

Nevada Regional Medical Center
BOARD OF DIRECTORS
September 30, 2014

Members Present: Glenn Rogers, Steve Russ, Cathy Hissink (arrived 5:59pm), Bill Denman Dr. Bill Turner, Jenise Burch, Brad Copeland, Larry Bledsoe, Dr. Sean Gravely (arrived 7:23pm), Kevin Leeper **Members Absent:** Bob Beaver
Others Present (external): Bryan Breckenridge, Legal Counsel; Mike Stenger, QHR RVP; Bob Hetrick, QHR CFO
Others Present (internal): Greg Shaw, CFO; Cory Vokoun, CNO; Holly Bush, CQO; Heather Brockmeyer, HRAO; Steve Branstetter, LTCAO; Chris Crist, IT Director; Mandi Jordan, EA

| Topic | Discussion | Action & Follow-Up |
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| Presentation | <p>Prior to the meeting being called to order, Gay Walker, Interim PFS Director, and Michelle Cox, PFS Supervisor, presented an update on progress being made in the Patient Financial Services department:</p> <ul style="list-style-type: none"> • Ms. Walker reported that NRMCC's claims system (RevMgr) is not as robust, and we have a lot of issues with how claims move throughout the system. Billers have to manually edit 45% of claims before submitting to insurance companies. Working to identify all these issues, determine whether they are system or process issues. Working with Cerner to resolve SRs. Ms. Walker estimated that we are one third the way through the list of issues and fixes. Discussed lengthy process to fix issues with multiple correspondences, testing and retesting. Estimate another six months to resolve all issues. • Partnered with HRG as follow-up business office to work Medicare accounts 31+ days and Commercial accounts 61+ days. Currently working 6,900 claims = \$8.5m. Claims to back to Cerner go-live on July 1st, some can still be paid. Eventually will move work back to internal staff. • Discussed billing statement cycle delay, cancelled previous contract, Cerner in process of building billing statement cycles. Patients now receiving statements; partnered with Berlin Wheeler for self pay account follow-up. They contact patients on our behalf and make payment arrangements. • Dr. Turner inquired about nursing documentation impact to revenue cycle and reimbursement. Discussed amount of detail required. Ms. Walker stated that as long as all charges are identified in the EHR accurately, the system will level the account and identify procedures. Mrs. Bush noted that ICD-10 will exacerbate issues such as this. • Ms. Walker reported that PFS staff are being retrained as workflow issues are identified and addressed. • Dr. Rogers asked if we are getting the cooperation needed from Cerner; Gay stated that Cerner is very responsive to our requests, would like process to move faster. | Informational. |
| Call to Order | Dr. Rogers called the meeting to order at 6:09 p.m. No conflicts of interest were disclosed. | No action taken. |
| Celebration of Good Things | <ul style="list-style-type: none"> • Dr. Turner noted that there were several Shining Star nominations for the month – Excellent! • Dr. Rogers shared a personal experience with family in ED; Dr. Barker, Vonda Jackson, and nursing staff handled everything very appropriately, all went smoothly. | Informational. |

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| Approval of Minutes & Reports | <p><i>Reports and minutes of the following meetings were provided in the packet for review:</i></p> <ul style="list-style-type: none"> • Board of Directors – August 26, 2014 • Patient Satisfaction Dashboards – September 2014 <p>Mr. Russ inquired about ED measures; Mrs. Bush explained survey turnaround time causes delayed results.</p> | <p>The minutes and reports were approved upon a motion made by Dr. Turner and a second by Jenise Burch.</p> |
| Board Education | <ul style="list-style-type: none"> a. “Consumer Health Trends,” <i>HealthLeaders Media</i> Fact File, September 2014. Dr. Rogers noted the state ranking of physical activity. Dr. Turner discussed Healthy Nevada’s impact to population health. b. “Nonprofit Hospitals’ 2013 Revenue Lowest Since Recession, Report Says,” by Reed Abelson, <i>The New York Times</i>, August 27, 2014. c. “Governance Never Events,” <i>MHA Trustee Matters</i>, September 2014. Dr. Rogers stated that this is a good checklist, NRMCM seems to be doing well. Serves as overview of duty of care. d. “Advantageous Affiliations,” <i>QHR QView</i>, September 2014. e. “The Narrowing of Provider Networks,” <i>QHR Board Minutes</i>, September 2014. <ul style="list-style-type: none"> • Dr. Turner discussed the primary care shortage in rural Missouri. • Mrs. Burch mentioned an interview of State Senator regarding legislation for NPs. | <p>Informational.</p> |
