bed)	9.3	7.3	6.3	7.1	8.1	7.2	10
11	Average Length of Stay (Excludes Swing Bed)	3.5	3.1	2.5	2.8	3.1	3.2	11
12	Observation Patients	58	43	64	276	227	203	12
13	Discharges	2,360	1,044	1,913	7,802	5,490	5,891	13
14	Hours							14
15	Operating Room Procedures:							15
16	Inpatient	42	30	41	191	123	120	16
17	Outpatient	131	108	108	587	435	402	17
18	Endoscopy Procedures:							18
19	Inpatient	9	7	2	24	41	21	19
20	Outpatient	58	60	61	280	346	203	20
21	Laboratory:							21
22	Inpatient	1,211	1,155	903	5,126	6,687	5,401	22
23	Outpatient	10,070	7,767	9,703	46,337	44,974	41,596	23
24	Diagnostic Imaging:							24
25	Inpatient	100	96	99	495	559	498	25
26	Outpatient	2,314	1,874	2,383	11,349	10,849	10,844	26
27	Cardiopulmonary:							27
28	Inpatient	267	221	225	1,044	1,280	1,612	28
29	Outpatient	279	219	278	1,171	1,147	1,174	29
30	EKG, Stress Test,							30
31	& Holter Monitor							31
32	Inpatient	18	19	33	113	111	111	32
33	Outpatient	300	305	322	1,439	1,599	1,427	33
34	Physical Therapy:							34
35	Visits	646	563	630	3,216	3,261	3,433	35
36	Treatments	1,447	1,442	1,624	8,030	8,356	8,667	36
37	Cardiac Rehab:							37
38	Diabetic Program:							38
39	Visits	361	398	329	1,686	2,085	1,848	39
40	Visits	11	11	12	90	58	55	40
41	Wound Care Program:							41
42	New Patient Registrations	21	13	19	77	69	48	42
43	Visits	141	128	129	654	668	322	43
44	Meals Served:							44
45	Patients	4,712	4,684	4,678	23,851	23,465	20,787	45
46	Others	2,805	2,935	3,009	14,181	14,568	14,568	46
47	Emergency Room:							47
48	Visits	999	902	1,000	5,057	5,221	5,240	48
49	Admitted	46	46	60	251	264	260	49
50	Transfers	29	23	22	144	133	121	50
51	Total Outpatient Visits (EXCL ER)	4,278	3,816	4,188	20,494	19,976	18,482	51
52	Nursing Center:							52
53	Admissions	11	8	6	44	37	37	53
54	Census Days	1,006	1,305	1,155	5,879	6,363	4,623	54
55	Average Daily Census	34.7	42.1	37.3	38.7	41.9	37.6	55
56								56
57	Clinic Visits:							57
58	Dosher Medical 9th Street	253	254	228	1,186	1,294	1,348	58
59	Dosher Medical Howe Street	355	311	323	1,645	1,586	1,478	59
60	Dosher Medical Smithville Crossing	330	273	335	1,539	1,393	1,462	60
61	Dosher Medical Long Beach Rd	243	151	224	1,293	832	991	61
62	Dosher Medical Oak Island	277	360	273	1,472	1,835	1,811	62
63	Dosher Medical Bolivia	212	181	207	949	921	864	63
64	Dosher Medical Holden Beach	191	164	182	823	835	815	64
65	Dosher Medical Calabash	-	-	-	-	-	1,851	65
66	Dosher Medical Women's Health	210	150	179	927	764	751	66
67	Dosher Medical Vaughan's Clinic	230	310	180	912	1,580	72	67
68	Dosher Medical Surgical Clinic	90	72	104	471	368	10	68
69	Dosher Medical Baldhead	-	-	-	-	-	-	69
70	Total Clinic Visits	2,391	2,226	2,235	11,217	11,408	11,453	70

