

**BOARD OF TRUSTEES
The MetroHealth System**

Date: January 24, 2018

Time: 8:00 a.m.

Place: The MetroHealth System Board Room

Present: Ms. Anderson, Ms. Dee, Mr. Hurwitz, Mr. McDonald, Mr. Moss, Dr. Silvers, Ms. Whiting,

Staff: Dr. Boutros, Dr. Boulanger, Ms. Brown, Dr. Chehade, Mr. Jones, Ms. Kline, Mr. Phillips, Ms. Platten, Mr. Richmond, Mr. Stern, Dr. Thomas, Ms. Wahl, Dr. Watts, Dr. Werner

MINUTES OF MEETING

The meeting was called to order by Mr. McDonald at 8:00 a.m.

(The minutes are written in a format conforming to the printed meeting agenda for the convenience of correlation, recognizing that some of the items were discussed out of sequence.)

1. Minutes

The Board approved the Minutes of the Regular Meeting of December 20, 2017.
RESOLUTION 19175.

2. Consent Agenda

A. Audit Committee – No Meeting

B. Community Engagement Committee – Meeting Cancelled

C. Diversity and Inclusion Committee – No Meeting

D. Facilities and Space Committee – No Meeting

E. Finance Committee

1. The Board unanimously approved the continued on-going engagement of Kaufman Hall as the System's Financial Advisor for Transformation, for purpose of providing financial planning, advice and guidance related to Transformation throughout 2018, for total aggregate fees not to exceed \$140,000 plus reasonable out-of-pocket expenses, to be paid out of general operating funds. RESOLUTION 19176.
2. The Board unanimously authorized and approved the delegation by the President and Chief Executive Officer to the Chief Financial Officer of the ability to approve (1) spend on furniture, fixtures and equipment not to exceed \$1,000,000 for each project, and (2) capital improvements including the purchase of equipment and vehicles not to exceed \$1,000,000 for each project. This delegation is

limited and subject to the prescribed limits and reporting obligations set forth in previously approved Resolution 18973. RESOLUTION 19177.

3. The Board unanimously approved the purchase of claims-made excess Professional and General Liability coverage with limits of \$35,000,000 excess of a primary policy with professional liability limits of \$7,000,000 for professional liability claims and general liability limits of \$1,000,000, from Lloyd's of London for a total premium not to exceed \$1,300,000 for policy period December 31, 2017, through December 31, 2018, to be paid out of operating funds. This Resolution supersedes Resolution 19150. RESOLUTION 19178.

F. Legal and Government Relations Committee – No Meeting

G. Patient Experience Committee – No Meeting

H. Executive Committee – None

I. Quality and Safety Committee – No Meeting

3. President and CEO's Report

Dr. Boutros began his report by indicating that MetroHealth's two new inpatient hospitals in Parma and Cleveland Heights opened in January and received a significant amount of media coverage, noting attendance from each region by EMS, fire, representatives from the government and active participation from the Medical Staff. He made the Board aware of the Cleveland Clinic and University Hospitals starting Medicare Advantage plans that are now each of their own network plans, indicating that if you choose one of the plans for that system, you are considered out of network by choosing the other, which was the driving force for MetroHealth having multiple locations. MetroHealth does not have enough inpatient coverage at this time to offer that type of Medicare Advantage program and, since the expectation is that over 70% of the Medicare population will be choosing a Medicare Advantage plan over the course of the next 5-10 years because these plans will provide services at a lower cost, MetroHealth is looking to have available a network of hospitals to offer that type of a plan in either 2019 or 2020 to service our population according to regulatory requirements to provide services in Cuyahoga County.

At the request of Dr. Boutros, Dr. Boulanger introduced Dr. Brook Watts as MetroHealth's new Vice President and Chief Quality Officer to the Board and formally welcomed her to MetroHealth's Board meeting, noting that a national search was conducted and many great candidates responded. Dr. Boulanger thanked Mr. Moss and Dr. Silvers for participating in the search. Dr. Watts was formerly employed as the Chief Quality Officer at the Louis Stokes Cleveland VA Medical Center, went to medical school at the University of Alabama at Birmingham, completed her Internal Medicine Residency at the University of Michigan Department of Internal Medicine Residency Program, and is also a Population Health expert and Opioid treatment leader.