| Administrative Reports | <p><u>CEO Report</u> – Mr. Leeper provided the following highlights from the full report provided in the packet:</p> <ul style="list-style-type: none"> • Budgets will be presented this evening. Discussed intent to return focus from financials to other board functions such as patient satisfaction, quality, strategy, and utilization dynamics. Optimistic about growth; revenue this first quarter of fiscal year shows over \$5m improvement compared to same period last year, a 26-27% increase. Discussed struggles with revenue cycle and getting payments and turn revenue into cash. If this level of growth holds, we will improve quickly. Discussed time consuming process of improving processes and workflows. Grateful to medical community for increased utilization. Mr. Leeper thanked everyone for their support. FY15 has been a difficult year to forecast with difficult financials and reimbursement challenges, as well as unknowns related to the new Hospitalist Program. Dr. Turner inquired about Freeman Orthopedists performing surgeries at NRMCM; Mr. Leeper stated that we will monitor closely, expect to get our share of procedures. Expect longstanding relationship with Freeman. Dr. Rogers agreed and referenced this month’s <i>QView</i> the discussed advantageous affiliations. • Mr. Leeper reminded board members of the upcoming Joint Conference (joint Board & Medical Staff) meeting scheduled October 13th. | <p>Informational.</p> |

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| Administrative Reports (cont.) | <p><u>CNO Report</u> – Mr. Vokoun provided the following highlights from the full report provided in the packet:</p> <ul style="list-style-type: none"> • Focused on staff education - neonatal resuscitation, ACLS, PALS. • Discussed enterovirus and Ebola; increased focus on sanitation, hand hygiene, infectious waste handling. Discussed possible limitation of pediatric visitors to decrease spread of EVD-68 virus. • Dr. Turner inquired about flu vaccinations; Mrs. Bush reported that only 100 doses of 800 ordered have been received. Prioritizing for patients and employees (ED, ICU). • ED visits increasing, still exceeding target on wait times. Fortunate to have BHU onsite, 400 calls in last month looking for beds. | <p>Informational.</p> |
| | <p><u>QHR Report</u> – Mr. Stenger provided the following report:</p> <ul style="list-style-type: none"> • Noted that this month’s QHR Board Minutes discussed narrowing of provider networks. Starting in urban markets, but may eventually reach rural areas. Identify hospitals and/or doctors, denying network status of high utilization with low quality with hopes of better rates from fewer providers. TPAs much more aggressive. • Special Operations Team weekly calls continue, involves many internal and external staff and consultants. Project manager coordinating three teams (PFS, Accounting, IT/Reporting) to ensure progress. Concerned about rate of progress; would like to see AR decreasing and cash increasing. Measuring targets, updating monthly. Mr. Shaw added that the resources provided are helping a lot, expressed his appreciation for Bob Hetrick’s help during the audit and budget processes, and mentoring Accounting staff. Mr. Stenger stated that the group is scheduled to continue through the end of the year, hopefully will be able to resolve issues by then. | <p>Informational.</p> |
| Financial Strength Report | <p><u>CFO Report</u> – Mr. Shaw provided the following highlights for period ending August 31, 2014:</p> <ul style="list-style-type: none"> • Cash decreased by two days. Higher daily cash expense due to higher volumes. AR days decreased due to higher revenue. Volumes have increased across inpatient and outpatient, trending up since March. Gross revenue 19% above last year. • Salaries as a % Net Revenue are at 38.5%. Supplies as a % Net Revenue 11.6%. • Loss decreasing, positive EBIDA. Currently exceeding proposed budget. • Finance Committee discussed the difficulty comparing financials between FY14 and FY15; suggested measuring against budget due to distorted financials last year. • Correcting classifications for work comp and FRA expenses. • Mr. Denman