

Montrose Memorial Hospital, Incorporated

BOARD OF DIRECTORS

A regular meeting of the Board of Directors of Montrose Memorial Hospital, Inc., was held March 26, 2012, at 5:00 p.m. in Conference Room A of the Hospital.

Present:

Bill Bennett
Tricia Dickinson
Don Gladwell
Steve Glasmann
Debi Harmon
Mary Vader, DO
Jim Whitticom
Lou Winkler, MD

John Brooks
Dave Hample
Dr. Michael Jay
Mary Snyder
Joan Napolilli
Steve Wilson
Mitch Edgeworth, QHR
Lark Jacobsen

Visitors: Duke Richardson
Jean Deneen

Mr. Glasmann called the meeting to order at 5:00 p.m.

PUBLIC COMMENTS

There were no public comments.

Mr. Glasmann announced that the Dinner Program would start at 5:30 p.m.

DINNER PROGRAM – Employee Retirement Plan – Ms. Kathy McKie, Director of Human Resources

Ms. McKie explained that with the MMHI Lease we required a new 401k plan for the employees. She noted that Great West has been our record keeper for retirement funds and that will continue. Ms. McKie reported that 473 employees have joined the new retirement plan and we have about 520 employees eligible to join the retirement plan. She explained that we are in the process of rolling over to the new plan and she expects to hit \$10M in the plan within the next couple of weeks. Regarding the 457 retirement accounts, Ms. McKie explained that those accounts had to be closed and we are working with CCOERA and Great West on that project.

Ms. McKie related that the Hospital contributes 3% to employees' retirement accounts which we are changing to a quarterly funding. She noted that everyone is vested 100% at day one which is an improvement for our employees.

In response to an inquiry from Mr. Brooks, Ms. McKie explained that an Employee Investment Committee will be formed which the Board will deem as the authority to keep up with the investments. She noted that we will continue to utilize Lockton to help monitor the investments. Ms. McKie reported that there will be 5 people on the Employee Investment Committee which she hopes will include Mr. Wilson and explained that each person on this committee will have fiduciary responsibilities. Mr. Edgeworth commented that he was not sure QHR would authorize Mr. Wilson to serve on that committee.

In response to an inquiry from Mr. Glasmann, Ms. McKie reported that most employees have signed up to contribute 3% to their retirement plans which shows very good participation by our staff. Ms. McKie added that she does not believe we have more buy-in by employees for the new retirement plan but they like the ability to opt out of the 3% employee contribution as that was not allowed under the old plan. Ms. McKie noted that we also offer a Roth option that invests post taxes.

In response to an inquiry from Mr. Glasmann regarding the 35-page plan description, Ms. McKie related that probably most employees do not understand the plan description but we try to fill in the blanks. Ms. Harmon inquired into when the plan is introduced to employees with Ms. McKie explaining that the plan is presented at employee orientation and Great West periodically comes to the Hospital to talk with employees regarding savings for retirement and in addition this is covered annually in open enrollment.

Mr. Brooks indicated that charter documents for the new retirement plan will need to be approved at tonight's meeting. He indicated that the current policy is for \$5M and it will be annually adjusted as it should be up to \$10M. Ms. McKie explained that as the plan grows we receive money on the investments that goes to the plans which will pay for fiduciary responsibilities. Mr. Glasmann commented that to fulfill the Board's responsibilities the Board will need to have ongoing reports. In response to an inquiry from Mr. Gladwell, Mr. Brooks noted that he does not recommend that a Board member serve on the Employee Investment Committee. In response to another inquiry from Mr. Gladwell, Mr. Brooks explained that since this is not a pension fund it will never be underfunded.

Ms. McKie explained that the Board will need to sign what is called a wrap document regarding the multiple benefits included in the Hospital employees' benefit plan. She noted that this will allow MMHI to file only one 5500 with the IRS vs. many individual 5500s to the IRS.

Meaningful Use Dashboards – Mr. Carlos Lovera, Director of Information Services

Mr. Carlos Lovera was introduced and noted that he would quickly go over a few items on meaningful use and other items including the objectives for Stage 2. He explained that currently we are implementing CPOE Meditech with staff just returning from training. He noted that work is being done on dictionaries, the technical side of PatientKeeper, and the building of servers. Mr. Lovera explained that we are still

implementing the software but once that is completed we will be able to set a time table for implementation. In response to an inquiry from Mr. Glasmann, Mr. Lovera explained that following the building of the dictionaries a dashboard will be developed.

