

**Perham Health
Perham, MN
Operations Committee of the Board
Minutes**

Date: September 30, 2015

Time: 5:31 p.m.

Place: Perham Living Board Room

Present: Terry Marthaler

Jerry Kunza

Kathy Hemmelgarn

Alisyn Keil

Deb Cullen

Gil Ebner

John Halvorson

Eugene Jahnke

Jeremy Kovash

Staci Malikowski

Thomas Meyer

Cyndy Rastedt

Rich Richter

Paulette Amundson (Sanford),

videoconference

Marsh Korman (Sanford)

Dr. Mark Paulson (Sanford)

Dr. Tim Studer (Sanford)

Absent: Ryan Strugar

Chuck Hofius

Brad Wurgler

Pat Sjolie

Sonda Tolle

Katie Lundmark

Pat Ferguson

Duane Wallace

Jim Rieber

Dennis Happel

John Carlson, Hammers Construction

Chad Borman, bhh Partners

Amber Hallberg

A. Call to Order

Chair Marthaler called the meeting to order at 5:31 p.m.

B. Board Education

Hospital Pharmacy education was presented by Wallace.

C. Old/Other Business

1. Perham Health - Sanford Health Management Agreement Update

Hofius stated District Board members met in a closed Special Meeting on September 23 and reviewed the Professional Services, Management Services, and Affiliation Agreements with attorney Sara Noel from Stinson Leonard Street, LLC. The Affiliation Agreement has been updated to include cyber insurance coverage. All three agreements are finalized and ready to go into effect on October 1, 2015, with Board approval.

The Professional Services and Management Agreements are for five years with an option to automatically renew for an additional five. The Affiliation Agreement is for 10 years with an option to automatically renew in one year increments. The governance structure did not change. All of the agreements are the result of a great 30-year relationship with Sanford and its predecessors, St. Luke's and Meritcare.

D. New Business

1. *Perham Living Master Facility Plan: Therapy/Atrium and Memory Care Assisted Living Projects*
Lundmark introduced John Carlson, project estimator from Hammers Construction, and Chad Bormann from bhh Partners, who reviewed the Therapy/Atrium and Memory Care Assisted Living project bids with the Committee. The Therapy/Atrium project would remodel the current Perham Living entrance and former hospital wing into an expanded Therapy area that would meet State code, replace the roof and elevator, and create a new main entrance and office spaces. The Memory Care Assisted Living project would remodel the former Emergency Room, Operating Room, and OB wing into 11 suites for those with dementia. Additionally, a vestibule entrance connecting the households to the Town Center would be updated for improved resident and visitor safety.

The bid packages for both projects came in at or slightly below the June bids. The combined total for both projects, including financing and architect fees, is \$5,217,498. The project would begin on October 12, 2015, if approved by the District Board. Wurgler stated the project will be funded by \$3 million cash equity and the balance local financing.

Hemmelgarn inquired about the state of the Perham Living lobby elevator, which would be updated as part of the project. Carlson stated the elevator would be brought up to code.

Richter inquired about the therapy services that would be provided at Perham Living. Lundmark stated Speech, Physical, and Occupational Therapy services are currently provided in the dining room and a small office. Expanding the Therapy space would bring the space up to code, allow for increased services, and improve patient experience and privacy.

A motion was made by Keil, seconded by Cullen, to recommend to the District Board that we move forward with the Therapy/Atrium and Memory Care Assisted Living projects for \$5,217,490 and to award the low bidders as presented except bid packages 2B, 2C, 5B, and 7E. Further, to authorize management to solicit and award contracts to the low bidders for the four packages excluded. Motion carried.

2. *Credentialing*

A motion was made by Dr. Studer, seconded by Rastedt, to approve medical staff privileges for Dr. Kailey Witt and Dr. Paul Wasemiller until September 30, 2017. Motion carried.

3. *Non-discrimination Statement*

Hofius stated Joint Commission requires that the nondiscrimination statement pertaining to employee and patient rights must be consistent between policies and bylaws. A statement for all policies and bylaws was drafted by legal counsel and presented to Medical Staff for their input, and Sanford will review the statement to ensure it provides protection for physicians.