emphasized the positive cash flow from operations; Mr. Shaw concurred that when you add back non-cash expenses of depreciation and amortization that are expensed over time, it results in a positive cash flow through first two months of fiscal year; compared to last year’s financials restated showing a loss of \$900k in first two month; \$1m positive swing so far. • Discussed volume tracking; still pulling data manually, not yet relying on Cerner system. • Mrs. Hissink expressed her concern that we are focusing on gross revenue in first two months, but does not equate to cash. The group discussed contractual allowances. Dr. Turner stated that improvements will show more favorably when we report to the bond trustee; Mr. Shaw agreed that we will be able to show a sustainable turnaround. Mr. Denman stated that we need to focus improvement on volumes, capturing charges, and collections. | <p>The financial report and approval items were approved upon a motion made by Dr. Turner and a second by Brad Copeland.</p> |

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| <p>Financial Strength Report (cont.)</p> | <p><u>Approval Items:</u> details provided in the packet:</p> <ol style="list-style-type: none"> Colonoscope replacement – KL – active GI Lab, primary care docs provide services. Three scopes rotated through cycle. Repair \$3k each time. Need to replace. Denman – revenue generating item. Discussed cleaning and sterilization process. AGFA PACS replacement – Larry B – proposal compared to current costs results in savings of \$3k/month. After 5 years, option to buy or get service contract. KL – voice recognition process will eliminate transcription and improve turnaround times. Discussed impact to Meaningful Use. Discussed financing and servicing. | <p>The financial report and approval items were approved upon a motion made by Dr. Turner and a second by Brad Copeland.</p> | | | | | | | | | | | | | | | | | | |
| | <p><u>FY15 Operating Budget –</u></p> <ul style="list-style-type: none"> Discussed increase in Gross Revenue; if July and August revenue annualized, may have conservative budget. FRA expenses moved to Other Expenses. Moved work comp to benefits. Improvements coming from higher volumes expected with Hospitalist Program implementation, full year of Senior BHU, additional surgeries, and increased Hospice volumes. Mrs. Hissink expressed her concern with budgeting growth; have done the same the past two years and have had deficit bottom line. Cannot accept budgeted growth based on 60 days of data knowing 24 months of history. Would prefer to see 0% growth and operate from collections. Mr. Leeper explained that we are already \$5.2m ahead of last year, a 27% improvement. Mrs. Hissink contended that it is not money in the bank; Mr. Leeper countered that gross revenue drives other activity and we cannot back down from what we are seeing first few months of fiscal year. Mr. Denman reiterated that we have had major issues with charge capture, so growth may not strictly be volume increase; revenue per patient has also gone up. Mrs. Hissink stated that the Board has requested service line assessments on multiple occasions without receiving them, we do not know if services are profitable or not. Mr. Denman stated that financial services staff have been working on foundational issues that need to be in place before they can get this done. Discussed issues with Cerner system and trusting statistical information. Mr. Russ agreed that we want to be able to trust the numbers, and do not want to lose staff or lose ability to provide community needs. Mr. Denman described the budget as an accountability tool, to set goal for volumes and revenue, then compare actual to budget and expect explanations for variations. Mr. Bledsoe stated that controlling expenses will need to continue, we will not stop working on the initiatives we have put in place. Mr. Leeper stated that he is sharing numbers on a weekly basis with his email updates. Mrs. Hissink maintained that we still have a negative bottom line for the month; Mr. Shaw refuted that we are currently exceeding the proposed budget. Mr. Leeper declared that the proposed budget is reachable. Mr. Denman explained that although we have a negative bottom line, we have a positive cash flow because of non-cash expenses (depreciation, amortization). Mrs. Hissink also raised a concern with the budget memo; last year she voted to