Regarding Disaster Recovery, Mr. Lovera reported that we are working with Western Healthcare Alliance (WHA) to develop a joint venture to share costs regarding disaster recovery. He explained that if the Hospital was to do disaster recovery on our own it would cost up to \$500,000 to get started. Mr. Lovera related that at the next meeting with WHA there will be demos from various vendors regarding data storage and from there a vendor should be selected to move forward on this project. In response to an inquiry from Ms. Dickinson, Mr. Lovera reported that 18 hospitals would be included in this project for data storage and disaster recovery. He added that the project would be open to whoever wants to participate. In response to another inquiry from Ms. Dickinson, Mr. Lovera explained that the water sprinklers were removed from the computer area downstairs so that problem has been fixed.

Mr. Gladwell noted that Mr. Lovera has his attention as he just recently realized how important a project this is for the Hospital. Mr. Lovera related that he has been working on this project for 6 years and it is not an easy task. He explained that part of the problem is hardware as various vendors with different versions create problems that need to be ironed out. In response to an inquiry from Mr. Glasmann, Mr. Lovera noted that it is an accomplishment that we are getting this project started this year and once the vendor is selected that is when he will really be elated that this project is making progress. Mr. Lovera explained that our back-up tapes are kept on site as well as the Black Canyon Surgery Center tapes and what he would like is an off-site storage on a hard drive, but we are not there yet. He added that with tapes it takes 24 hours to get things back up and running, but with a hard drive we could be up and running sooner.

SET AGENDA

Dr. Winkler requested that the CEO report be pulled and included in the Discussion section of the agenda. Mr. Glasmann requested that, under Discussion, Board Chair Assessment be added and under Action Agenda add Incentive Compensation. Mr. Brooks explained that Consideration of Governance Policy 2.11 was not needed under the Action Agenda tonight but will probably be needed next month. He noted that there would still be the discussion item of Governance Policy 2.11 and he wanted to also add a Discussion item for Governing Board Job Descriptions.

Action: Motion was made by Dr. Vader, seconded by Mr. Whitticom, and passed to set the agenda as amended.

CONSENT AGENDA

The following were included in the Consent Agenda:

- Approval of Minutes for meeting held on February 27, 2012
- Finance Committee Report

- Grant Report
- San Juan Healthcare Foundation Report
- Correspondence
- Senior Leadership Team Reports

Action: Motion was made by Mr. Bennett, seconded by Ms. Harmon, to accept the Consent Agenda. The motion passed without opposition.

OPERATIONAL REPORTS

CHIEF OF STAFF REPORT: Dr. Jay reported that there were no surprises in the statistics for last month. He noted that surgeries were down including General Surgery numbers. He added that he was out of the area for a portion of last month. Ms. Napolilli commented that we are also missing a General Surgeon.

Dr. Jay reported that events at the Hospital include a meeting with St. Mary's which will happen this week. He explained that Dr. Sagin was here but he did not get a chance to meet with him. Dr. Jay noted that he heard the Dr. Sagin meetings went well and we are on track to revamp the Medical Staff Bylaws. In response to an inquiry from Mr. Glasmann, Dr. Jay reported that there is a group of physicians ready to start work on the Medical Staff Bylaws as an ad hoc committee or subcommittee. He noted that there are several past chiefs of staff that will be a good resource for this committee.

Dr. Jay reported that this year's Doctor's Day Lunch will be March 30th, there will be an Oncology Conference on April 27th at the Montrose Pavilion, and a Spring Social will be scheduled for sometime in May or June. Ms. Dickinson commented that the Oncology Conference is a wonderful program. Dr. Winkler noted that last year's conference was well attended.

Dr. Vader inquired about a suggestion for a paid Medical Director position. She explained that physicians must make a 10-year commitment to serve on the Medical Executive Committee and there has been some discussion about the Board considering a paid position for Medical Director of Chief of Staff. Dr. Jay commented that it is an interesting concept and there has been talk about the process as well as a process for education for the role of Chief of Staff. He explained that with this 10-year commitment the Medical Staff would be better served with an education pipeline and training that would lead to better leaders. He noted that training needs to start earlier and compensation for time invested would be something to consider. Mr. Hample explained that Chief Medical Officer would be a better description and Dr. Sagin indicated that most medical executives receive a stipend from the hospital and not just the Chief of Staff. Mr. Edgeworth noted that he works with 13 hospitals in this area and none of them compensate the entire Medical Executive group. Ms. Dickinson indicated that the position is onerous with a lot of responsibility for the leader of the whole Medical Staff. She added that it is an honor to be Chief of Staff but more training is needed. She noted that we have younger physicians with little experience in leadership and we need to encourage those young physicians to step up and take responsibility. Dr. Jay indicated

