

MINUTES
MEDICAL UNIVERSITY HOSPITAL AUTHORITY
BOARD OF TRUSTEES MEETING
May 15, 2014

The Board of Trustees of the Medical University Hospital Authority convened Thursday, May 15, 2014, with the following members present: Mr. Thomas L. Stephenson, Esquire, Chairman; Dr. James E. Wiseman, Jr., Vice Chairman; Dr. Stanley C. Baker, Jr.; The Honorable James A. Battle; Mr. William H. Bingham, Sr.; Mr. William B. Hewitt; Dr. Harold W. Jablon; Dr. Donald R. Johnson II; Ms. Barbara Johnson-Williams; Dr. Ragin C. Monteith; Dr. E. Conyers O'Bryan, Jr.; Dr. Thomas C. Rowland, Jr.; Mr. Charles W. Schulze; The Honorable Robin M. Tallon; Dr. G. Murrell Smith, Sr.; Mr. Michael E. Stavrinakis Absent: Dr. Charles B. Thomas, Jr.

The following administrative officials were present: Dr. Mark S. Sothmann, Interim President and Vice President for Academic Affairs and Provost; Dean Etta Pisano, Vice President for Medical Affairs, and Dean, College of Medicine; Dr. Patrick Cawley, Vice President for Clinical Operations and Executive Director, MUHA; Dr. Frank Clark, Vice President for Information Technology and CIO; Ms. Lisa P. Montgomery, Vice President for Finance and Administration.

Item 1. Call to Order-Roll Call.

There being a quorum present, Chairman Stephenson called the meeting to order at 9:00 a.m. Ms. Celeste Jordan called the roll.

Item 2. Secretary to Report Date of Next Meeting.

The date of the next regularly scheduled meeting is Friday, August 8, 2014.

Item 3. Approval of Minutes of the Regular Meeting of the Medical University Hospital Authority of April 11, 2014.

Board Action: It was moved that the Minutes be approved. The motion was seconded, voted on and unanimously carried.

RECOMMENDATIONS AND INFORMATIONAL REPORTS OF THE PRESIDENT

OLD BUSINESS: None.

NEW BUSINESS:

Item 4. General Informational Report of the Interim President.

Dr. Mark Sothmann stated that due to graduation activities and the abbreviated board meeting, a speaker had not been invited to present.

Recommendation of Administration: That these reports be received as information.

Board Action: Received as information.

Item 5. Other Business. None.

**MEDICAL UNIVERSITY HOSPITAL AUTHORITY OPERATIONS AND FINANCE COMMITTEE.
CHAIRMAN: DR. STANLEY C. BAKER, JR.**

OLD BUSINESS: None.

NEW BUSINESS:

Item 6. MUSC Medical Center Status Report.

Statement: Dr. Baked asked Dr. Cawley to report. Dr. Cawley provided a brief update on the performance pillars of 2014 hospital goals and the goals proposed for 2015. The service pillar is in the red. Dr. Cawley stated the hospital set a very high bar in this area. The quality pillar – the ideal care is in the red mainly due to readmissions and central line associated blood stream infections. Hand hygiene under the quality pillar is in the green. Also in the green is the operating margin under the finance pillar. Under the growth pillar – inpatient discharges is yellow and growth in new patient visits is green.

He provided a quick preview of 2015 goals. The format for next year remains the same with service, quality, people, growth and finance as pillar goals. The service pillar will continue emphasis on ideal patient experience; the people pillar will focus on employee and physician commitment and a new goal of teamwork; the quality pillar goals are ideal care and culture of safety; the growth pillar concentrates on two goals – inpatient discharges and outpatient new patients. The finance goals have not yet been finalized due to the continuing budget process.

The goals will be finalized in the next 4-6 weeks but Dr. Cawley just wanted to make the board aware of the direction of the hospital goals for next year.

Dr. Cawley introduced Dr. Dan Handel, the new Chief Medical Officer, who has been at MUHA for about 90 days. He came to MUHA from Oregon Health Sciences and has gotten off to a very fast start. Later in the meeting, Dr. Handel will present some information on the recent physician satisfaction survey.

Recommendation of Administration: That the report be received as information.

Board Action: Received as information.

Item 7. MUSC Medical Center Financial and Statistical Report.

Statement: Mr. Steve Hargett provided an update on the financial status of the hospital through March 31. MUHA is about \$27 million ahead of budget. All of the indicators are very positive. The operating margin and net margin actually have a spread. This resulted from recording the telemedicine state appropriation and the ART 7 state appropriation as non-operating revenue. The one key HUD covenant that MUHA has is the debt service coverage ratio. The hospital is required to

maintain a ratio of 1.75 and, as shown, it is over 4 so MUHA is doing very well with the bond covenant.

