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|--------------------------|-------------------------------|
| i) Operations Report     | COO/CNO, Kathee Douglas       |
| ii) Medical Staff Report | Chief of Staff, Ralph Battels |



**MINUTES OF REGULAR BOARD MEETING**  
**Tuesday, February 27, 2018**  
**5:30 PM**  
**The Chambers Room, PSMC Main Building**  
**95 South Pagosa Blvd., Pagosa Springs, CO 81147**

The Board of Directors of the Upper San Juan Health Service District (the “Board”) held its regular board meeting on February 27, 2018, at Pagosa Springs Medical Center, The Chambers Room, 95 South Pagosa Blvd., Pagosa Springs, Colorado.

Directors Present: Chair Mark Floyd, Vice-Chair Greg Schulte, Director Kate Alfred, Director Dr. Jim Pruitt, and Director Dr. King Campbell.

Present by phone were USJHSD Chief Financial Officer, Dennis Wilson and former USJHSD CEO Brad Cochennet.

**1) CALL TO ORDER; ADMINISTRATIVE MATTERS OF THE BOARD**

Chair Floyd called the meeting to order at 5:30 p.m. MST and Clerk of the Board, Heather Thomas, recorded the minutes. A quorum of directors was present and acknowledged by Vice-Chair Schulte and the meeting, having been duly convened, was ready to proceed with business.

The Board noted approval of the agenda.

**2) PUBLIC COMMENT**

There was none.

**3) MILESTONE MOMENT: HIMSS 7 Team**

CEO Dr. Webb introduced and recognized the following individuals who were instrumental in achieving HIMSS Stage 7 status: Sue Schmidt, Jen Cole, Jo Blaise, Jennifer Monday, Laura Milke, Liz Reis, Christina Reeves, Arleen Coates, Sarah Howell, Craig Willeford, Anita Hooton, Dr. Michelle Flemmings, Kathee Douglas, and Synoptek IT (Michael McCann and Tom Galvin). Also recognized was Mike Hill of Cerner and the ED and IP nurses who assisted in adopting changed processes.

CEO Dr. Webb explained that this is recognition for achievement of Stage 7 of the Electronic Medical Record Adoption Model<sup>SM</sup> (EMRAM) from Healthcare Information and Management Systems Society (HIMSS) Analytics.

CEO Dr. Webb noted PSMC is the smallest independent hospital to achieve Stage 7 recognition, something only 6.5 percent of U.S. hospitals have achieved, and that there have been three national press releases regarding this achievement.

Questions were asked and answered.

The individuals mentioned above received a nominal gift certificate.

#### **4) REPORTS**

##### **a) Oral Reports**

###### **i) Chair Report**

Chair Floyd advised the Board there was no report but wanted to extend a formal thank-you to former CEO Brad Cochennet (present via conference phone) and congratulations on retirement. Chair Floyd noted that the successes of PSMC speak volumes of Brad's accomplishments and leadership as CEO.

###### **ii) Contracts**

Item intentionally struck from agenda. There was no report.

###### **iii) Strategic Planning**

Item intentionally struck from agenda. There was no report.

###### **iv) CEO Report**

CEO Dr. Webb began by advising notification has been received regarding preliminary numbers for HQIP (Hospital Quality Incentive Payment Program) reimbursement. CEO Dr. Webb reminded the Board that HQIP is quality-based payment, determined by a scoring matrix, offered by the State of Colorado under the Colorado Medicaid program for providing metric reporting. Last year PSMC did very well on scoring, despite a more strict scoring process that is likely to continue to grow even more strict in the future.

CEO Dr. Webb reported PSMC received approximately \$150,000 in HQIP reimbursement in 2017 and that preliminary numbers indicate that PSMC will receive approximately \$417,000 in 2018.

CEO Dr. Webb then advised the Board the oncology infusion program officially launched in the previous week and was deemed a successful start.