A motion was made by Kunza, seconded by Halvorson, to approve the non-discrimination statement in the Board Bylaws, Medical Staff Bylaws, and anywhere else that refers to patient non-discrimination, pending approval by Medical Staff.

4. *2016 Strategic Goals*

Hofius reviewed the 2016 Strategic Goals and Measures.

A motion was made by Dr. Paulson, seconded by Kovash, to recommend the 2016 Strategic Goals as presented to the District Board.

5. *2016 Operating Budget*

Wurgler reviewed the 2016 Operating Budget with the Committee. Adjustments for employee health insurance benefits and workers compensation, an increase in infusion therapy drug costs, and the approved salary increases for nursing home TMAs and nursing assistants have been factored into the budget.

Rastedt inquired about adding provider access on Saturdays. Dr. Paulson stated two providers are currently scheduled every Saturday in the clinic.

Malikowski inquired about the impact of the budget on the tax levy. Hofius stated that current board policy states once we achieve two years of at least a 3% operating margin the board will consider lowering the levy.

A motion was made by Keil, seconded by Korman, to recommend approval of the 2016 Operating Budget to the District Board.

6. *2016 Draft Capital Budget*

Wurgler presented the 2016 Capital Budget.

Richter inquired as to whether projects selected for the Blue at Brew fundraiser proceeds are selected from capital requests. Hofius stated the Perham Health Foundation seeks suggestions from department directors, and projects selected are often items that were removed from previous Capital budgets. Hallberg added that this year's proceeds will be used to purchase Life Stations for the Memory Care Assisted Living suites. Life stations are vignettes of items from an individual's daily routine that are designed to spark memories and create moments of joy for residents with dementia.

A motion was made by Keil, seconded by Richter, to recommend approval of the 2016 Capital Budget to the District Board

7. *Human Resources Policy Updates*

Ferguson reviewed the Human Resources policy updates with the Committee, which included mirroring policies to the Code of Conduct, adding gender identity and expression to protected classes, and updating protocol and benefits eligibility for changes in employment status.

Kovash inquired about provisions for years in which there are 27 bi-weekly pay periods for salaried employees. Ferguson stated salaries are divided by 2,080 hours for payment purposes, which evens that out over time.

Motion made by Kunza, seconded by Meyer, to approve the Human Resources policy updates as presented. Motion carried.

8. *2016 Board Committees*

Marthaler reviewed the changes to the 2016 Board Committee assignments. As approved in the updated Board Bylaws in May 2015, the Bylaws, Buildings and Grounds and Personnel Committees were eliminated and the Governance Committee was created to oversee the bylaws, education, self-evaluation, and meeting structures.

E. Consent Agenda

A motion was made by Korman, seconded by Dr. Paulson, to approve the consent agenda as presented. Motion carried.

F. Reports

1. *Operating Reports*

a. Fiscal and Support Services

Wurgler reviewed the August financials, stating that July saw a net loss from operations of (\$490,649), compared to a budgeted gain of \$26,321. With the addition of non-operating income, August finished with a loss of (\$405,642), compared to a budgeted gain of \$93,487. This brings the facility to a total net gain of \$1,344,521 for the first eleven months of the fiscal year, versus a budgeted gain of \$1,028,357, a positive variance of \$316,164.

b. Patient Services

No additions to the report.

c. Long Term Care

No additions to the report.

d. Ancillary Services

No additions to the report.

Hemmelgarn inquired if the new 3D mammography service would be advertised in the paper. Sjolie stated an announcement would be printed in the following week's edition and posted on the electronic sign.

2. *CEO Report*

Hofius stated 156 people attended the Blue at Brew fundraiser on September 27.

Sports Medicine outreach provider Dr. Nicolai Esala has resigned. Dr. Esala relocated to the Twin Cities to focus his practice on Sports Medicine.

Tablets or iPads for Board members were approved as part of the 2015 budget as a means of reducing waste and printing and mailing costs over the long term. Board and Committee packets would be emailed to Board members each month for their review, as well as displayed on a screen during meetings. Education on device functionality would be provided with the intent to hold the first paperless Board meeting in January.