Days cash on hand is 23, which is about \$67 million and about \$14 million in restricted cash which is the ART 7 money and the state appropriation for telemedicine money. Two unusual items were booked in the past quarter. One was the issuance cost of just over \$1 million related to the Central Energy Plant refinancing. Also, there was some catch-up depreciation for about \$2 million that was booked. In summary, the hospital is doing very well with finances.

Mr. Battle asked what was being done to improve days cash on hand. Mr. Hargett said there are a number of efforts going on, one of which is the continuing effort at reducing costs. The hospital also has a number of revenue cycle consultants helping to insure the hospital is getting every dollar that is due from insurance companies.

Mr. Schulze stated that while there has been improvement in this area, the hospital is still behind. With a new \$400 million hospital, cash on hand will get tighter again and perhaps HUD will have some concern. HUD's requirement is 21 days but with two large hospitals being paid for, there is area for concern. Mr. Hargett reminded that HUD financing required MUHA to establish a "special reserve fund" with the trustee that is \$30 million of additional operating cash that is held by the trustee – one year's worth of debt service. As long as the hospital maintains 21 days cash, this reserve fund can begin being brought back into MUHA in three years.

Recommendation of Administration: That this report be received as information.

Recommendation of Committee: That this report be received as information.

Board Action: Received as information.

Item 8. Report on Quality and Patient Safety.

Statement: Dr. Dan Handel reviewed the 2014 Physician Engagement Survey and the Resident Incentive Plan. The survey was put out by Morehead which was recently bought out by PressGaney. The survey looked at physician engagement from two perspectives: from the hospital view as physicians as customers and from the MUSC-P/COM perspective as physicians as employees. MUSC is slightly below the national average of overall physician engagement.

Dr. Handel reviewed the Resident Incentive Plan. The goal is to engage the residents and align them with improving the quality of care the institution provides. To date, two-thirds of the departments have met the goals.

Mr. Battle asked if the survey was for doctors only. Dr. Handel said it was a subset of a larger survey that went out to all staff and employees. Mr. Battle asked if the results of the staff and employees survey could also be presented. Those results will be presented at a future meeting.

Recommendation of Administration: That the report be received as information.

Board Action: Received as information.

Item 9. Report of the Vice President for Medical Affairs and Dean, College of Medicine.

Statement: No report.

Recommendation of Administration: That the report be received as information.

Board Action: Received as information.

Item 10. Update on MUSC Physicians.

Statement: Dr. David Cole stated the department of psychiatry behavioral sciences has an outreach proposal to provide services to the Coastal Center which is providing psychiatric evaluation of management for patients in Ladson. This is an on-going project and they are anticipating up to three clinics in supporting the community.

Recommendation of Administration: That these outreach activities be approved.

Board Action: A motion was made, seconded and unanimously voted to approve the outreach activities.

Item 11. Legislative Update.

Statement: Mr. Mark Sweatman said the budget is completed in the House and Senate and will be going to conference committee. At least \$15 million more this year for the telemedicine program has been proposed. There is some money for the Dental School in the senate version which will be worked out in conference.

The merger bill has turned into the Charleston University Act and the bill passed the House and is in the Senate now. The bill would give Charleston Research University status.

Recommendation of Administration: That this report be received as information.

Board Action: Received as information.

Item 12. Other Committee Business. None

Item 13. Medical University Hospital Authority Appointments, Reappointments and Delineation of Privileges (Consent Item).

Statement: An updated list of appointments, reappointments and delineation of privileges to the medical staff were presented for approval.

Recommendation of Administration: That the appointments, reappointments and delineation of privileges to the medical staff be approved.

Board Action: Dr. Baker moved that the list of appointments, reappointments and delineation of privileges to the medical staff be approved. The motion was seconded, voted on and unanimously carried.

Item 14. Revised Medical Center Policy C-13 Resuscitation Orders (Consent Item).

Statement: The revisions to the Medical Center Policy C-13 Resuscitation Orders was presented for approval.

Recommendation of Administration: That the revisions be approved.

Board Action: a motion was made, seconded and unanimously voted to approve the revisions to Medical Center Policy C-13 Resuscitation Orders.

Item 15. Revised Medical Center Policy C-23 Withholding/Withdrawing Life-sustaining Orders (Consent Item).

Statement: The revisions to the Medical Center Policy C-23 Withholding/Withdrawing Life-sustaining Orders was presented for approval.

Recommendation of Administration: That the revisions be approved.

Board Action: a motion was made, seconded and unanimously voted to approve the revisions to Medical Center Policy C-23 Withholding/Withdrawing Life-sustaining Orders.

Item 16. Medical Executive Committee Minutes (Consent Item).

Statement: Minutes of the Medical Executive Committee for March 2014 were presented for information.

Recommendation of Administration: That this be received as information.

Board Action: The minutes of the Medical Executive Committee for March 2014 were received as information.

Item 17. Medical Center Contracts and Agreements (Consent Item).

Statement: Contracts and Agreements which have been signed since the last board meeting were presented for information.

Recommendation of Administration: That this be received as information.

