

Minutes of the Board of Trustees Meeting of the Health and Hospital Corporation of Marion County, Indiana

July 23, 2002

The meeting of the Board of Trustees ("Board") of The Health and Hospital Corporation of Marion County, Indiana ("HHC"), was held, July 23, 2002, in the Administrative Conference Room "A", Fourth Floor, Ott Building, Wishard Health Services, 1001 West Tenth Street, Indianapolis, Indiana. Members present: Mr. Gutwein, Mr. West, Mrs. Journey, Dr. Bock, Ms. Brougher, Mr. Pfeifer. Members absent: Dr. Miner.

Matthew R. Gutwein, chairman of the Board, called the meeting to order and proceeded with roll call.

Mr. Gutwein then asked if there were any additions to, corrections to or comments regarding the minutes from the Board meeting of June 18, 2002. There being none he asked for a motion to approve the minutes. Mrs. Journey made the motion to approve the minutes. Dr. Bock seconded the motion. The minutes for the June 18, 2002 Board meeting were unanimously approved.

Next, Mr. Gutwein requested that Patty Hebenstreit present the General Ordinances and Resolutions. Ms. Hebenstreit read a letter from Mr. Pfeifer presenting General Ordinance No. 5-2002. Mr. Pfeifer then made the motion that General Ordinance No. 5-2002 be presented for the first time. Ms. Brougher seconded the motion. Ms. Hebenstreit presented General Ordinance No. 5-2002, "Annual Budget of the Health and Hospital Corporation of Marion County for the Fiscal Year January 1, 2003, ending December 31, 2003." Mr. Gutwein then asked if there were any comments or questions from the Board. There being none he asked if there were any comments or questions from the public. He then stated that General Ordinance No. 5-2002 will be presented again at the Budget Hearing on August 13, 2002 and considered for passage at the Board meeting on August 27, 2002.

Mr. Gutwein next requested that the Resolution No. 4-2002, "Adoption of Wishard Memorial Hospital Amended By-Laws" be presented for approval. Ms. Hebenstreit requested that the Board approve Resolution No. 4-2002. The By-Laws were amended to be consistent with current codes and statutes and all Board members have a red lined version of the changes. The Hospital Committee reviewed and recommends that the Board approve the amended By-Laws. After questions and discussion Mr. Gutwein requested a motion for approval. Mr. Pfeifer made the motion and Ms. Brougher seconded the motion. Resolution No. 4-2002 was approved. Following, Mr. Gutwein requested that Ms. Hebenstreit present Resolution No. 5-2002, "Adoption of Wishard Health Services Medical Staff By-Laws." Ms. Hebenstreit stated that Resolution No. 5-2002 is to update the Medical Staff By-Laws. The Hospital Committee also discussed and recommended approval. Ms. Journey made the motion for approval. Mr. Pfeifer seconded the motion. Resolution No. 5-2002 was unanimously approved.

Next, Mr. Gutwein asked for a motion to amend the agenda to include Resolution No. 7-2002, "Support of the American Hospital Preservation Act." Ms. Brougher made the motion to include Resolution No. 7-2002 to the agenda. Dr. Bock seconded the motion. The Board approved amending the agenda to include Resolution No. 7-2002. Ms. Hebenstreit explained that this resolution is being proposed by the American Hospital Association for all boards such as the Health and Hospital Board of Trustees to support the American Hospital Preservation Act, asking Congress not to reduce the indirect medical education adjustment. The purpose is to send the Resolution 7-2002 to the Indiana delegation in Congress to show support of the act. Dr. Jones stated that Wishard Health Services receives indirect medical education funds. Reducing the funds would result in a loss of funds. Mr. Gutwein asked for a motion to approve Resolution No. 7-2002. Mrs. Journey made the motion. Mr. West seconded the motion. Resolution No. 7-2002 was approved.

The next agenda item was Bylaws & Policies. Dr. Randy Howard stated that the Bylaws & Policies were discussed in the Hospital Committee meeting and were recommended for approval. The policies recommended for deletion are:

Ambulatory Care	700-02
Cardiopulmonary Resuscitation /Code 99	700-10
Patient Admission	700-16
OB/GYN Care of an Abortus "Nursing Responsibilities	700-18
Medical Staff Consultation	700-23
Alcohol/Substance Abuse Treatment	700-29
Outpatient Surgical Procedures	700-40
Outpatient Pain and Anxiety Control-Dental Service	700-43
Endangered Adults	700-68
Child Abuse and Neglect	700-69
Handling Non-Coroner Cases	700-83
Medication Incident Report System	700-106

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In addition, the eighteen policies that were amended are: Policies # 700-04, 700-13, 700-21, 700-24, 700-28, 700-35, 700-65, 700-70, 700-84, 700-85, 700-87, 700-94, 700-98, 700-100, 700-103, 700-113, 700-115, 700-122.

