

McCullough-Hyde Memorial Hospital
2014 Annual Report to the Oxford City Council
May, 2015

KEY PROGRAMS/ACCOMPLISHMENTS IN 2014

Improved Patient Quality/Accreditation Outcomes

- Continue to provide the highest quality care to patients, as evidenced by our comparative clinical measures data reported to the Center for Medicare and Medicaid Services (CMS) as required by all hospitals in the country, on the following: Congestive Heart Failure, Pneumonia Care, Surgical Care and Acute Myocardial Infarction. MHMH outcomes compare very favorably with hospitals throughout the State of Ohio:

Congestive Heart Failure	MHMH scored 93% vs. State Performance 97%
Pneumonia	MHMH scored 98% vs. State Performance 100%
Surgical Care (certain procedures)	MHMH scored 97% vs. State Performance 98%
Acute Myocardial Infarct (AMI)	(Scores for AMI are invalid)*

(*The number of AMI admissions at MHMH is considered too low for statistically valid comparison)
- From the patient satisfaction questionnaire, known as the “Hospital Consumer Assessment of Healthcare Providers and Systems” (HCAHPS), which is also required by CMS, the MHMH survey data shows an overall rating of the hospital (as a 9 or 10 on a 10 point scale) increased to 76% in 2013 to 79% in 2014. The national average is 71%. It also shows a score of 76% in 2014 of those who responded ‘definitely yes’ when asked about the “likelihood to recommend the provider to a friend or family member” which is stable compared to 76% in 2013.
- MHMH continues to be fully accredited by the Healthcare Facilities Accreditation Program, which is sponsored by the American Osteopathic Association, Chicago, IL.

New Programs and Services in 2014

- Through work with our Medical Staff, reduced the overall safety “events” from the prior year and improved quality care and patient satisfaction (see above scores).
- Continued to improve the MHMH Employee Wellness program, with greater participation rates and higher incentive payouts for achieving better health outcomes.
- Addressed community healthcare needs in collaboration with local non-profit organizations, including the Coalition for a Healthy Community, to define and prioritize community health needs (Obesity and Mental Health treatment) and begin the work on long-term solution strategies and improvements.
- Improved satisfaction with food service via the “Room Service” program, clinical

leadership patient rounds and changed “hand-off” reporting to include the patient.

- Modified pricing for Lab and Imaging services and provide the patient with insurance coverage information, at the time of service, on their deductible and co-pay amount.

Improve Physical Plant and Equipment

2014 Capital Expenditures

IV Smart Pumps	\$394,000
Nurse Call System	\$279,000
Rehab/Physical Therapy Services Renovation	\$140,000
VolP Communication System	\$106,000
IT Infrastructure Upgrade	\$104,000
8 Patient Beds	\$ 63,000
2 Sterilizer Upgrades	\$ 58,000
Other Expenditures under \$50,000	\$712,000
Total Expenditures	\$1,856,000

MHMH focused its limited capital expenditures on Clinical Technology and equipment to improve patient care and quality. The renovation of the Rehabilitation/Physical Therapy Services was an upgrade to improve the appearance and flow of work and patients throughout the reception, waiting and business office areas.

Enhance Community Prevention/Screenings/Education programs

- Health Fairs/Health Information/Provided including First Aid
 - ~ Butler County: 5 events
 - ~ Preble County: 1 event
 - ~ Union County: 2 senior events, 2 Community events
 - ~ Franklin County: 2 events
 - ~ Wayne County: 1 event
- Youth Health and Safety Days
 - ~ Oxford: 1 event (FRESH Air Fair)
- Continued infant car seat education and checks
- Medication Take Back Day: 2 (MHMH sponsored, conducted with other agencies)
- Prostate Screening: 1 event
- Lunch & Learn: 7 programs
- Safe Sitter: 3 Classes (all in Oxford)
- Continued Diabetes Education
- Continued to be a major supporter of the Oxford Free Clinic by providing office space, staff support, administrative time and financial support.
- Miami University: 3 Sport Venue events
- Member of the Talawanda School Health Coordinating Council, and the Coalition for a Healthy Community - Oxford Leadership Team

- Based on the Hospital's Community Health Risk Assessment, in conjunction with the Coalition for a Healthy Community- Oxford, 2 community wide committees were formed to address Mental Health and Obesity.

Obesity Workgroup: In October 2014, the Obesity workgroup held a community event to raise awareness about obesity and to unveil a new social marketing mascot. The group also applied for a Thriving Community grant for active living from the Interact for Health agency (note: the Coalition for a Healthy Community was awarded the grant in February, 2015, for \$15,000 over 3 years).

Mental Health Workgroup: Met and developed a resource to provide local agencies and medical providers with needed information for making timely Mental Health referrals for all ages. Mid-year, the Workgroup switched direction and began working with the "211" referral line operated throughout Butler County, to accomplish the goal of disseminating referral information to providers. A community forum was planned in early 2015 to assure community providers understands the use of the "211" resource. The Mental Health workgroup has also reviewed the suicide rates related to train tracks/railways in Oxford, which is higher than the rest of the country. The workgroup will develop strategies to reduce these events.