Chair Floyd asked a question regarding the number of people on the roster for oncology infusion. Director of Oncology and Pharmacy, Christina Reeves answered.

Chair Floyd asked a question regarding when the remodel of the oncology space will be finished. COO/CNO Douglas answered.

Chair Floyd asked a question regarding if infusion chairs will all be moved at that time. COO/CNO Douglas answered.

###### **v) Finance Report**

CFO Wilson began by noting that the improvement of the HQIP reimbursement is due to an improved quality score by almost \$300,000.00 to get up to \$417,000.00 as previously mentioned by CEO Dr. Webb in her oral report. CFO Wilson also noted that HQIP is a portion of the State's provider fee and numbers on the State's provider fee redistribution calculation have not been finalized. Based on preliminary numbers and estimations PSMC could see an increase in State provider fee reimbursement, HQIP being a major contribution of that increase, in the neighborhood of \$300,000. Increase will not be implemented into the budget until final approval.

Chair Floyd asked a question regarding if the stated \$417,000.00 reimbursement was for the year 2017. CFO Wilson advised the stated reimbursement was for the 2017 / 2018 fiscal year (Oct 1, 2017, through Sept. 30, 2018).

CFO Wilson then presented the attached Finance Report and financials highlighting that expenses were recorded as over-budget for the month of January. CFO Wilson further noted most over-budget expenses were related to unusual circumstances due to salary, PTO accrual, and that oncology expenses were not budgeted in month of January. CFO Wilson stated expenses would have been very close to budget if not for the aforementioned unusual/unbudgeted circumstances.

Director Dr. Pruitt asked a question regarding where the oncology line item is presented on the income statement. CFO Wilson answered.

Director Dr. Pruitt asked a question regarding where the oncology meds are listed on the budget. CFO Wilson answered.

Director Dr. Pruitt asked a question regarding whether the infusion line item also includes oncology and/or if they were going to be listed separately in the future. CFO Wilson answered.

CFO Wilson ended by stating January was a good revenue month. Chair Floyd added that January ended with good revenue and good collections reported.

b) **Written Reports** *(there was no oral report unless the Board had questions)*

i) Operations Report

Vice-Chair Schulte asked for clarification regarding reported transfers. COO/CNO Douglas answered.

Vice-Chair Schulte asked for clarification regarding distinguishing trauma from ICU cases reported. COO/CNO Douglas answered.

Vice-Chair Schulte asked for clarification regarding lab statistics reported. COO/CNO Douglas answered.

ii) Medical Staff Report

There were no questions.

5) **CONSENT AGENDA**

a) **Approval of Minutes**

Vice-Chair Schulte motioned to approve the minutes of the regular meeting of 01/23/2018. Upon motion seconded by Director Alfred, the Board unanimously approved said agenda item.

b) **Acceptance of Medical Staff Report Recommendations**

Director Alfred motioned to accept the Medical Staff Report Recommendations regarding new provider privileges, renewal of provider privileges and/or Medical Staff policies/forms. Upon motion seconded by Vice-Chair Schulte, Director Dr. Pruitt noted abstention, and the remainder of the Board unanimously accepted said agenda item.

6) **EXECUTIVE SESSION**

Vice-Chair Schulte motioned to enter into executive session. Upon motion seconded by Director Dr. Campbell, the Board entered into executive session at 6:03 p.m. MST, pursuant to C.R.S. Section 24-6-402(4), for purpose of: (i) receiving legal advice on specific legal questions, (ii) matters to remain confidential pursuant to other federal or state statute – specifically reporting of confidential quality and peer review stats that are confidential per state statutes C.R.S. Section 25-3-109, et seq. and C.R.S. Section 12-36.5-101 et seq., and (iii) personnel matters (former CEO incentive compensation).

Directors present in executive session were: Chair Floyd, Vice-Chair Schulte, Director Alfred, Director Dr. Pruitt, and Director Dr. Campbell.

