

CITY COUNCIL SPECIAL SESSION MINUTES

August 20, 2013

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in Special Session at 5:30 p.m. in the Municipal Building Conference Room on the 20th day of August, 2013, and notice and agenda of the meeting were posted in the Municipal Building at 201 West Gray and the Norman Public Library at 225 North Webster 48 hours prior to the beginning of the meeting.

PRESENT: Councilmembers Castleberry, Heiple, Holman, Jungman, Kovach, Miller, Williams, Mayor Rosenthal

ABSENT: Councilmember Griffith

Item 1, being:

PRESENTATION FROM REPRESENTATIVES OF NORMAN REGIONAL HEALTH SYSTEM (NRHS) REGARDING ACTIVITIES OF THE NORMAN REGIONAL HEALTH SYSTEM.

Mr. David Whitaker, Chief Executive Officer (CEO), Norman Regional Health System (NRHS), said the last year has been a very different year for NRHS primarily due to three big factors; the May 20th tornadoes when NRHS lost 20% total operations of its health system, the installation/transition of a Modular Hospital Emergency Room/Urgent Care portable building at the Moore Medical Center (MCC) site; and health care reform. He highlighted the financial and operational impacts of NRHS after the May 20th tornado stating operationally in-patient care had a 4-5% decrease in FYE 2013 as compared to FYE 2012. He said typically when there is a decrease of in-patient care, the outpatient care will increase; however, the outpatient care has remained flat.

Mr. Whitaker said NRHS has experienced strong investment returns for FYE 2013 and very positive medical staff development in physician recruitment efforts. He said NRHS added 16 new physicians to the health system with the main focus on primary care and 30-31 new independent physicians have opened practices in the Norman area.

The NRHS Board established a cost reduction plan for FYE 2013 in the amount of \$16 million accumulative over a three-year period and at the end of the first year NRHS saved \$8.1 million through supply chain, back office work, several items within the areas of pharmacy and purchasing, and the implementation of a manpower staffing plan.

Mr. Whitaker said NRHS opened its Heart Plaza at the Northwest Campus and consolidated all of the cardiology and cardiovascular surgery positions into one place making it much easier for patients to navigate through the health system as it relates to cardiology. He said additionally the wound care center which received national recognition for outcomes was relocated to the Heart Plaza and the service has doubled in size.

The operation revenue for FYE 11 year-end was \$4.1 million and the non-operating income was \$8.1 million for a total operating revenue margin of \$12.1 million.

The MMC was deemed a total loss from the destruction caused to the facility by the May 20th tornado and the 11-acre site is has been totally cleared of the building and tornado debris. Mr. Whitaker said four (4) policies will come into play regarding insurance coverage: replacement of building and property, internal contents, special papers, e.g., policy covering patient records that are regulated to protect patient's health information and confidentiality, and business interruption. He said the policies cover a minimum cash value, while the full replacement cost has maximum amount coverage. He felt MCC insurance claim will total \$50-\$70 million.

Mr. Whitaker said 350 people were on site during the tornado's impact, but thankfully no lives were lost. He said the focus on the MMC has been in three specific areas; Phase 1 – immediate needs, Phase 2 – begin the insurance process and demolition/debris removal, and Phase 3 – begin MCC Modular Emergency Room/Urgent Care process.

Phase 1: Mr. Whitaker said by 10:30 p.m. on May 20, 2013, the relocation plan was in place on paper for all the physician offices. Once patients were safely removed from the MCC, it was very important to connect the physicians to/with their patients. Within 48 hours MCC had physician sites acquired and within one week the physicians were seeing patients.

Phase 2: The MCC site has been cleared of the building, vehicles, and tornado debris. This insurance process is ongoing to rebuild and/or replace the MCC and its contents.

Item 1, continued:

Phase 3: Mr. Whitaker said August 16, 2013, MCC received three (3) Request for Proposals (RFP) and within 45-60 days, a MCC Modular Hospital Emergency Room/Urgent Care Facility including a lab, radiology, and ancillary services will be in place and operational on the demolished MCC site. He said the before the tornado, the MCC seen 35,000 patients on an annual basis and there is a definite need for the modular hospital emergency room. Mr. Whitaker said the board will meet Monday, August 26, 2013, to look at the final plan and consider approval of some of the Capital outlay purchases that will need to be done relating to furnishings.