Improve Employee Training & Development, Employee Engagement and Recruitment & Retention Processes

McCullough-Hyde leaders believe that employee commitment and dedication are essential to our continued success. To provide for richer employee commitment to McCullough Hyde's Mission and Vision, the following initiatives took place in 2014:

- Expanded our outreach to potential applicants in the job market by utilizing several new web-based job posting boards and showing a presence at schools/colleges in the surrounding areas.
- Continued streamlining of the on-boarding process to make the day meaningful and welcoming to new hires. These changes are considered an important component to improving MHMH's new hire success rates as well as employee satisfaction and retention rates.
- Continued review of the Employee Retirement and Savings program, increasing education and participation rates.
- Reviewed and updated our compensation program to reflect market trends. Special pay adjustments were approved for critical nursing positions, acknowledging the value we place on RN's as they achieve greater skills. This resulted in more applicants and higher fill rates.
- Reviewed and approved a multi-year contract with Aramark, a national Food and Nutrition Services and Environmental (housekeeping) Services provider. Aramark, a large international agency with several hospitals and university contracts in the greater Cincinnati and Dayton area, will bring their expertise and proven programs for improving patient and general customer

satisfaction in all these areas. The contract was executed in late 2014 and included employing all the current MHMH employees at their existing pay-rates and with credit for their years of service.

KEY FINANCIAL INDICATORS IN 2014

Patient Care Volume and Revenues

Several leading indicators of Hospital patient activity in 2014 vs. 2013 were as follows:

• <i>Inpatient Activity</i>	
Total Patient Discharges	-11.0%
Births	+0.2%
Observation Patients (<24 hour stays)	+27.8%
• <i>Ancillary Activity</i>	
Emergency Visits	-1.2%
Surgical Procedures	-0.3%
Laboratory Tests	-5.5%
Imaging Procedures	-1.3%

The number of “patients in a bed” held somewhat constant in 2014 although “patients admitted” declined and those patients classified as “observation patients,” increased. The key ancillary services listed above reflect slight to moderate declines. These declines were somewhat offset by continued large increases in Rehabilitation/Physical Therapy Services and Urgent Care services in Ross and Brookville.

Overall, MHMH’s total net patient service related revenues declined by 1.6% from 2013 to \$54,920,000.00. The amount of our total deductions (contractual allowances and write offs) from total revenue, increased by 1.6% from 2013. The contractual allowance on Medicaid patients caused the largest increase in the total deductions. The continued expansion of Medicaid recipients under Ohio’s new programs, contributed to that increase locally as well as throughout the Ohio. The amount of uncompensated care delivered by McCullough Hyde decreased slightly as more patients had some form of health coverage in 2014, although these coverages typically entail a high deductible. MHMH’s revenue was also negatively affected by the loss of the MU Student Health Center contract mid-year. That management contract was awarded to TriHealth (who of course partnered with MHMH on 1/1/15). Finally, McCullough Hyde once again earned a payment under the federal incentive program for IT technology proliferation and “meaningful use” in 2014, this time the amount equaled \$613,000.

As a footnote and reminder: no commercial insurers reimburse McCullough-Hyde’s full charges. All contract reimbursements are fixed payments or have significant contracted or government-mandated discounts from charges.

Expenses

Employee salaries and wages increased from 2013 by 1.1% to \$22,709,000. The first full-year impact of the opening of our Orthopedic Surgeons’ office practice caused that increase. This was offset by the costs decreases associated with the managing the MU Student Health Center, for only half of the year. Employee benefits increased 15.4% due to high claim costs

in our self-insured health plan. Purchased services increased primarily due to costs related to the rigorous review and related activities during our affiliation process. All other categories of expenses decreased from 2013.

Hospital Margin

MHMH reported a negative margin (revenue over expenses) in the amount of (\$1,442,000), well below what was budgeted. The shortfall was primarily the result of: higher Medicaid volumes; lower volume of patients with better-paying commercial insurance; one-time costs associated with the affiliation process; and an unusually high number of high claim encounters under our self-insured, employee health plan.

The Trust: MHMH's Development Program

Total donations made to the McCullough-Hyde Memorial Hospital Trust in 2014 were \$546,633.