Mr. Pfeifer made the motion to approve. Dr. Bock seconded the motion. The By-laws and Policies for the month of July 2002 were approved.

Mr. Gutwein then asked for the Treasurer's Report. Ms. O'Laughlin stated that a copy of the 2003 budget is included in the packets. Also included is a cover memo that cites pertinent facts regarding the budget and a worksheet that will help with comparison of the 2002 and 2003 budgets. The budget determines the tax levy and the tax rate for the 2003 budget year. There is no tax increase for next year's budget. Last year the Wishard Health Services budget was set up as a separate enterprise fund to bring the statutory budget in sync with their accrued financial statement budget. The key component of Wishard operations contained in the Health and Hospital General Fund Budget is the line HHC Support Revenue. This line represents the tax and disproportionate share dollars transferred from the Health and Hospital Corporation to Wishard Health Services to help support indigent care and carry out new programs and initiatives. It may seem conservative to hold this line at \$162 million for 2003 but it is important to note the challenge involved on the funding side of the equation. This year HHC is able to fund the increase from \$117.2 million in 2001 to \$162 million from cash balances resulting from a number of one-time adjustment payments over the past two years. In order to fund the \$162 million for 2003, HHC will have to find \$23 million in new revenue for 2003. Total disproportionate share type payments of \$100 million are budgeted to include: \$68 million in enhanced payments, \$6 million in upper payment limit reimbursements, \$3 million in the nursing home reimbursement program, and \$23 million in new revenue. On the second page of the memo is a list of budget meetings.

Mrs. O'Laughlin continued with the June Budget Revenue and Expenditure Report. The June Budget Basis Revenue and Expenditure reports are enclosed for review as a separate item. The Public Health Revenues of \$2,921,372 are over budget by \$529.00. Headquarters Revenues of \$1,306,812 are over budget by \$706,812 (117.8%). Interest income is the main source of this revenue, and is high due to a high fund balance available for investing. Grant Revenues of \$7,844,343 are under budget by \$55,657 (.07%). Grant reimbursements are dependent on actual expenditures and the timing of claims processing by funding agencies. The total actual Headquarters Revenues are \$86,059,637. Personal Services Expenditures of \$16,327,104 are \$922,896 (5.4%) under budget. In 2002, all employee benefits were moved into the personal category and the recommendations of the compensation and performance management study were implemented. The reallocation of budget in June made adjustment for these increases. Supplies of \$2,224,527 are \$74,527 (27.1%) over budget. The Clinical Lab encumbered an annual blanket purchase order for chlamydia cultures and a blanket order was encumbered to purchase merchandise for the Babes Store. These will not be recurring expenditures. Also, chemicals for mosquito control and medicine for the Immunization Program will be purchased this fall. Other Services and Charges of \$88,124,674 are under budget by \$4,325,326 (4.6%). This category includes the operating transfer of \$77,961,406 made from the Health and Hospital General Fund to support operations of the Wishard Enterprise Fund. Health and Hospital

has encumbered annual contracts for legal services and other uses. Capital Outlays of \$1,742,553 are under budget by \$1,353,447 (43.7%). The purchase of the land for the Pecar Clinic and several construction projects will impact this variance. The total actual Expenditures as of June 30, 2002 are \$108,418,858. The Net Balance is \$22,359,221 under budget. Mrs. O'Laughlin asked for acceptance of the Budget Revenue and Expenditure Report. Dr. Bock made the motion to approve the report. Mr. West seconded the motion. The June, Budget Revenue and Expenditure Report was unanimously approved. Mrs. Journey requested a copy of the 2003 Public Health budget before the budget hearing.

Next, the June Cash Disbursement Report was presented. At \$87.2 million, June Cash Disbursements are above the 2002 average of \$30.7 million. In June the Health and Hospital Corporation paid \$54.7 million to the State of Indiana to cover the matching share of several DSH settlements. These included 1993, 1994, and 1995 Medicaid DSH adjustments, the quarterly Governmental Nursing Facility distribution, and Medicaid Physician Faculty Access to Care Adjustment for July 2001 through May 2002. Mrs. O'Laughlin asked for approval of the Cash Disbursements for June 2002. Dr. Bock made the motion to approve. Mr. Pfeifer seconded the motion. The June Cash Disbursements were unanimously approved. Mrs. O'Laughlin concluded her report stating that a copy of the Comprehensive Annual Financial Report for 2001 has been distributed to Board Members.

