

**Phillips County Health Systems
BOARD OF TRUSTEES' MEETING
Education Conference Room – Phillips County Hospital
November 16, 2017**

Board Members Present:

Stanley Kats	Jayne Holle
Vicki Constable	Stanley Robb
Jessie Wyrill	Christiane 'Criquet' Cole
Ruth Hackerott	Hazel Ames
Kelly Roe	

Staff Present:

Rex Walk, Interim CEO
Les Lacy, VP of Regional Operations of GPHA
Krystal Schwenn, Chief Financial Officer
Rhonda Kellerman, Clinic Administrator
Tara Overmiller, Marketing Director
Peggy Fabin, HR Dept.
Vickie Gibbs, Director of Nursing
Tristin Troyer, Unit Secretary
Codi Cox, Patient Account Manager
Becky Levin, Lab Supervisor
Danielle Bohl, Rehabilitation Department Manager
Theresa Hughes, Recorder

Community Present:

Board Attorney Frankie Forbes, John A. Beim, Brenda Chance, Arliss Hatcher, Lance Munyon, Kent Culbertson, Roger John, Brennan Engle, John McClymont, Max Lowry, Shane Flemming, Dr. Tim Lawton, Richelle Marting.

Chairman Stanley Kats called the Board of Trustees' meeting to order at 5:00 p.m. in the Education/Conference room at the Phillips County Hospital.

Review of Agenda: Chairman Kats asked for any additions to the agenda. Kelly Roe asked that 1.) Medical Staff By-laws approval 2.) Administrator's current salary agreement 3.) Whether the current fiscal year's budget had been filed with the county commissioners 4.) CEO job description 5.) Organizational chart 6.) Mission statement and 7.) Review of fiscal year 2015-2016 financial reports be added to the agenda. Chairman Kats stated that the Medical Staff By-laws had been approved at a prior meeting but that a copy of the Bylaws could be resent to the Board and also stated that the current budget had been filed with the county commissioners as required. He reported that the current salary agreement for the Administrator is that Great Plains Health Alliance pays 65% of his annual salary as he still works in a capacity as Vice President of Regional Operations for GPHA and that Phillips County Health Systems pays 35% of his annual

salary. Since the Human Resources Committee has not met recently, the organizational chart and the mission statement would be tabled until they have met. Also, the CEO job description would be tabled until such time as an Administrator is a full-time employee of the Board. Items #1-6 would not be added to the agenda but that item #7, the request for a review of fiscal year 2015-2016 and any perceived discrepancies would be added as #7 under new business. Chairman Kats then asked that the following items be added under New Business: #5. Board Resolution regarding Board responsibilities #6. Chronic Care Management presented by Rhonda Kellerman. Ruth Hackerott moved that the Agenda be approved as amended; seconded by Jessie Wyrill. Motion carried 8-0.

Consent Agenda: Chairman Kats asked for approval of the Consent Agenda. It was noted that there was an error in the minutes regarding the motion to restrict remote access to executive sessions. Motion made and action taken was not reflected in the minutes. This item of business will be added to the agenda under Old Business. Vicki Constable moved to accept the consent agenda as amended; Ruth Hackerott seconded. Motion carried 8-0

Administrative Report: Rex Walk noted November 16 was National Rural Health Day and information from the Kansas Hospital Association on the economic impact of the hospital on the community would be sent out along with a press release by Tara Overmiller.

Due to the Top 20 designation, Rex has received calls from several influential health care organizations that want to have a relationship with PCHS. More details will be available for the December Board meeting.

Beacon of Light winners for the period were unusual in that it was a department being recognized not just one individual. Housekeeping employees, Josefina Dykstra, Erin Laizure and Daniel Adams were recognized by the staff for their hard work and commitment.

Rex Walk touched on several items in relation to PCHS employees and the workplace environment:

1. PCHS will be participating in The Joy of Work campaign, Vizient's comprehensive, multidisciplinary-focused guide to some of the industry's leading practices to return joy to the workplace. More details to come in December and January.
2. Snack carts during the Cerner conversion will be continued on a scaled down level and utilize that time to do employee rounding facilitating positive two-way communication between leadership and staff.
3. Meeting employee needs and willingness of volunteers to cover the additional hours, the Wellness Center has agreed to extend their operations and are now open Saturday 7 to 12 and Sunday 2 to 7 in addition to weekdays from 5:30am to 9:00pm.

