

Nevada Regional Medical Center  
**BOARD OF DIRECTORS**  
**July 29, 2014**

**Members Present:** Steve Russ, Cathy Hissink, Dr. Bill Turner, Bill Denman, Brad Copeland, Larry Bledsoe, Kevin Leeper (ex-officio), David Hample (ex-officio) **Members Absent:** Glenn Rogers, Jenise Burch, Bob Beaver, Dr. Sean Gravely  
**Others Present:** Bryan Breckenridge, Legal Counsel; Mike Stenger, QHR RVP; Greg Shaw, CFO; Cory Vokoun, CNO; Holly Bush, CQO; Heather Brockmeyer, HRAO; Steve Branstetter, LTCAO; Jama Bogart, FNP, Clinic Director; Chris Crist, IT Director; Mandi Jordan, EA; Gloria Tucker, NDM reporter

Topic	Discussion	Action & Follow-Up
<b>Presentation</b>	<p>Prior to the meeting being called to order, Chris Crist, IT Director, presented information regarding <b>IT Cost Savings:</b></p> <ul style="list-style-type: none"> <li>• Long Distance switch from AT&amp;T to CenturyLink, savings over \$126k.</li> <li>• Cerner MU contract cancellation, doing well with meeting requirements, not needed.</li> <li>• Grant will help save 65% of telecommunications cost.</li> <li>• Email Security vendor switch</li> <li>• AT&amp;T Network upgrade, improve internet speed by 10x. Fiber costs less than copper to maintain.</li> <li>• Building relationships with vendors who are willing to partner with NRMC.</li> <li>• Printer/Copier project – switch to multi-function devices in shared areas.</li> </ul> <p>Current and pending savings totals over \$500k.</p>	Informational.
<b>Call to Order</b>	Mr. Russ called the meeting to order at 6:12 p.m. No conflicts of interest were disclosed.	No action taken.
<b>Celebration of Good Things</b>	<ul style="list-style-type: none"> <li>• New CEO in place.</li> <li>• EMTALA survey revisit done with compliments to our improvements. Shows intensity of willingness to improve and get things done right. Mr. Russ stated that it is an indicator of workforce in general, Board appreciates all the hard work.</li> </ul>	Informational.
<b>Approval of Minutes &amp; Reports</b>	<p><i>Reports and minutes of the following meetings were provided in the packet for review:</i></p> <ul style="list-style-type: none"> <li>• Board of Directors – June 24, 2014</li> <li>• Technology Committee – July 22, 2014</li> <li>• Financial Strength Committee – July 22, 2014</li> <li>• Patient Satisfaction Dashboards – July 2014</li> <li>• Organizational Chart – effective July 28, 2014</li> </ul>	The minutes and reports were approved upon a motion made by Dr. Turner and a second by Larry Bledsoe.
<b>Board Education</b>	<p><i>Mr. Russ asked that members review the educational articles provided in packet:</i></p> <ol style="list-style-type: none"> <li>a. <b>“Economic &amp; Financial Stress on Missouri Hospitals,” MHA HIDI HealthStats, July 2014.</b> Shows that we are in a highly stressed area, which indicates reality of small hospital in our region and pressures. Would be interested to know how NRMC compares to chart in article.</li> <li>b. <b>“4 Tectonic Shifts Shaking Up Healthcare,” HealthLeaders Media, July 21, 2014.</b> The group discussed bundled payments. Mr. Stenger discussed recent pilot programs where hospitals receive one payment for inpatient care and professional component, and hospitals will have to decide who gets how much. Discussed an example; will increase risk of providing more care than is reimbursed. Similar to DRG payment with technical and</li> </ol>	Informational.