Also present in executive session were: CEO Dr. Webb, CAO Bruzzese, COO/CNO Kathee Douglas, CMO Ralph Battels, Med Staff Office Manager, Krista Truitt-Starr, Brad Cochennet (by phone), and Ms. Thomas as Clerk to the Board.

Ms. Truitt-Starr vacated executive session at 6:18 p.m. MST.

Chair Floyd adjourned the executive session at 6:23 p.m. MST.

7) **DECISION AGENDA**

a) **Peer Review Annual Report**

Consideration of Resolution 2018-04

Vice-Chair Schulte motioned to approve Resolution 201-04, to accept the Annual Report of PSMC's 2017 Peer Review Activities. Upon motion seconded by Director Dr. Pruitt, Director Dr. Campbell noted abstention, and the remainder of the Board unanimously accepted said agenda item.

b) **Former CEO – Conclusion of Compensation for Work Performed in 2017**

Director Alfred requested clarification regarding the blank percentage space on resolution. Vice-Chair Schulte answered.

Consideration of Resolution 2018-05:

Director Alfred motioned to approve Resolution 2018-05, to determine that Brad Cochennet, in performance as CEO for all of 2017, earned one hundred percent (100%) of his at-risk incentive compensation. Upon motion seconded by Vice-Chair Schulte, Directors Dr. Pruitt and Dr. Campbell both noted abstention, and the remainder of the Board unanimously approved said agenda item.

8) **OTHER BUSINESS**

There was none.

9) **ADJOURN**

There being no further business, Chair Floyd adjourned the regular meeting at 6:27 p.m. MST.

Respectfully submitted,

Heather Thomas, serving as Clerk to the Board

**5) CONSENT AGENDA** (The Consent Agenda is intended to allow Board approval, by a single motion, of matters that are considered routine. There will be no separate discussion of Consent Agenda matters unless requested.)

a) Approval of Minutes for the following meeting(s):

i) Regular meeting of: 01/23/2018

b) Acceptance of recommendations set forth in the Medical Staff Report regarding new provider privileges, renewal of provider privileges and/or Medical Staff policies/forms.

**6) EXECUTIVE SESSION**

There will be an executive session pursuant to *the following subparagraphs* of C.R.S. Section 24-6-402(4):

- (b): to receive legal advice on specific legal questions;
- (c): matters to remain confidential pursuant to other federal or state statute – specifically confidential quality and peer review stats that are confidential per state statutes C.R.S. Section 25-3-109, et seq. and C.R.S. Section 12-36.5-101 et seq.; and
- (f)(I): personnel matters.

Further, the Board reserves the right to meet in executive session for any other purpose allowed and topic announced at open session of the meeting, in accordance with C.R.S. Section 24-6-402(4).

**7) DECISION AGENDA** (Matters to be discussed and possible action by the Board)

a) **PEER REVIEW ANNUAL REPORT**

i) Overview: The annual report of PSMC's 2017 peer review activities will be presented in executive session by the Manager of the Medical Staff Office (Krista Starr) as such report is to be used and remain confidential in accordance with the Quality Management Act, C.R.S. Section 25-3-109, et seq. and the Professional Review Act, C.R.S. Section 12-36.5-101 et seq.

ii) Consideration of Resolution 2018-04 regarding acceptance of PSMC's annual report of PSMC's 2017 peer review activities.

b) **FORMER CEO – CONCLUSION OF COMPENSATION FOR WORK PERFORMED IN 2017**

i) Overview: Board annual review of former CEO (Brad Cochennet) regarding 2017 at-risk incentive compensation based upon accomplishments in 2017 (the report of 2017 accomplishments was provided in January of 2018 but is included again in this packet).

ii) Consideration of Resolution 2018-05 regarding the percentage of CEO's 2017 at-risk incentive compensation earned.

**8) OTHER BUSINESS**

**9) ADJOURN**