Rex noted the Cerner conversion went well and was embraced by the staff. The transition team that was here indicated Nancy Molzhan was a standout employee during the process as was Jennifer Hamons who went to Smith Center on her day off to learn the system.

Upcoming events include Breakfast with Santa on December 2nd and the employee Christmas party is tentatively scheduled for Sunday Dec 3rd. Rex Walk asked Danielle Bohl to discuss the process for the progressive supper as well as the 1st year of "A Silver & Gold Christmas"

Rex spoke to the strong relationship between PCHS and Docs Who Care highlighted by discussions regarding rate increases concluding with no rate hike leading to savings for the hospital.

Grants have been submitted for two pieces of equipment for the lab. PCHS received a donation from Caregiver Bed of a high tech Murphy bed installed in room 120 with the stipulation that if other facilities would like to view it PCHS' doors are open to them.

Rex Walk pointed out that future items that will need to be addressed include cardiac rehab equipment and microscopes for the lab. A new distribution partner is being looked at that will offer significant savings most likely starting in January.

Rex Walk reported PCHS efforts to work on new outpatient offerings including GI services with group in Salina. Strong sentiment for Dr. Denny to come to PCH for cardiology and that may happen after 1st of the year along with New West bringing in new opportunities as well.

PCHS has signed an agreement with Colby Nursing College for clinical rotations and a few PCH employees are looking at making Colby their choice for nursing school.

A new menu system will be rolled out soon in the kitchen allowing for greater variety and flexibility while addressing individual patient dietary needs. Hays Medical's Chef and Dietician are assisting in the process.

Hays Medical Center's new CEO will be in PCH on December 5th for an hour and Rex will send out an invitation to meet with him if his schedule permits.

Rex closed with reiterating his commitment to PCHS and its employees along with GPHA and his willingness to meet with anyone who may still have questions regarding his salary and position within PCHS.

REPORTS:

1. Financial Report: Les Lacy, VP of Regional Operations of GPHA reported on the October finances for PCHS.

October 2017 Financials
Balance Sheet - summary and comments

Measure	Position	Comments
Cash	\$963,771	The cash position continues to be significantly stronger than the prior year balance YTD and is higher than the prior month.
Estimated 3 rd party receivable	\$18,543	This will change. There will likely be a payable on the cost report that is not booked at this time.
Total Current Assets	\$3,179,607	Still better than last year; however, again - Total Current Liabilities are also up.
Accounts Payable	\$887,478	Up from last year, lower than last month. Again, the balance sheet is a snapshot in time. Bills have been paid (and arrived) since this month has been closed.
Total Current Liabilities	\$2,263,608	Up from last year, lower than last month.
Current Ratio	1.40	Current ratio is the total current assets divided by the total current liabilities. We would like this to be 2.0 or higher. While our position has improved from last year at this time, this will change (be lower) when the cost report estimate is booked.

COMMITTEE REPORTS:

1. Credentialing Committee: The credentialing committee met and reviewed the applications of two providers, Brent Adamson, M.D., Orthopedics Consultant and Shelly Cote, APRN for Allied health. Hazel Ames moved that the privileges be extended as requested; seconded by Vicki Constable. Motion carried 8-0.

BOARD EDUCATION:

1. Bryan Health System: Shane Fleming with Bryan Health System presented on Telemedicine and their approach to partnering with rural hospitals to serve patients. PCHS would be Bryan Health Systems first Kansas facility. Questions included how their telemedicine services would impact Avera and Rex indicated it would not as they work in concert to achieve patient satisfaction.

Shane Fleming left the meeting at 6:06pm

OLD BUSINESS:

Senior Life Solutions Program: Tara Overmiller presented an update on Senior Life Solutions Program. Numbers previously presented to the Board in October are correct. Reduce proposed cost by \$106k. The initial startup would be \$344k with a projected net positive impact of \$146k

in the first year. Contracts will need to be signed this week in order to meet the March 1st launch date. Contracts are being reviewed by Frankie Forbes. Changes to the contract include a 35 mile non-compete and the ability to terminate the contract without cause. A candidate has been identified by Senior Life Solutions for the contracted counselor position leaving a contracted director's position and PCHS employed coordinator position yet to be filled. Brenda Chance indicated that the city council approved the program and that they would be expanding the transportation service area to include Stockton and Kensington. Concerns regarding the initial startup expenses were addressed by Tara who indicated the contract has been written to defer some of these costs until after the program is up and running. Jayne Holle motioned to move forward with the program; Jesse Wyrill seconded the motion. Motion carried 8-0