that a pipeline of physicians would be helpful. He added that after his experience with the Greeley Company he would recommend that other physicians and Medical Executive physicians start earlier with training. Mr. Glasmann inquired into where we go with this topic. Dr. Jay recommended educating Medical Staff and building physicians' abilities to take on responsibilities as well as possibly having a Chief Medical Officer. He added that we must not ignore this topic. Dr. Jay noted that the Chief Medical Officer does not have much authority and it is not an enviable responsibility. Mr. Hample commented that he has seen the position used by administrators trying to take some heat off their positions. He noted that education is critical for going forward and a good first step is the whole process of re-writing or adjusting the Medical Staff Bylaws.

In response to an inquiry from Mr. Glasmann, Mr. Edgeworth noted that QHR does provide training to physicians but the Greeley Company is the industry leader in that area. He added that the Greeley Company employs physicians who have been in those roles and is better received by other physicians. Dr. Jay explained that the Greeley Company offers a couple of courses that lead to a Certified Medical Staff Leader title and he would push for physicians to take those courses. In summary, Mr. Edgeworth noted that to provide the best resources for medical leadership may be with education and compensation. He noted that he would be hesitant to open this to all as the roles tend to cycle the same few through them. Dr. Jay indicated that he would like to see different models on how to run an Executive Committee and how much time is expected to be committed. He explained that 10 years is a long haul and we need to look at various items. He added that he wants to encourage various ways to send executive committee physicians to training programs.

RECOMMENDATION FROM THE EXECUTIVE COMMITTEE:

Dr. Jay presented the request from **Leandra Lynch**, M.D., Emergency Medicine, for Consulting Medical Staff membership and privileges. He explained that Dr. Lynch has worked here in the past and primarily works in Crested Butte. The application was reviewed and discussed with no concerns or issues.

Action: Following discussion, motion was made by Dr. Winkler, seconded by Ms. Dickinson, and passed to approve the request from Dr. Leandra Lynch for Associate membership to the Consulting Medical Staff with provisional privileges in Emergency Medicine as recommended by the Medical Executive Committee.

Dr. Jay presented the request from **Jonathan Osorio-McKenna**, M.D., Family Medicine, for associate membership to the Active Medical Staff with provisional privileges in Family Medicine. He noted that Dr. Osorio will be joining the San Juan Family Medicine practice. The application was reviewed with Dr. Jay explaining that Dr. Osorio's malpractice insurance is pending and Dr. Jay is hoping to approve Dr. Osorio's membership to the Medical Staff pending his malpractice insurance.

Action: Following discussion, motion was made by Dr. Winkler, seconded by Mr. Bennett, to approve the request from Dr. Jonathan Osorio-McKenna for Associate

membership to the Active Medical Staff with provisional privileges in Family Medicine, pending receipt of malpractice insurance, as recommended by the Medical Executive Committee.

Discussion: Dr. Winkler reported that Dr. Osorio cannot practice without his malpractice insurance.

Motion passed without opposition.

DISCUSSION

TRUSTEE COMMENTS: Mr. Bennett reported that two of the County Commissioners attended the March Board of Trustees meeting. He noted that Ms. Reams was in attendance this month but not Ms. Riewaldt. Mr. Bennett reported that it was a good meeting and the new Combination Radiology and Cath Lab upstairs was discussed although there were no questions asked regarding that project.

Mr. Bennett reported that Ms. Reams inquired into availability of the Lease in the Hospital. He noted that there is a full copy in Administration. Mr. Bennett explained that Ms. Reams inquired into the strategy going forward regarding the lawsuit but he explained that there was not a developed strategy. Mr. Whitticom reported that he specifically asked about funding for the clinics from the County Commissioners and received the impression that there would be no funding for the clinics. Ms. Harmon expressed her concern regarding Trustee interest in the Schedules within the Lease. She explained that some items in the Schedules are confidential and the Trustees cannot request copies to be taken out of the Hospital. Ms. Harmon indicated that she wanted confirmation that the staff responsible for the Lease and Schedules is aware that copies of the schedules were not to be released. Mr. Edgeworth reported that an individual is not acting for the Board and a request for information must come from the Board.

Mr. Brooks explained that master copies of the Lease were compiled on November 10 with one copy delivered to the MMHI group via Mr. Hample, a copy was delivered to Administration for the benefit of the Board of Trustees, and a third copy was provided to our auditors. He noted that he had two copies in his vault but has since taken one of those copies to the Hospital's Administration Office with instructions that there is confidential information that is not to be disclosed. Mr. Bennett commented that he would gladly sit with any of the Trustees and go through the Lease, but Trustees should have no access to patient records and other confidential information.