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	<p>professional components. Mr. Denman asked if we need to be developing policy on when to and when not to test patients; Mr. Stenger stated that once we have test cases from the pilot program, QHR will be able to guide hospitals. Mr. Bledsoe noted that this will not make hospital or physicians happy; Mr. Leeper reiterated that we need to align the hospital and physicians to work toward the same goals. Need to be more on the same page with docs. Mr. Stenger stated that the theory is to drive cost control by incentivizing physicians so there is higher reimbursement for professional component. Currently, hospitals are unable to share gains (kickbacks).</p> <p>c. <b>“Understanding the Risks and Rewards of Bundled Payments,” QHR QView, July 2014.</b>  d. <b>“Update on the Federal Health Insurance Marketplace,” QHR Board Minutes, July 2014.</b></p>	
<p><b>Board Governance</b></p>	<ul style="list-style-type: none"> <li>• <b>Appointment of Kevin Leeper as Chief Executive Officer</b></li> <li>• <b>Board Resolutions</b> <ul style="list-style-type: none"> <li>○ Board Resolution for NRMC Bank Accounts</li> <li>○ Delegation of Authority to CEO and CFO to sign contracts and approve expenditures on behalf of NRMC, as permitted by QHR (physician contracts must be signed by CFO, not CEO)</li> <li>○ Delegation of Authority to CEO to sign licensure paperwork for NRMC</li> <li>○ Board Resolution to appoint CFO as Medicare and Medicaid Delegated Official</li> </ul> </li> </ul>	<p>The CEO appointment was approved upon a motion made by Larry Bledsoe and a second by Dr. Turner.</p> <p>The Board Resolutions were approved upon a motion made by Dr. Turner and a second by Larry Bledsoe.</p>
<p><b>Administrative Reports</b></p>	<p><b><u>CEO Report</u></b> – Mr. Hample provided the following highlights from the full report provided in the packet:</p> <ul style="list-style-type: none"> <li>• Appreciated time at NRMC. Great staff and Board, supportive, engaged, best intentions for hospital. Great opportunity to turnaround.</li> <li>• Major projects - Hospitalist Program, Unassigned Call, new physicians, cultural changes.</li> <li>• In development - service line enhancement, improve volumes, improve revenues. Cannot just focus on expense reduction.</li> <li>• Federal regulations loosened on requirements for physician oversight for clinics, however, Missouri has chosen not to adopt this yet; working through MHA.</li> <li>• Mr. Leeper added that marketing program is very impressive; visiting patients who are referred out to ensure they are aware of services they can return to at home. Good effort to reduce outmigration.</li> <li>• Board members thanked Dave for his time and impact at NRMC, and also welcomed Kevin. Mr. Stenger shared that Mr. Hample has offered Kevin the ability to reach out on pending projects.</li> </ul>	<p>Informational.</p>

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<b>Administrative Reports (cont.)</b>	<p><b><u>Quarterly Compliance Report</u></b> – Mrs. Bush provided the following highlights from the full report provided in the packet:</p> <ul style="list-style-type: none"> <li>• EMTALA survey revisit, surveyors could tell a significant difference in documentation, influential over staff.</li> <li>• Joint Commission intracycle monitoring report in process next 90 days.</li> <li>• Reviewed physician non-monetary compensation, in compliance.</li> <li>• Little RAC activity; three claims totaling \$38k at risk.</li> <li>• Focus on MU documentation for clinical documentation improvement plan. Spending time on Cerner software to make sure data extraction is taking place of manual processes. New software installed P2 Sentinel, monitors electronic medical records. Discussed presentation provided last month by IT Director, discussed that MU financial incentives will become financial penalties if we do not stay compliant.</li> </ul>	<p>Informational.</p>
	<p><b><u>QHR Report</u></b> – Mr. Stenger provided the following report:</p> <ul style="list-style-type: none"> <li>• Herb Winters replacing Dave Yackell as NRM’s AVP; attended this month’s Financial Strength Committee.</li> </ul>	<p>Informational.</p>
<b>Financial Strength Report</b>	<p><b><u>CFO Report</u></b> – Mr. Shaw provided the following highlights for period ending June 30, 2014:</p> <ul style="list-style-type: none"> <li>• Group discussed notifying Bond trustee; Mr. Shaw stated that he was waiting to contact until after Board approves June financial statements. Will trigger external consultant process; estimated cost \$150k.</li> <li>• Loss increased since Financial Strength Committee draft reports. Receivables from 2013 carried all year, not caught until end of this year. Fixed assets corrected. Adjustments total loss, perhaps would have broken even or have been profitable for month of June. Volumes and revenue have increased, trend of improvement.</li> <li>• QHR approved contractual allowance model; BKD preliminarily says it looks fair, but is waiting to see cash collections for a couple of months.</li> <li>• Mr. Bledsoe inquired about staffing level in financial services to prevent these issues in the future; Mr. Shaw discussed that we are at an adequate staffing level.</li> <li>• Mr. Bledsoe asked if we are ready for audit; Mr. Shaw stated that there is more work to do, and still waiting on engagement letter.</li> </ul>	<p>The financial report was approved upon a motion made by Larry Bledsoe and a second by Brad Copeland.</p> <p>The investment recommendation was approved upon a motion made by Brad Copeland and a second by Dr. Turner.</p>
	<p><b><u>Investment of Bond Reserve Funds</u></b></p> <p>Mr. Shaw discussed investing in bond reserve fund through Arbitrage management group. Funds in the amount of \$1.5m earn interest, then apply the interest toward bond payments. \$9,000 in interest currently earned through UMB trustee investing. Arbitrage would manage funds differently, double earnings. Cost is difference between bid and ask. Laddered structure, not subject to discretion. Invest in government agency bonds. Bond documents state what they can and cannot invest in; very clear. We have ultimate control over approving investments. Bond payment currently totals over \$150k per month, will drop to \$126k per month in October due to a miscalculation. Mr. Denman asked why we could not do this ourselves; Mr. Shaw stated that time would be spent on monitoring and researching bonds to reinvest in.</p>	

