

MINUTES OF THE MEETING OF
THE BOARD OF COMMISSIONERS
PUBLIC HOSPITAL DISTRICT NO. 1
OF KING COUNTY, WASHINGTON

Held on January 7, 2008

Attendance:

Commissioner G. Sue Bowman, Commissioner, Commissioner-at-large
Commissioner Anthony R. Hemstad, Commissioner, District No. 3
Commissioner Donald O. Jacobson, Vice President, Commissioner, District No. 1
Commissioner Michael W. Miller, Commissioner-at-large
Commissioner Carolyn V. Parnell, Secretary, Commissioner, District No. 2
Richard D. Roodman, Administrator/CEO – Superintendent
Paul S. Hayes, Executive Vice President
Kathryn D. Beattie, M.D., Senior Vice President - Medical Affairs
Michael I. Bernstein, Senior Vice President - Chief Financial Officer
Maria Gardner, Vice President – Nursing Services
Paul Larson, Senior Vice President – Clinic Network
Barbara Mitchell, Senior Vice President – HR and Marketing
Robert L. Thompson, M.D., Vice President – Physician Relations
David E. Smith – General Counsel
Jeannine Grinnell, Vice President - Finance
Todd Thomas, Vice President – Facilities
Dana Vander Houwen, Media Relations Coordinator
Kris Tiernan, Assistant to the CEO and Board of Commissioners

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by Vice-President Jacobson at 3:30 p.m. in the Board Room of Valley Medical Center. The minutes of the meeting of December 17, 2007, were approved as submitted.

Adjournment Vice President Jacobson immediately adjourned the meeting to the third floor lobby for the swearing in of new commissioners.

Oath of Office

G. Sue Bowman, Commissioner-at-large and Anthony R. Hemstad, Commissioner, District No. 3, repeated the Oath of Office as administered by Judge Charles Delaurenti II.

Recess Vice President Jacobson announced there would be a 15-minute recess before reconvening the meeting in the Board Room at 4:00 p.m.

Reconvened The meeting reconvened in the Board Room at 4:00 p.m.

Election of Officers

Motion It was moved, seconded and unanimously carried to elect Commissioner Jacobson to the office of President for 2008.

It was moved, seconded and unanimously carried to elect Commissioner Miller to the office of Vice-President for 2008.

It was moved, seconded and unanimously carried to elect Commissioner Parnell to the office of Secretary for 2008.

Community Affairs

Ms. Mitchell reported on activities of the Public Relations and Marketing Department as follows:

Dr. Diana Kraemer will present a community seminar on Epilepsy Surgery on January 15, 2008; the Bariatric surgeons will present weekly educational seminars on campus and at Seattle locations during January; there are several Joint Center seminars planned and scheduled for January as well; on January 15th, VMC Cancer Services representatives will attend the American Cancer Society *Relay-for-Life* Renton kick-off party.

VMC will sponsor a table at the Renton Communities in Schools Benefit Dinner to be held on January 24, 2008, at the Renton Senior Center. All Commissioners are invited to attend.

The January issue of *Health Management Technology Magazine* had a feature article on the Medication Reconciliation software developed and implemented at VMC. Copies of the article were distributed.

Ms. Mitchell requested the new commissioners plan to participate in a photo shoot which will allow Public Relations to include their photos in upcoming materials. She requested they advise Kris Tiernan of their availability.

Financial Affairs

President Jacobson stated that as Jeannine Grinnell, Vice President of Finance, was available briefly for questions related to Financial Affairs, payment of bills and vouchers and surplus property would be considered at this point in time in the agenda.

Bills/Vouchers

MOTION

The Board was requested to approve the following bills and vouchers:

Lydig Construction \$ 2,003,373.27
 (Emergency Tower – Application No. 1)