J. ARTHUR DOSHER MEMORIAL HOSPITAL
OPERATING STATEMENT
Five Months Ending February 29, 2016

	(A)	(B)	(C)	(D)	(E)	(F)	
	Current Month			Year-to-Date			
	Actual	Budget	Prior Year	Actual	Budget	Prior Year	
REVENUE:							
1 Inpatient Revenue	\$ 1,897,435	\$ 1,205,524	\$ 1,224,305	\$ 8,005,374	\$ 6,515,669	\$ 6,016,652	1
2 Outpatient Revenue	7,669,693	6,713,337	6,088,628	36,656,952	35,187,149	30,044,120	2
3 Nursing Center Revenue	257,330	310,017	285,780	1,595,121	1,553,000	1,388,375	3
4 Clinics Revenue	440,170	438,253	421,149	2,245,882	2,246,322	2,146,486	4
5							5
6 Total Patient Service Revenue	10,264,630	8,667,132	8,019,863	48,503,331	45,502,141	39,595,635	6
7 Deductions From Revenue	(6,676,783)	(5,447,351)	(4,929,372)	(31,529,993)	(28,594,743)	(24,713,654)	7
8							8
9 Net Patient Service Revenue	3,587,846	3,219,781	3,090,490	16,973,337	16,907,398	14,881,981	9
10 Other Operating Revenue	67,604	57,208	89,655	364,610	329,902	428,771	10
11							11
12 Total Operating Revenue	3,655,451	3,276,989	3,180,146	17,337,948	17,237,300	15,310,752	12
13							13
OPERATING EXPENSES:							14
15 Salaries	1,312,455	1,271,732	1,327,711	7,125,377	6,778,623	6,496,628	15
16 Employee Benefits	421,016	271,061	346,219	1,668,219	1,563,775	1,475,810	16
17 Professional & Purchased Services	681,297	535,590	586,970	3,240,734	3,034,447	3,047,809	17
18 Medical Supplies & Materials	660,548	482,405	529,084	3,115,288	2,532,322	2,316,434	18
19 Other General Expenses	367,003	349,698	340,025	1,784,137	1,762,155	1,645,515	19
20 Interest	8,787	27,939	60	42,117	139,695	387	20
21 Depreciation	238,146	224,830	225,858	1,098,724	1,134,258	1,039,824	21
22							22
23 Total Operating Expenses	3,689,255	3,163,258	3,355,929	18,074,598	16,945,277	16,022,409	23
24							24
25 Earnings Before Interest, Depreciation & Amortization (EBIDA)	213,130	366,499	50,135	404,191	1,565,976	328,555	25
26							26
27 Excess From Operations	(33,803)	113,730	(175,783)	(736,650)	292,023	(711,656)	27
28							28
29 Non-Operating Revenue	154,217	154,030	143,707	777,440	770,150	718,535	29
30							30
31 Excess Over Expenses (After Extraordinary Items)	\$ 120,413	\$ 267,760	\$ (32,076)	\$ 40,790	\$ 1,062,173	\$ 6,878	31

**J. ARTHUR DOSHER MEMORIAL HOSPITAL
BALANCE SHEET
AS OF FEBRUARY 29, 2016**

	(A) Current Month	(B) Last Month	(C) Prior Year
ASSETS			
Current Assets			
Cash	\$ 4,769,919	\$ 5,024,997	\$ 5,882,663
Board Designated Funds	1,256,519	1,256,519	1,636,643
Cash - Foundation	366,300	366,300	243,759
Total Cash and Investments	6,392,738	6,647,817	7,763,067
Accounts Receivable-Patients	28,662,053	27,223,563	20,019,050
Less Allowance	(16,764,056)	(16,026,082)	(11,831,970)
Net Patient Receivables	11,897,997	11,197,481	8,187,080
Other Accounts Receivable	2,131,336	1,938,462	3,413,012
Inventories	931,920	931,926	921,206
Prepaid Expenses	298,028	553,276	252,852
Total Current Assets	21,652,021	21,268,963	20,537,220
Net Property, Plant and Equipment	37,989,773	38,154,025	35,890,354
Other Assets	287,989	287,802	288,931
Total Assets	\$ 59,929,784	\$ 59,710,791	\$ 56,716,506
LIABILITIES & FUND BALANCE			
Current Liabilities			
Accounts Payable	\$ 1,420,857	\$ 1,408,873	\$ 2,160,548
Current Portion of Installment Notes	72,916	83,333	-
Medicare/Medicaid Settlement	-	-	-
Accrued Payroll and Taxes	571,958	545,487	887,056
Accrued Employees' Paid Days Off	1,073,255	1,008,335	930,315
Current Portion of Bonds Payable	390,000	390,000	365,000
Deferred Revenue - Taxes	-	-	-
Other Current Liabilities	15,758	9,628	10,697
Total Current Liabilities	3,544,745	3,445,657	4,353,617
Non-Current Liabilities			
Lease Obligations			
Bonds Payable	845,000	845,000	1,235,000
Construction Bridge Loan	8,118,698	8,118,698	4,300,290
BEMC Loan	916,667	916,667	1,000,000
Total Non-Current Liabilities	9,880,365	9,880,365	6,535,290
Total Liabilities	13,425,110	13,326,023	10,888,907
Net Assets	46,097,582	46,098,091	45,556,641
Excess Revenue over Expenses	40,790	(79,622)	6,878
Restricted Assets	366,300	366,300	264,079
Total Net Assets	46,504,673	46,384,768	45,827,598
Total Liabilities & Fund Balance	\$ 59,929,784	\$ 59,710,791	\$ 56,716,506