Highlights for the Trust in 2014:

- Over \$8,750 of scholarships were awarded to hospital employees to assist with professional education, training and development.
- Gifts of stock and planned gifts increased to the Trust. In addition, employee giving rose with a campaign to support the Sylvia Kuertz Moore Endowment. Sylvia retired following 45 years of service to the hospital.
- The Board of Trustees hosted a Donor Recognition Event honoring consistent donors to the Trust. At this event, the Medical Staff was presented with the Healing Partner Award thanking them for their overall giving to the Trust since the hospital opened its doors in 1957.
- The fourth annual juried Healing Art Exhibit took place in the hospital with 70 works of original art displayed for a year. Patients, visitors, and staff were delighted with the healing and calming effects this beautiful artwork provided to the atmosphere.
- Mary Bennett was hired as Chief Development Officer for the Trust, following Julie Nickell's retirement after thirteen years of service.
- Trust assets at the end of 2014 were valued at \$10.5 million, with approximately \$2.5 million restricted for various purposes and the other approximately \$8.0 million available for future plant, equipment, services and education needs.

Volunteer Services and Auxiliary

McCullough Hyde benefitted from the time and energy of 271 volunteers in 2014, consisting of adults, Miami University students and area teens, providing a total of 20,584 hours. Based on a full time equivalent (FTE) working 2,080 hours per year, this equates to 9.9 FTE volunteers. The volunteers commit their time in 13 clinical areas and 22 non-clinical areas.

The Auxiliary operates the Daisy Gift Shop at McCullough Hyde, also on a volunteer basis. The Daisy Shop transferred \$32,000 to the Auxiliary in 2014. The Auxiliary donated a total of \$44,481.00 towards MHMH equipment which benefitted several hospital departments.

The Auxiliary also provided \$9,000 in scholarships through its two scholarship programs and contributes funds for various "Purchase Awards" through the Healing Arts program, adding to the permanent collection of art throughout the hospital.

The Auxiliary Officers for 2014 were: President, Marsha Haffey; First Vice-President, Connie Clements; Second Vice-President, Pat Willeke; Secretary, Sue Treadway; Treasurer, Christine Ingham and Immediate Past President, Diane Oak.

2014 Board of Trustees and Medical Staff Leadership

Since July 1, 2014, Mr. Richard Norman has served as Chair, Dr. John Harlan as Vice Chair, and Alan Oak as Secretary/Treasurer. Other Board of Trustees included Susan Lipnickey, Tom Speh, Ralph Gutowski, Steve Flee, Dr. Hillary Evans, Jim Formal and Ericka Darks. (Note: With the resignation of Ericka Darks in January, 2015, a new Oxford area resident, Elizabeth Brower O'Beirne was approved by the City Council in April to serve out the unexpired term through June 30, 2019).

Dr. Joseph Sanchez began serving as the MHMH Medical Staff's Chief of Staff effective July 1, 2014 and Dr. Amy Spivey began as Vice Chief of Staff. Dr. Sanchez is Board Certified in Emergency Medicine and Dr. Spivey is Board Certified in Internal Medicine and practices with Oxford Internal Medicine.

KEY OBJECTIVES/INITIATIVES FOR 2015

- Continue to improve and expand onsite Medical Chemotherapy services in conjunction with TriHealth's Cancer Institute, which has unique connections to a variety of national clinical trials.
- Continue to improve safety, quality and patient satisfaction scores through various, ongoing performance improvement teams. Develop effective working relationships with TriHealth's Clinical Quality and Safety programs, leveraging their resources for overall better outcomes at MHMH.
- Co-plan and jointly oversee with TriHealth the expansion of, and renovations to, the MHMH Emergency Department (ED) beginning in the fall of 2015. The project will create a more efficient, larger, more modern and safer space, ultimately improving community access to enhanced emergency services. Planned completion is early fall, 2016.
- Co-plan with TriHealth the renovation and expansion of the Surgery Department to modernize, enlarge, and create more efficient Operating Rooms and supporting floor space to improve access for the community to enhanced surgical care. The project is

being co-designed with the ED given the departments' proximities as well as the anticipated efficiencies of sequenced construction processes. The construction timeline has not been yet determined.

- Implement a new hospital wide information system with the hospital Medical Staff, to improve our patient electronic health record as well as business and support services software capability. The new information system will virtually replace the entire portfolio of applications used in almost all clinical and business departments. The effective go live is July 1 and is planned as a "big bang" (all at once) event. MHMH and TriHealth teams have been hard at work on this complex installation and adaptation for months, valued at \$9.5 Million of the total planned investment of \$17 Million by TriHealth.
- Conduct a Strategic Long Range Plan with TriHealth planning staff to determine the highest priority for new or improved clinical program and address any unmet needs of the greater Oxford community, including the counties traditional served by MHMH in S.E. Indiana. This plan will include the Medical Staff manpower needs of the community and take into consideration that several area doctors recently became employees of competing health systems.
- The MHMH Trust will conduct a Capital Campaign to raise funds towards the Emergency Department, and possibly the Surgery Department, expansion and modernization projects. The Trust will organize several workgroups to solicit Donors, both those who have supported the Trust in the past and to build new constituencies.
- Continue to support the Community Mental Health Initiative and assist/lead the Community Health Initiatives addressing Obesity.

Respectfully submitted on behalf of the Board of Trustees,

Bryan Hehemann, FACHE
President and Chief Executive Officer