	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	13724	13739	12/31/2007	3,473.03
ACCOUNTS PAYABLE	24258	24290	11/19/2007	24,418.40
ACCOUNTS PAYABLE	24291	24305	12/21/2007	8,096.61
ACCOUNTS PAYABLE	2090685	2090884	12/11/2007	6,668,963.37
ACCOUNTS PAYABLE	2090885	2090887	12/12/2007	8,102.30
ACCOUNTS PAYABLE	2090888	2091059	12/13/2007	1,022,149.02
ACCOUNTS PAYABLE	2091060	2091324	12/18/2007	1,643,395.42
ACCOUNTS PAYABLE	2091325	2091511	12/20/2007	1,510,515.70
ACCOUNTS PAYABLE	2091512	2091512	12/21/2007	764.40
ACCOUNTS PAYABLE	2091513	2091829	12/27/2007	1,430,307.71
ACCOUNTS PAYABLE	2091830	2091840	12/31/2007	171,973.63
ACCOUNTS PAYABLE	2091841	2091845	12/31/2007	33,627.07
TOTAL AP				12,525,786.66

GRAND TOTAL

\$14,529,159.93

Commissioner Hemstad stated that that since he has not seen back-up or detail for the bills and vouchers he is being requested to approve, he is not comfortable with voting approval.

Ms. Grinnell explained the governing legislation related to the payment of claims (i.e., accounts payable) is RCW 42.24.080. That RCW stipulates that all claims will be audited prior to payment by an auditing office appointed/elected by resolution (in VMC's case). The claims are to be presented and prepared in the manner prescribed by the Washington State Auditor's Office (SAO). That guidance, which is followed by the District, is found in the BARS manual, Chapter 3, Section D, "Voucher Certification and Approval."

The certification, commonly referred to as the Blanket Voucher Approval Document (aka the "BVAD"), delineates out all the payments made and is signed and dated by the auditing officer (typically the CFO) or designee (the Treasurer, as needed). The appropriate certification language, as required by SAO in the BARS manual, is found on each document. After each Accounts Payable run, the AP Lead emails the listing (the BVAD) to the COO, the CFO, and the Vice President of Finance for review and approval. For warrants in excess of \$15,000, two signatures are required, per our Administrative policy, 3E.1, 'Warrants in Excess of \$15,000'. All BVADs during the prior two weeks are sent to Administration prior to the next regularly scheduled Board meeting and are included in that meeting's agenda, in the format and within the timelines required by BARS. The Board then approves the BVADs at that meeting. This has been a longstanding procedure for many years. Ms. Grinnell also noted that there have been no SAO findings in audits conducted in the past six years.

Ms. Grinnell stated that the amount of detail connected with each BVAD amounts to several inches and is impractical to include in commissioner packets; therefore, Ms. Grinnell invited Commissioner Hemstad to come to her office to review any or all back-up documentation of accounts payable prior to Board meetings.

MOTION

It was moved by Commissioner Miller and seconded to approve payment of bills and vouchers as presented. Motion carried with four in favor. Commissioner Hemstad abstained.

Resolution No. 873 – Surplus Property

MOTION

It was moved, seconded and unanimously carried to approve Resolution No. 873 declaring certain equipment in the District's hospital as surplus to the needs of the District and directing the Superintendent of the District's hospital or his designee to effect proper disposal of such surplus property, as provided by statute.

Capital Expenditures/
Clinical Equipment/
Programs

Request for Purchase - Defibrillators

Mr. Hayes requested Board approval for the purchase of 41 MRx defibrillators for patient care areas. These defibrillators will replace outdated equipment which is no longer supported by the manufacturers. In addition, this purchase will standardize the fleet of defibrillators throughout the hospital, as well as enhance the commitment to patient safety and response during resuscitation activities. The cost of the defibrillators will not exceed \$390,544.24, including taxes, freight and installation and is included in the 2008 capital budget. Commissioner Hemstad asked what is happening to the defibrillators being

replaced and Mr. Hayes responded that they are being traded in to the vendor resulting in a credit of approximately \$73,000 which has been deducted from the purchase price.

MOTION

It was moved and seconded to approve purchase of the 41 MRx defibrillators at a cost not to exceed \$390,544.24, including taxes, freight and installation. Motion carried unanimously.