The meeting continued with Dr. Jones submitting the Medical Staff Appointments and Reappointments for July 2002 for approval. The Appointments have been reviewed by the Wishard Medical Staff Credentials Committee and approved by the Executive Council. Dr. Bock moved to accept the Appointments. Mr. West seconded the motion. The Medical Staff Appointments for July 2002 were unanimously approved.

Following the Medical Staff Appointment approval, Mr. Elwell presented the Pecar Business Plan. He requested that Board members review the plan for approval. Mr. West suggested changes in the description of the population and the location of those being served by the Clinic. Mr. Elwell indicated that the plan will be reviewed and the noted changes will be made. Mr. Gutwein also requested that approval of the Pecar Business Plan be set-aside until the next meeting in order for a more detailed review.

The next item on the agenda was Emergency Funding for the Fall Creek YMCA. Mr. Elwell stated that this YMCA has financial problems. They have requested \$450,000 from the Health and Hospital Corporation. The counter offer from the Health and Hospital Corporation was to supply the facility with \$200,000 in funds. Several fundraising issues have been reviewed, such as location and increasing memberships at Fall Creek. After in-depth discussion Mrs. Journey made the motion to approve granting the Fall Creek YMCA \$200,000 in funds. Dr. Bock seconded the motion. The motion was carried with 5 ayes and 1 nay.

Mr. Elwell continued with a request to approve KPMG as auditor for the Health and Hospital Corporation. He stated that the Audit Committee has reviewed and recommended approval. Mr. Pfeifer made the motion to approve. Dr. Bock seconded the motion. KPMG was unanimously approved as auditor.

Standing Committee reports began with Dr. Bock reporting that the Planning Committee met on June 27, 2002 and was presented with a presentation from Mr. Altmier of BSA Architects. The presentation was on future plans for the hospital and included the results of a replacement facility study that incorporated a market analysis that outlined how the facility size could impact market share over time. Also, presented was an organizational model that illustrated the integration of the business model with a delivery care model that consisted of incubators, offices, hospitals and clinics. Projected costs and facility sizes were discussed as well as comparison of a new facility on a new site versus replacement cost on the present site. Projected differences in cost were compared between a 500 and 300 bed facility. Total cost of building on a new site was \$970 million (500 beds) and \$630 million (300 beds) facility. The committee also had discussion regarding identifying funding sources. Dr. Bock requested that Mr. Altmier would present this information to the entire Board. Dr. Caine continued Standing Committee Reports by distributing Healthy Babies/Healthy Start update information. The Public Health Committee discussed infant mortality. The infant mortality rate is at the lowest in Indianapolis history. A Healthy Babies Consortium has been established that will address key issues related to infant mortality. She also stated that there is

a vaccine shortage and flu cases have tripled. Presently, vaccine is acquired through the State Department of Health. She reported that Mr. Elwell suggested, that when and if purchasing requirements are altered, purchasing vaccine in bulk will help alleviate the shortage problem. There was also an update from the Annual Local Health Departments meeting. Mr. Gutwein reported that the Hospital Committee met on July 23, 2002 and was updated on pharmaceutical improvements, received a financial report, and discussed policies and amendments.

Other Business included an announcement from Mrs. Journey, Vice Chair of the Health and Hospital Corporation Board of Trustees. The Board discussed offering the position of President and Executive Director of the Health and Hospital Corporation Board of Trustees to the Chairman of the Board of Trustees of the Health and Hospital Corporation, Mr. Matthew R. Gutwein.

Mr. Elwell then informed the Board of a special hearing by the City County Council regarding funding for medical education. The hearing resulted in the Indiana University School of Medicine paying the Health and Hospital Corporation \$14,000,000 in recognition for past expenditures for medical education.

Dr. Jones reported that there is a Board Self-Assessment Tool that needs to be completed by each Board Member for JACHO accreditation purposes. He requested that Board members complete and return.

The final item was an amendment to the agenda to include approval of Wishard Health Services proceeding with the outpatient pharmacy plan. Mr. Gutwein stated that the Hospital Committee recommended approval. Mr. Gutwein requested a motion to amend the agenda. Dr. Bock made the motion to amend. Ms. Brougher seconded the motion. The agenda amendment was unanimously approved. He then asked for the motion to approve proceeding with the outpatient pharmacy plan. Mrs. Journey made the motion to approve. Dr. Bock seconded the motion.

The pharmacy plan was unanimously approved.

There was no other business and the meeting was adjourned.

The next meeting will be held at 1:30 p.m. on Tuesday, August 13, 2002 in the Administrative Conference Room "A", Fourth Floor, Ott Building, Wishard Health Services, 1001 West Tenth Street, Indianapolis, Indiana.