Jayne Holle moved the prior motion be amended to read that the project would proceed pending legal counsel review, Kelly Roe seconded. Motion carried 8-0

2. Employee Daycare Update: Vicki Constable reported this program is in its infancy and discussed the group's trip to Kiowa to look at the program there and then to Beloit which has a nationally certified program. Three areas in hospital have been identified to possibly house the program. Services would be for employees' children as an added benefit to working for PCHS. They hope to have more information for the December Board meeting and though they have barely scratched the surface on financials, curriculum, etc they are excited about what they have seen in other locations and the potential for PCHS. Questions over the hours of operation arose with Monday through Friday during day shift being the most likely outcome though there will be further discussions on the topic. The committee's mission is to meet the needs of the employees without losing money for the hospital.

3. Attendance at Executive Session via telephone: A brief discussion was held regarding call-in participation during executive session. Frankie Forbes noted that concerns were discussed in the October Board meeting regarding corporate compliance and privacy issues as there was no way to determine who was on the other end of the call. It was determined by the Board that restricting telephone participation during the executive session was the best course of action to take. Jessie Wyrill moved and Ruth Hackerott seconded that a Board policy be developed to restrict telephone attendance at Executive Sessions for predetermined reasons. Motion carried 8-0.

NEW BUSINESS:

1. KHA Political Action Contributions: Kansas Hospital Association sends out requests periodically throughout the year for assistance with lobbying efforts. PCHS goal was \$250. Board members wishing to contribute may get a donation form from Krystal; several employees have already contributed. Rex Walk is willing to donate \$125 if the other half can be collected via other donors. Donations will need to be in before year end.

2. Logan Clinic: Rex Walk and Stan Kats met Max Lowry to discuss getting the process moving forward. The offices for both Senator Moran and Representative Marshall have been contacted regarding speeding up the process for reinstating PCHS' Rural Health Clinic designation but right now best case scenario is 6 months. Rex Walk met with the Logan City Council to discuss PCHS involvement in the clinic and community opportunities. Kelly Roe spoke with several members of the community that are concerned about consistency in providers and days of operation. Rex Walk and Stan Kats both indicated communication and transparency will be key to succeed. There are still many areas needing due diligence in order to present the Board with hard numbers. Stan Kats asked that the Board let Rex Walk move forward with the proposal.

3. Recent Newspaper Articles: Rex Walk spoke to the recent newspaper article being disappointing but that PCHS remains committed to communication and transparency and endeavors to meet community expectations. The disputed financials were submitted to three independent auditors and found to be in order. Several All Staff meetings were held to discuss the facts and offer employees the opportunity to speak to the article. He stated that the employees had agreed to take the positive "high road" and present a united front. Rex discussed the negative impact that such an article has on physician recruiting. A physician from Maine, who grew up in Derby, KS, was looking to relocate to be closer to family but chose to pass on the job here due to her researching the community and deciding there was too much negativity. Jessie Wyrill spoke of her trip to the ER and the exceptional service she received. Criquet Cole brought up several Facebook posts from employees talking about why they love working at PCHS and what the hospital has provided to the community. Kelly Roe indicated that from what she's heard in the community there is no doubt that the staff is top notch and that the care is among the best in the area and that the only issue is with financials and transparency. Vickie Gibbs noted it's hard not to take it personally when it tarnishes the organization and puts employees' livelihoods at risk and damages all of the employees. Rex Walk spoke to how an inaccurate article adversely impacts PCHS and its relationship with the community. He plans on getting out into the community more and building relationships with local businesses. And in order to meet some of the transparency issues regarding the financials, an independent group of community business leaders and bankers will be meeting monthly to go over the numbers. A brief discussion followed. Ruth Hackerott moved that the Board proceed with having an independent group review the financial reports monthly and that the group should include banker(s), CPA(s), Krystal Schwenn, CFO, , the Board Treasurer (Criquet Cole), and the Administrator (Rex Walk). Motion seconded by Stan Robb; carried 8-0.

Public Comment: Brenda Chance – spoke to her history with the hospital and working with elected officials for over 30 years and the Boards role in providing leadership and an organized, agreed upon united front when met with issues like this one from local media.