4. Nursing/Magnet Report – Melissa Kline, Chief Nursing Officer

Ms. Kline stated that Nursing ended 2017 with a 74.14 percent BSN nursing status, exceeded the goal of 72 percent, and another 9.7 percent are currently enrolled in the BSN program. She added that 65 nurses became certified in their specialties, meeting the stretch goal of 28.3 percent of all nurses being certified. The Nurse Senate gave \$1,000 scholarships to two very deserving nurses: Renotta Smith, a nurse in the Network Service Center in Parma and the first person in her family to attend college, who is currently working on her master's degree in hopes of becoming a nursing leader at MetroHealth; and Pamela Haba, a nurse in the Cancer Care

Center and a single mother who devoted her time to putting her four sons through college while being a nurse for 37 years and hopes to obtain her bachelor's degree and continue to work at MetroHealth after she completes her degree. She then recognized two Nurse Managers, Melissa Diczko and Kimberlee Legarth, who took on the responsibility of managing the new Medical Center sites at Parma and Cleveland Heights. Lastly, she acknowledged a special thank you to Kim Svoboda, the Project Manager from Business Development, who is also a nurse and was of great assistance in bringing the nursing staff and units involved in the project to completion.

5. Medical Staff

A. Report of Medical Staff President – Dr. Timothy Kasprzak

Dr. Sandra Werner attended the meeting in Dr. Kasprzak's absence and, while not having a specific report, requested approval of the Medical Staff and Allied Health appointments and actions and the Medical Executive Committee Minutes of December 15, 2017.

B. Approval of Medical Staff/Allied Health Providers Appointments/Actions/Reappointments - December 2017

1. The Board unanimously approved the Medical Staff Appointments/Actions/Reappointments for December 2017. RESOLUTION 19179.

C. Medical Executive Committee Minutes – December 15, 2017

D. Report of Case Western Reserve, School of Medicine – Dr. Patricia Thomas

Dr. Thomas responded with no report.

6. Audit Committee – No Meeting

7. Community Engagement Committee – No Meeting

8. Diversity and Inclusion Committee – No Meeting

9. Facilities and Space Committee – No Meeting

10. Finance Committee

A. Report of Committee Chairperson

Dr. Silvers reviewed with the Board the Advisory Board credit tool that provides MetroHealth's specific ratios relative to Moodys, Fitch, and Standard & Poor's that we are striving to meet as a benchmark. He reported the Operating Margins are 3.95 percent, the Excess Margins are over 4 percent and the Operating EBIDA Margins are approximately 8 percent; he indicated these numbers are strong in terms of comparisons with other parts of the country. MetroHealth's profitability is going well and the organization is on target in reviewing the Bond Official Statement and what we projected to happen at this time. A review of the 2017 preliminary and unaudited financial statements completed by RSM indicates that the operating cash flow is extraordinarily positive but dealing with the non-cash actuarial changes that are reflected on the financial statements are much harder to deal with. A radical improvement was made in

the income before OPERS this year at approximately \$40 million for the year versus \$10 million last year.

Mr. Richmond reviewed with the Board the financial information that began with the Management Discussion and Analysis which provides what is taking place with the Earnings Before Interest, Depreciation and Amortization (EBIDA), information on the Statement of Net Position, and breaks apart Statement of Operations. In 2017, MetroHealth generated \$96.1 million in EBIDA, representing the operating cash flow and an increase of \$35.1 million over the prior year. Three main contributing factors to the increase in 2017 EBIDA are: (1) enhanced access across Cuyahoga County indicating the growth in the number of outpatient facilities and the expansion of our retail contract pharmacy business; (2) the addition of three new emergency departments which brought in additional net patient revenue; and (3) reimbursement streams being received as a result of our investment in Population Health. In conjunction with the Bond covenant compliance that is reviewed on a quarterly basis, two main metrics being focused on are the Days Cash on Hand with the bond requirements being 75 days and the Minimum Debt Service Coverage Ratio of one times, noting we are at approximately 139 days with Cash on Hand and approximately four times with the Minimum Debt Service Coverage Ratio. Unrestricted cash and investments show approximately \$30 million in growth year over year which is an indication of where we are in growth from our operations at a point in time, noting last year ended at approximately \$400 million. MetroHealth adopted an accounting change to the Governmental Accounting Standards Board, known as GASB 68, in 2015 which means MetroHealth is required to report any unfunded liability within PERS to be distributed to the local government entities, noting this is an accounting liability and not a legal liability. In 2017, a change in the discount factor was made and this discount factor is used to determine the average earnings on the overall investment portfolio held by OPERS. The discount factor went down by .5 percent to create a \$5 billion unfunded liability for all of OPERS and a portion of that is then allocated to different organizations that participate. MetroHealth recorded a \$125 million expense associated with GASB 68 in 2017, again Mr. Richmond noted that this is an accounting liability and not a legal liability and has nothing to do with our cash position. Lastly, Mr. Richmond reviewed the investment results and noted that we earned approximately \$4 million on our \$400 million of unrestricted cash reserves.