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<b>Financial Strength Report (cont.)</b>	<p><b><u>FY14 Audit Engagement Letter</u></b>  Mr. Shaw reported that the engagement letter has not yet been received from BKD. He expects to receive it next week.</p> <p><b><u>Approval Items:</u></b> <i>details provided in the packet:</i></p> <ol style="list-style-type: none"> <li>1. Home Health &amp; Hospice Medical Directorship</li> <li>2. Backup Home Health &amp; Hospice Medical Directorship</li> <li>3. Dr. Glenda Young, Podiatry Lease renewal</li> <li>4. Freeman Hearts Cardiology Lease renewal</li> <li>5. Service Agreement on DEXA Bone Density Unit – purchase approved by board previously, did not include service agreement</li> </ol> <p>Mrs. Hissink clarified that these items will be incorporated into the FY15 budget; Mr. Shaw agreed. Mr. Bledsoe added that these are replacement items, which are not increasing budget expenses.</p> <p>Mr. Russ thanked Greg and his financial staff and stated that their hard work appreciated.</p>	<p>Approval items #1-5 were approved upon a motion made by Bill Denman and a second by Brad Copeland.</p>																		
<b>Board Committee Reports</b>	<p><b>Technology Committee</b> – Mr. Bledsoe thanked the IT department on IT cost savings. Discussed other completed and pending maintenance projects. Linen vendor change decreases expense and increases quality.</p>	<p>Informational.</p>																		
<b>Adjournment</b>	<p>The meeting was adjourned into Executive Session in accordance with RSMo (1994) Section 610.021 Subparagraphs (1), (3), (13), and (17), at 7:11 p.m. upon a motion made by Dr. Turner and a second by Larry Bledsoe. Results of a Roll Call vote are as follows:</p>	<table style="width: 100%; border: none;"> <tr><td>Bob Beaver</td><td>Absent</td></tr> <tr><td>Larry Bledsoe</td><td>Yea</td></tr> <tr><td>Jenise Burch</td><td>Absent</td></tr> <tr><td>Brad Copeland</td><td>Yea</td></tr> <tr><td>Bill Denman</td><td>Yea</td></tr> <tr><td>Cathy Hissink</td><td>Yea</td></tr> <tr><td>William Turner</td><td>Yea</td></tr> <tr><td>Steve Russ</td><td>Yea</td></tr> <tr><td>Glenn Rogers</td><td>Absent</td></tr> </table>	Bob Beaver	Absent	Larry Bledsoe	Yea	Jenise Burch	Absent	Brad Copeland	Yea	Bill Denman	Yea	Cathy Hissink	Yea	William Turner	Yea	Steve Russ	Yea	Glenn Rogers	Absent
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Respectfully submitted,  
Mandi Jordan, Executive Assistant