4. Next PCHS Hospital Board Meeting: Thursday, December 21, 2017 12:00pm

5. Board Bylaw Discussion Regarding Authority of Trustees: Frankie Forbes discussed the Resolution Regarding Authority of Trustees. After the recent articles, the Chairman asked that he develop a statement to help educate the community as to the limitations of individual trustees. Discussion followed. It was decided that the term “voice of the Trustee’s constituents” be removed from the fifth paragraph. . Jayne Holle motioned to approve the amended version and Jessie Wryill seconded. Motion carried 8-0.

6. Chronic Care Management: Rhonda Kellerman updated the Board on the Chronic Care Management program which started on September 15th. Lindsey Johnson has been selected to head the program. It had previously been funded through a grant project which was completed in August and the Rural Health Clinic will be taking over the billing for the Chronic Care Patients that are referral from our Providers. Medicare has made significant changes in reimbursement that are more time sensitive. The challenge now is tracking the time spent in order to capture the revenue. Cerner is looking into a fix within the new system.

7. 2015 Year End Financials: Kelly Roe presented her spreadsheet on the year in question with the profit and loss statement for fiscal year end 2015 in comparison to 2014 and 2016. With the main question from the community being the transfer of unrestricted funds from GPHA to PCHS and what was included. Les Lacey read directly from the audit “in our opinion the financial statements referred to above (PCHS statements) present fairly in all material respects the financial position of PCHS as of March 31, 2017 and 2016 and the changes in its financial position and cash flows for then ended in accordance with accounting principles generally accepted in the United States of America”. Frankie Forbes noted that it was a one-time bump due to the change in status with GPHA from leased to managed that would not continue to show up as an asset item year after year. Frankie Forbes referenced Mark Hoffman’s earlier visit to PCHS and that in order to answer these questions you have to have GPHA’s year-end audit and breakdown and segregation of data as previously presented to the Board. Vicki Constable noted that these issues were prior to most of the current members tenure on the Board and that the reports had been approved by the auditors and she felt that the Board would make the best use of its time by moving forward. In order to save meeting time, Les Lacey offered to meet with Kelly Roe, Krystal Schwenn and auditors Tony Kruse and Mark Hoffman to go through the numbers/reports.

EXECUTIVE SESSION: Kelly Roe moved that the Board move into executive session at 8:30 pm for a period of 15 minutes to protect attorney client privilege. Seconded by Jayne Holle. Motion carried 8-0. Chairman Kats announced a five minute recess and asked that Special Counsel John McClymont, Board Attorney Frankie Forbes, Attorney Richelle Marting, Les Lacy and Administrator Rex Walk stay for executive session. Krystal Schwenn, Rhonda Kellerman, John A. Beim, Brenda Chance, Arliss Hatcher, Lance Munyon, Kent Culbertson, Roger John, Brennan Engle, John McClymont, Max Lowry, Tristin Troyer, Codi Cox, Becky Levin, Dr. Tim Lawton, Tara Overmiller, Peggy Fabin and Theresa Hughes left the meeting. Open session resumed at 8:45pm. Jayne Holle moved that the Board waive attorney client privilege with special counsel John McClymont; seconded by Kelly Roe. Motion carried 8-0. Vicki Constable

then moved that the Board authorize attorney Frankie Forbes to disclose the findings of the special counsel inquiry and the newspaper article implying breach of Kansas Open Meeting Law to the Kansas Attorney General. Motion carried 8-0. John McClymont left the meeting at 8:47pm.

Stan Robb moved that the Board re-enter executive session for a period of 15 minutes to discuss a personnel issue related to contract. Seconded by Ruth Hackerott; motion carried 8-0. Board entered executive session at 8:50pm and open session resumed at 9:05pm. No action taken.

Ruth Hackerott moved that the Board re-enter executive session for a period of 30 minutes to discuss a personnel issue related to contract. Seconded by Jayne Holle; motion carried 8-0. Chairman Stan Kats asked that only the Board and Frankie Forbes attend this executive session. Les Lacy and Rex Walk left the meeting. Board entered executive session at 9:08pm and open session resumed at 9:38pm. No action taken.

ADJOURMENT: Jayne Holle moved that meeting adjourn; seconded by Stan Robb. Meeting adjourned at 9:40pm.

Secretary Nazel Ames

Recorder [Signature]