Hofius shared a story about a family that expressed gratitude to staff, particularly Dr. Rand Stolee and Jennifer Howey, who helped reschedule and arrange a wedding anniversary party at the hospital for a patient.

3. *Medical Staff Report*

a. *Monthly Update*

Kovash inquired about diversions at Perham Health and Sanford. Dr. Studer stated diversions still occur occasionally, but have decreased in frequency this month. Dr. Paulson added that diversions occur when facilities are challenged with tight staffing numbers and sudden spikes in demand. He commented that nurse staffing will continue to be a challenge, particularly when Sanford opens its new hospital in 2017.

Meyer inquired about plans for the old Sanford facilities when the new hospital opens in 2017. Amundson stated the South University campus will focus on inpatient and outpatient orthopedic surgery, while the downtown campus will focus on behavior health, medical surgery, and inpatient and outpatient oncology. All trauma, maternal, and pediatric care will transition to the new campus. The new facility will add only 20 new beds, but all rooms will be single rooms, which will allow for improved patient accessibility. Paulson added that the project includes shelled space for future patient rooms.

b. Recruitment Update

Dr. Studer stated a medical resident is completing rotations at Perham Health this fall. Hofius added that preliminary recruitment conversations have begun with the resident.

4. Sanford Report

Marthaler and Hofius thanked Korman for his five years of contributions to the Operations Committee and Perham Health. A plaque was presented for his service. Korman will retire from Sanford Health effective October 2, 2015.

G. Comments

1. Board

Hallberg stated the Just for Women health event is scheduled for Tuesday, October 13, beginning at 5:00 p.m., at the Perham High School.

A motion was made by Kunza, seconded by Halvorson, to adjourn the meeting. Motion carried.

There being no further business, the meeting adjourned at 7:18 p.m.

Terry Marthaler, Chair

Katherine Hemmelgarn, Clerk

Amber Hallberg, Recorder

**Perham Health
Perham, MN
District Board
Minutes**

Date: September 30, 2015

Time: 7:19 p.m.

Place: Perham Living Board Room

Present: Terry Marthaler

Jerry Kunza

Kathy Hemmelgarn

Alisyn Keil

Deb Cullen

Gil Ebner

John Halvorson

Eugene Jahnke

Jeremy Kovash

Staci Malikowski

Thomas Meyer

Cyndy Rastedt

Rich Richter

Chuck Hofius

Brad Wurgler

Marsh Korman

Dennis Happel

Amber Hallberg

Absent: Ryan Strugar

A. Call to Order

Chair Marthaler called the meeting to order at 7:19 p.m.

B. Perham Living Master Facility Therapy/Atrium and Memory Care Assisted Living Projects

A motion was made by Keil, seconded by Meyer, to approve the Perham Living Master Facility Plan Therapy/Atrium and Memory Care Assisted Living Projects for \$5,217,490 and to award the low bidders as presented except bid packages 2B, 2C, 5B, and 7E. Further, to authorize management to solicit and award contracts to the low bidders for the four packages excluded. A roll call vote was taken, and the motion passed unanimously.

C. 2016 Strategic Goals

A motion was made by Kovash, seconded by Rastedt, to approve the 2016 Strategic Goals as recommended by the Operating Committee. Motion carried.

D. 2016 Operating Budget

A motion was made by Keil, seconded by Cullen, to approve the 2016 Operating Budget as recommended by the Operating Committee. Motion carried

E. 2016 Capital Budget

A motion was made by Keil, seconded by Kunza, to approve the 2016 Capital Budget as recommended by the Operating Committee. Motion carried.

F. Perham Health – Sanford Health Management Agreements

A motion was made by Hemmelgarn, seconded by Kovash, to approve the Sanford Health Management Services, Affiliation, and Professional and Related Services Agreements as

recommended by the Negotiations Task Force. A roll call vote was taken, and the motion passed unanimously.

There being no further business, a motion was made by consensus to adjourn the meeting at 7:23 p.m.

Terry Marthaler, Chair

Katherine Hemmelgarn, Clerk

Amber Hallberg, Recorder