Mr. Whitaker said NRHS felt it was important to include the City of Moore residents, business owners and their employees, and school leaders be a part of the rebuilding process and invited them to attend a Moore Community Focus Group meeting to develop a plan for facility replacement on the 11 acre footprint. He said the first focus meeting was held with City of Moore physicians, and business and school leaders. Two additional meetings for MMC Staff are scheduled on August 21, 2013, and two meetings are scheduled the following week for MMC employees. NRHS will take the information gathered to the City of Moore Planning Committee and develop a final plan for replacement of the MMC.

Mr. Whitaker said a total of 286 MMC employees had major losses as a result of the tornado, e.g., home, car, or a combination of both, and either backfilled open positions within the health system or transferred to positions at the NRHS Healthplex and/or the NRHS Porter Campus. He said 116 employees transferred or took new jobs, 26 employees resigned, seven (7) employees took a leave of absence, and 96 remain employed.

Mr. Whitaker said MMC has received \$1.3 million in donations from other hospitals and groups both locally and across the nation to be used for employee related disaster relief.

Mr. Whitaker said tornados and their devastation are always horrible; however, the timing of the May 20th tornado was particularly bad because it occurred at the end of the fiscal year and six weeks away from adoption of the FYE 2014 budget. He said NRHS completed the budget one week before the tornado and it was scheduled to go through the planning and finance committees, NRHA Boards, and submittal to City Council for approval. Mr. Whitaker said the NRHS budget is scheduled as an item on the August 26, 2013, Hospital Board agenda and will be submitted for Council acceptance following Board approval.

Councilmember Kovach asked whether the NRHS realignment study has been completed and Mr. Whitaker said base work is complete on the Strategic Options Assessment, the NRHS Board is looking at models including partnership options that may be available, and loading those models with local market data. Mr. Whitaker said the NRHA Board will be looking at the outcomes over the next six to eight weeks and determine the next step. He said NRHA Board's main focuses going forward are cost reductions, improving efficiencies and outcomes, and improving the patient relationship experiences. Councilmember Kovach requested NRHA provide the City with an executive summary of the study and Mr. Whitaker said he would pass along the request to the NRHA Board Chair.

Councilmember Heiple asked whether anybody was interested in purchasing and/or partnering with NRHS and Mr. Whitaker said yes there has been a lot of interest. Mr. Whitaker said with the NRHS medical staff alignment, clinical consolidated network, etc., there are many in partnership mode, i.e., buy, merge, and/or acquire, etc.

Mayor Rosenthal asked the process going forward and Mr. Whitaker said the Board is working with the consultant trying to determine what the future may need in terms of health care options. He said certainly by no means is the NRHS Board committing to anything at this point, but merely felt it is their responsibility to be able to address future needs and respond accordingly. Mayor Rosenthal encouraged NRHS to take a lot of care in thinking through the public trust process stating she felt a public process similar to what is currently taking place in Moore is important because of people's sense of ownership and pride.

Councilmember Kovach said regardless the outcome, whether an acquisition and/or realignment, the public needs to understand the NRHA Board's conclusions in a very open and upfront way. Mr. Whitaker said NRHS is the southern gateway to the Oklahoma City market and felt there are many things to consider before merging and/or selling out, e.g., partnering with clinical networks and/or existing hospitals to expand NRHS's own health insurance side. Mayor Rosenthal said there is not a standard method to discuss this issue; however, the topic could be scheduled and options explored at a future joint retreat with NRHA Board and Council. Mr. Whitaker agreed and stated that the NRHA Board looks forward to having extended conversations with Council. Councilmember Kovach asked what the bond rating is for the NRHS and Mr. Whitaker said the last two ratings were BB, being reaffirmed with positive outlooks. Mr. Whitaker said another bond rating review is scheduled in two (2) weeks.