Mr. Gladwell explained that he would like to promote transparency and suggested that Ms. Tobin do more to help our Board of Directors communicate to the community about what we are doing. Ms. Dickinson suggested that once a month there be an article from Ms. Tobin regarding the Board of Directors meeting which she thought should be reassuring for Hospital employees. Mr. Brooks noted that this approach to communicating would reach the mainstream which is who we want to reach. Dr. Jay

suggested that it would be appropriate to have a monthly board report column in the newspaper. Ms. Dickinson indicated that with this column we could highlight people such as Ms. McKie or Mr. Lovera.

QHR REPORT: Mr. Edgeworth distributed copies of the QHR Client Value reports for the 12 months ending December 31, 2011. He explained that he reviews this report once a year with the Board. He added, as a preamble, that the work accomplished at this facility is far beyond QHR and he is proud to be a part of the team. He noted that there are talented members at MMHI.

Mr. Edgeworth explained that with this report QHR changed how dollars are counted as a dollar value was not reported for consulting engagements which is difficult to determine. He noted that with this change any dollar amount in the report is easily justified. Mr. Edgeworth quickly reviewed the various slides from the report highlighting the following sections:

- Financial Operating Review
- Compliance Self Assessment
- Contractual Allowance/Bad Debt Analysis
- ICD-10 Readiness Support
- Health Reform
- Quorum Purchasing Advantage
- QHR Learning Institute and Education
- Hospital Highlights
- Strategic Imperatives
- Focus on Quality
- Recap of Tangible Value

GOVERNANCE POLICY 2.11 – NOMINATION COMMITTEE: Mr. Brooks reported that in April we will start reviewing the governance policies by placing items on the monthly agenda for review and adoption. He noted that the Nominating Policy will be presented next month with governance committee recommendations for amendment. He explained that this policy was selected due to discussions of the second amendment suggesting that the nominating committee be more open and selective across the community. Mr. Brooks reported that our discussions were to expand the committee to include the Chief of Staff, a professional staff person appointed by the Chief Nursing Officer, and a person at large such as the mayor. He noted that expanding the Nomination Committee is viable and how that is done is for discussion. Mr. Brooks explained that the Directors' Annual Meeting is in October, 30 days prior to that meeting nominations must be prepared and read, 30 days back from the nominations includes publication and interviews, so by July we must be ready to start this process. Mr. Brooks reported that we need to appoint 3 new Directors this year as terms for Ms. Dickinson, Mr. Bennett and Ms. Harmon are up this year.

GOVERNING BODY JOB DESCRIPTION: Mr. Glasmann reported that the Governing Body Job Description and evaluation process was passed out earlier. He explained that this was updated from the Board of Trustees along with the Roles and Responsibilities.

Mr. Glasmann reported that QHR recommended the assessment of Board Chair and asked that the Directors fill it out and return to Ms. Jacobsen to compile and have ready for discussion at next month's meeting.

Mr. Glasmann requested from Mr. Wilson a report on the da Vinci to include analysis and follow up. It was noted that Mr. Smith could be invited to the meeting to talk about clinical outcomes and positive comments from patients. Dr. Winkler related that Dr. Peterson presented a fascinating case at a Wednesday morning conference and indicated that Dr. Peterson would be willing to present his experience to the Board.

CEO REPORT: Dr. Winkler requested additional information on 2012 Key Projects from Mr. Hample's Report to the Board. Regarding the Retreat, Mr. Hample indicated that it would include the Board of Directors, QHR people, some of the Department Directors, and physicians. He explained that groups would be created with assignments which would be reported back to the whole group. Mr. Hample indicated that he thought the retreat would take place in July or August with Mr. Edgeworth noting that such a retreat is typically done in the 3rd or 4th quarter of the year. Mr. Hample commented that he would like the information from this retreat to be used in developing the operating budget. He added that we will be talking about both a facilities plan and a strategic plan and it would be put all together with the help of professionals. Mr. Hample explained that we need to study who is out there to help as part of our due diligence.

Mr. Hample explained that the strategic plan would be facilitated by QHR and would be a team effort, not just from the administrators. He commented that he wants to do the strategic plan right and not use the finish date as the primary focus. Mr. Edgeworth noted that the date of the retreat will be set by the Board and will be local. Mr. Hample explained that the difference between a business plan and a strategic plan is that a strategic plan is longer in term with a minimum of 3 years.