approve a one-time prepayment from LTC because she believed it would help us reach our targeted bond days, which we did not. Would not vote to do this again, and uncomfortable relying on this as a | <p>The FY15 Operating Budget was approved upon a motion made by Bill Denman and a second by Larry Bledsoe. Results of a Roll Call vote are as follows:</p> <table border="0"> <tr> <td>Bob Beaver</td> <td>Absent</td> </tr> <tr> <td>Larry Bledsoe</td> <td>Yea</td> </tr> <tr> <td>Jenise Burch</td> <td>Yea</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>Nay</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>Yea</td> </tr> </table> | Bob Beaver | Absent | Larry Bledsoe | Yea | Jenise Burch | Yea | Brad Copeland | Yea | Bill Denman | Yea | Cathy Hissink | Nay | William Turner | Yea | Steve Russ | Yea | Glenn Rogers | Yea |
| Bob Beaver | Absent | | | | | | | | | | | | | | | | | | | |
| Larry Bledsoe | Yea | | | | | | | | | | | | | | | | | | | |
| Jenise Burch | Yea | | | | | | | | | | | | | | | | | | | |
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| Financial Strength Report (cont.) | <p>strategy to be repeated again this year. Mr. Bledsoe stated that this was discussed at Finance, and it is not a recommendation going forward unless at the end of the year it would bring us into compliance. Mr. Shaw stated that if growth holds, we may only lose \$900k for the year.</p> <ul style="list-style-type: none"> Mr. Russ asked when we can expect the service line assessments; Mr. Shaw explained that he worked on one department, but found a discrepancy on the charges. He stated that he needs to be able to rely on the figures before sharing information. Need more time to drill down to find out why there are discrepancies and fix, determine what areas are profitable or not. <p><u>FY15 Operating Budget –</u></p> <ul style="list-style-type: none"> Mr. Denman reported that the Finance Committee discussed and capped the capital budget at \$500k for capital improvements, requiring all items be presented for approval by Finance Committee. Mr. Leeper stated that we do expect to have needs, to replace equipment as needed, similar to the situation with colonoscope. | <p>No vote needed, capital expenditures capped at \$500k for FY15.</p> | | | | | | | | | | | | | | | | | | |
| Board Committee Reports | <p>Technology Committee – Mr. Denman met last evening; discussed completed and active projects.</p> <p>Physician Relations Committee – Dr. Rogers reported that Dr. Lovinger visited as guest physician, and Mark Reed, medical student, sat in on meeting. He was completing a rural rotation with Dr. Conley. Committee continued discussed on use of scribes, Cerner issues, and physician recruitment. Dr. Lovinger discussed importance of recruiting local medical students and residents; updated list and contacts. Next meeting October 14th; invited Dr. Kemm.</p> | <p>Informational.</p> | | | | | | | | | | | | | | | | | | |
| Board Governance | <p>Nominating Committee – no report.</p> <p>2014-2015 Board & Board Committee Schedule – Finance Committee proposed changes; shared schedule options to consider and vote on next month. The group discussed the month end close timeframe expectations; Dr. Turner stated that the weekly reports from CEO help stay up-to-date. Dr. Rogers suggested reviewing overall committee structure and define as standing, ad hoc, etc.</p> | <p>As needed.</p> | | | | | | | | | | | | | | | | | | |
| Adjournment | <p>The meeting was adjourned at 7:44 p.m. upon a motion to move into Executive Session in accordance with RSMo (1994) Section 610.021 Subparagraphs (1), (3), and (17), made by Bill Denman and a second by Larry Bledsoe.</p> <p>Results of a Roll Call vote are as follows:</p> | <table border="0"> <tr> <td>Bob Beaver</td> <td>Absent</td> </tr> <tr> <td>Larry Bledsoe</td> <td>Yea</td> </tr> <tr> <td>Jenise Burch</td> <td>Yea</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>Yea</td> </tr> </table> | Bob Beaver | Absent | Larry Bledsoe | Yea | Jenise Burch | Yea | Brad Copeland | Yea | Bill Denman | Yea | Cathy Hissink | Yea | William Turner | Yea | Steve Russ | Yea | Glenn Rogers | Yea |
| Bob Beaver | Absent | | | | | | | | | | | | | | | | | | | |
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| Steve Russ | Yea | | | | | | | | | | | | | | | | | | | |
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Respectfully submitted,
Mandi Jordan, Executive Assistant