B. Non-Consent Agenda

1. Action Items – None
2. Information Items
 - a. Unaudited 2017 Financial and Operational Results
 - b. Accounting & Financial Reporting for Pensions Update (GASB 68)
 - c. Capital Projects Update

11. Legal and Government Relations Committee – No Meeting

12. Patient Experience Committee – No Meeting

13. Executive Committee – No Report

14. Quality and Safety Committee – No Meeting

15. External Affairs Report – Elizabeth Allen, Senior Vice President, External Affairs

Ms. Allen was not present to give a report.

16. Foundation and System Philanthropy Report – Kate Brown – President, The MetroHealth Foundation and MHS Chief Development Officer

Ms. Brown reported 2017 to be a good year and noted the new Foundation’s consumer marketing initiative around the Transformation of MetroHealth. She highlighted a gift given by Keith Hagans, an 18-year employee of MetroHealth who began his relationship with MetroHealth 20 years ago as a patient who was at the time in critical condition due to an accident. Keith Hagans believes his accident and his recovery were the best thing that ever happened to him, noting that he went on to pursue not only his BA but an MBA, is now the Director of Data in MetroHealth’s Center for Health Care Research and Policy for Better Health Greater Cleveland and admits, because this organization has had such an impact on his life, he has made the decision through his estate to leave \$500,000 to MetroHealth to benefit the Brain Injury Patient Care, Education and Research Fund. Ms. Brown indicated she had a chance to have breakfast with Keith Hagans and Dr. Jim Begley, and Keith Hagans credits his success to hearing about advances that have occurred in the rehabilitation area, his willingness to become a speaker at conferences that involve brain injury, and his participation in the Trauma Survivors Network and meeting new patients coming to MetroHealth and beginning their journey. She stated it was a great way to end the year and a wonderful commitment to MetroHealth and is an inspiration to all in the community as we talk about supporting MetroHealth.

17. Other Board Items

1. Approval of Amended Medical Staff Rules and Regulations

Dr. Boutros reviewed with the Board the need to approve a change in the rules and regulations of the Medical Staff that had already been approved by the Medical Executive Committee and a Joint Commission requirement concerning permitting the MetroHealth emergency providers to be able to write transition orders to admit patients from the community emergency rooms in Cleveland Heights and Parma to the new inpatient units.

Upon a motion duly made and seconded, the Board unanimously approved the amended Rules and Regulations for the Medical Staff of The MetroHealth System.
RESOLUTION 19180.

2. Approval of Capital Improvements to the Main Campus Behavioral Health Inpatient Unit

Dr. Boutros reviewed with the Board the need for improvements and related construction costs at the inpatient site psychiatric unit after an analysis was completed by Mr. Jones and his team and provided an instance where a person could force their way past a locked door and outside of the unit, indicating several safety and significant hazard issues. He explained in detail the two-door lock system used by other organizations and other issues concerning ligature risks between the Centers for Medicare and Medicaid Services (CMS) and Joint Commission.

Upon a motion duly made and seconded, the Board unanimously approved the capital improvements to the Main Campus Behavioral Health Unit, for aggregate costs not to exceed \$1,300,000, to be paid out of available capital funds. RESOLUTION 19181.

A motion was unanimously passed by roll call vote to go into Executive Session to discuss legal matters, trade secrets, and personnel matters.

Following the Executive Session, the meeting reconvened in open session at approximately 10:00 a.m.

The meeting adjourned at approximately 10:10 a.m.

NEXT MEETING: March 28, 2018 (WEDNESDAY) – 8:00 a.m.

The MetroHealth System

Respectfully submitted,

Thomas McDonald, Chairperson

Akram Boutros, M.D., FACHE
President and Chief Executive Officer