In response to an inquiry from Dr. Winkler regarding projects in the OR and the ER, Mr. Hample reported that the OR project is due to safety issues to redo electrical circuits. He explained that for the ER project involves safety, patient flow and triage. He noted that in the ER the first action should be to have a nurse identifying the problem rather than the request for an insurance card. Ms. Dickinson related that this ties into the lobby as she believes we need a more welcoming lobby to express our "family taking care of family." Mr. Hample explained that there are space requirements for the lobby area.

Mr. Glasmann congratulated staff on getting Drs. Tim and Sarah Judkins to sign up to come to Montrose. Dr. Vader noted that she has heard from physicians that we need a dedicated hospitalist program. Mr. Hample explained that we are looking into that and we have two internists committed to a hospitalist program. He noted that next month

we have a rotation by a Colorado University resident and on April 19th we have a cardiologist coming to interview.

ACTION AGENDA

CAPITAL EQUIPMENT: Mr. Wilson reported that the Finance Committee made a motion and recommendation for one item which was unbudgeted for hospital grade patient TV's at a cost of \$7,678. He explained that an information only capital item was presented at Finance Committee for a grossing table for the Pathologists.

Action: Motion was made by the Finance Committee, seconded by Dr. Vader, to approve the purchase of 10 hospital qualified TVs at a cost of \$7,678. Motion passed without opposition.

CONSIDERATION TO THE CHARTER OF THE INVESTMENT COMMITTEE, GUIDE AND FIDUCIARY ACCEPTANCE AND ACKNOWLEDGEMENT AND INSURANCE:

Mr. Brooks explained that a motion was needed for this charter with authorization for Mr. Glasmann and Ms. Harmon to sign the documentation. It was noted that Mr. Wilson would not be eligible to serve on the Investment Committee since he is a QHR employee.

Action: Motion was made by Ms. Dickinson, seconded by Mr. Bennett, to approve the retirement plan Charter of the Investment Committee, Guide and Fiduciary Acceptance and Acknowledgement and Insurance and to authorize Mr. Glasmann and Ms. Harmon to sign the document. Motion was passed without opposition.

MMH WRAP PLAN DOCUMENT – EMPLOYEE BENEFIT PLAN: Mr. Brooks explained that the Wrap Plan is a consolidation of employment benefit plans into a single plan to simplify filing of the form 5500 to the IRS. He noted that this plan requires two signatures. Mr. Brooks explained that this plan also requires a resolution to be signed by the Chairperson and Secretary of the Board of Directors.

Action: Motion was made by Mr. Whitticom, seconded by Mr. Bennett, to approve the MMH Wrap Plan and Resolution and to authorize Mr. Glasmann and Ms. Harmon to sign the Resolution. Motion passed without opposition.

INCENTIVE COMPENSATION:

Action: Motion was made by Mr. Bennett, seconded by Dr. Vader, to accept the Incentive Compensation Plan as discussed in Executive Session. There was no further discussion and the motion passed without opposition.

APPROVAL OF BOARD ITEMIZED EXPENSES: Mr. Glasmann reported that there were Board itemized expenses submitted from Mr. Hample in the amount of \$325.00,

from Mr. Bennett in the amount of \$165.30, and from Mr. Wilson in the amount of \$1,183.98.

Action: Motion as made by Mr. Whitticom, seconded by Dr. Vader, to approve the Board Itemized Expenses as presented. There was no further discussion and the motion passed without opposition.

Mr. Brooks explained that he would like the Board to start thinking about using an IPAD for presentation of Board proceedings and documentation. He noted that the use of the IPAD is extremely efficient. Mr. Brooks explained that the same format as now would be maintained but we would not be using 2 inches of paper each month per person. He noted that the IPAD would be an asset of the Hospital which each Board member would take home to use, but the IPAD would be surrendered back to the Hospital when a Board member completed his time with the Board of Directors.

UPCOMING DATES:

The Board of Trustees Regular Meeting will be held on Monday, April 2nd.

The San Juan Healthcare Foundation meeting will be held on Thursday, April 5th.

A QHR Trustee Webinar will be held on Tuesday, April 10th.

The Physician Recruitment and Retention Committee meeting will be held on Thursday, April 12th.

A Columbine Management Group meeting will be held on Monday, April 16th.

A PHO Board meeting will be held on Tuesday, April 17th.

The Finance Committee meeting will be held on Wednesday, April 18th.

The Board of Directors Meeting will be held on Monday, April 23rd.

Mr. Glasmann confirmed that time spent on various topics was sufficient and there were appropriate opportunities for comments.

The meeting adjourned at 7:20 p.m.

Debra Harmon, Secretary/Treasurer

J. Stephen Glasmann, Chairperson