Board Action: Received as information.

**MEDICAL UNIVERSITY HOSPITAL AUTHORITY PHYSICAL FACILITIES COMMITTEE.
CHAIRMAN: MR. WILLIAM H. BINGHAM, SR.**

OLD BUSINESS: None

NEW BUSINESS:

Item 18. Update on Projects.

Statement: Mr. Frazier provided updates on the Sabin Street Central Energy Plant and Phase Two – Children’s Hospital and Women’s Pavilion.

Recommendation of Administration: That this report be received as information.

Board Action: Received as information.

Item 19. Other Committee Business.

Mr. Dennis Frazier asked for approval of a lease for 3,689 square feet of office space located at Parkshore Centre, 1 Poston Road, Suites 105 and 110 in West Ashley. The purpose of the lease is to provide space for the displacement of occupants at Charleston Memorial Hospital in preparation for Phase Two of the Hospital. The per square foot rate for the ten year lease is \$27.30 with rent being increased 3% annually over the life of the lease. Total cost of 10 year lease: \$1,154,523.87

Board action: A motion was made, seconded and voted to approve the lease as presented. As stated at the April meeting, Mr. Hewitt voted no for all aspects of the project as presented. Mr. Hewitt felt that the additional debt created by this project for the institution was too high for the rate of return on the investment.

Mr. Frazier outlined a Letter of Intent (LOI) between MUHA and Charleston County with regard to the two properties located a 3 and 5 Charleston Center Drive, Charleston. The LOI is the basis of the lease/purchase agreement for these properties, to be presented to the board at a later date, for approval.

The two buildings total 91,448 gross square feet and are located on 2.678 acres. The agreement will provide a lease with an option to purchase the properties at any time at a sale price of \$17 million. The lease rate will be \$19 per square foot for a term of 30 years. The agreement includes a transfer option to the MUSC Foundation. The property will be vacated by March 31, 2015 which will allow for the demolition to clear the site for Phase Two of the hospital - Children’s Hospital and Women’s Pavilion. The agreement is contingent upon approval by the MUHA Board of Trustees and the Charleston County Council.

Board Action: A motion was made, seconded and voted to approve the Letter of Intent as presented. As stated at the April meeting, Mr. Hewitt voted no for all aspects of the project as presented. Mr. Hewitt felt that the additional debt created by this project for the institution was too high for the rate of return on the investment.

Mr. Frazier stated the construction manager interviews for Phase Two were conducted yesterday by the board committee. The committee selected an association of three companies consisting of Robins & Morton, Cumming, and Brownstone Construction Group for the construction of the Phase Two - Children's Hospital and Women's Pavilion for the Medical University Hospital Authority.

Board Action: A motion was made, seconded and voted to approve the construction manager (CM) for Phase Two as presented. Dr. Wiseman recused himself from the vote and participation in the selection of the CM due to his son's participation in the process. As stated at the April meeting, Mr. Hewitt voted no for all aspects of the project as presented. Mr. Hewitt felt that the additional debt created by this project for the institution was too high for the rate of return on the investment.

Mr. Frazier stated that the HUD application will need to be submitted mid-year 2015 and the pre-application should be completed around November 2014. Mr. Frazier asked the board for approval to move forward with HUD financing applications for Phase Two.

Board Action: The Board of Trustees authorized the Administration to take whatever action is necessary to submit the HUD applications for the financing required to build the Phase Two - Children's Hospital and Women's Pavilion, for the Medical University Hospital Authority. As stated at the April meeting, Mr. Hewitt voted no for all aspects of the project as presented. Mr. Hewitt felt that the additional debt created by this project for the institution was too high for the rate of return on the investment.

Mr. Frazier concluded by stating that the May 2014 selection of the CM along with the selection of the architectural firm Perkins+Will in the April 2014 Board Meeting provides board direction for the Administration to continue the planning, programming, and design needed for the HUD Pre-application, the Certificate of Need Submission, and the subsequent construction of the Children's Hospital and Women's Pavilion with a goal to be complete by 2020 or earlier.

Mr. Frazier also provided an update and showed a video on the Central Energy Plant which opened just prior to the April 2014 board meeting. It was a complicated multi-year process. He thanked the many people involved in making the project a success.

Mr. Bingham thanked the board members for their foresight and support for the Central Energy Plant.

OTHER BUSINESS FOR THE BOARD OF TRUSTEES:

Item 20. Approval of Consent Agenda.

Statement: Approval of the Medical University Hospital Authority consent agenda was requested.

Recommendation of Administration: That the consent agenda be approved.

Board Action: It was moved, seconded and unanimously voted that the consent agenda be approved..

Item 21. New Business for the Board of Trustees. None.

Item 22. Report from the Chairman. None

There being no further business, the Hospital Authority meeting was adjourned and the University Board of Trustees meeting was convened.

Respectfully submitted,



Hugh B. Faulkner III
Secretary

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