Master Plan Update

Mr. Thomas introduced Jim Hobbs, Terry Martin and Jane Loura, RN, from NBBJ Architects who presented a comprehensive update on Valley Medical Center's Master Plan. They discussed near term needs and how these fit with the long-range campus framework plan. The 2003 Master Plan Initiatives, including the Birth Center completed in 2006, Surgery completed 2007 and 2008, Emergency Department completion scheduled for 2010, South Parking Lot completion in 2004 and the Emergency Services South Tower to be completed in 2010, have been built upon to meet future needs. Near term needs including medical office building(s), parking and support of key hospital services such as diagnostic imaging, IT and staff education, have been identified. Alleviating near term pressure on the ED by providing the "right" setting for non-emergency ED patients, was addressed. Functional adjacencies and building replacement strategy over the next 30 to 100 years was discussed. A history of hospital campus development over the past 60 years was summarized. An animation was displayed of the new lobby, surgery admitting, pre and post-op bays, operating rooms, PACU, Emergency Services Tower, helipad, patient drop-off, ramp to underground parking, nurses stations, 56 private patient treatment rooms, CT and MRI as well as connection to bed floors. A demographic analysis of Southeast King County from 2000 through 2040 was reviewed. Future need for additional beds, diagnostic and treatment services, urgent care, medical office building(s), clinical space, and parking were reviewed in relation to southeast King County demographics. A matrix of existing building system conditions was discussed.

A comprehensive construction update followed, presented by Mr. Thomas. He reviewed progress on final stages of the Main Entrance, Phase II of the Surgery Project, the Central Utility project, and the South Tower. He discussed the anticipated impact on campus parking as well as ED access and traffic congestion during the next several months due to construction. More specific reference was made to developing an urgent care facility in the Valley Professional Plaza building in order to meet the needs of less critically ill patients who might otherwise come to the ED.

Medical Affairs

Quality Management Update

Dr. Beattie presented the monthly Board Quality Report noting that Average Length of Stay, although trending up over time, continues to be less than expected based on patient acuity. Frequency of readmissions within 15 days of discharge continues to be within the range of expectation (about 3%) based on patient acuity. Inpatient mortality is significantly lower than WA state comparative expected inpatient mortality rate. Improvement in performance on the CMS and Joint Commission Core Measures for the improvement of Pneumonia Care, Acute Myocardial Infarction Care, and Heart Failure Care as compared to 2006 continues. There has been a slight decrease in previous improvement in Core Measures for SCIP. Ongoing efforts are in place. The rate of Hospital Acquired Infections continues to be low and within control limits. The Inpatient Fall Rate continues to decline over the past four years and remains well within control limits. The "Left without Treatment" rate for the Emergency Department, although down to almost 4% over the past few months from a high of over 6.5% earlier in 2007, remains a significant concern. This is partly due to increasing patient load and is further complicated by construction activities and expansion efforts resulting in a lack of space to

manage the volume of patients requiring treatment in the VMC ED. Patients with less acute illnesses or injuries must wait to be seen. Often those well enough to leave, do. Although we are aggressively pursuing efforts to improve throughput in the ED and maximize the number of encounters that can be handled, it is clear that the use of the current facility is maxed out and completion of the Emergency Tower and expanded ED services are a great community need. Again, it was noted that an urgent care facility on the south campus might help alleviate this problem.

Recess President Jacobson called for a 15 minute recess at 5:50 p.m.

Reconvened The meeting reconvened at 6:05 p.m.

Reports Reports from Administration

Operations Update

Mr. Hayes reported on the IT Action Plan, which involves re-building the department. The new CIO has filled 12 of 20 open positions, some of which are currently filled by contractors, and most of which (as previously reported) are difficult to fill positions. With use of IT support pivotal to delivery of care, daily rounds have been implemented on patient care units. An improvement plan for the Help Desk (5600) is in progress. The *Critical Down Time Incident Response Plan* has been revised. An after-hours call program for software and hardware support has been implemented. A product standardization plan has been developed and relocation of the IT training center has begun.

Mr. Hayes explained that FTE's per adjusted occupied bed, the metric used within VMC's operating budget, is set at 5.13 for 2008. Current performance is at 4.46 FTE's per AOB. We will continue to focus on reducing premium time, which is composed of temporary labor and staff working additional shifts.

Public Comment Public Comment

At 6:15 p.m. President Jacobson announced that Commissioner Hemstad had to leave the meeting at 6:30 p.m. and that public comment would be heard at this time on the topic of de-annexation.

Richard Osborn, citizen, stated that this is the first Board meeting he has attended and he liked the tone of the meeting thus far. He discussed media references to District de-annexation and feels that this aligns with the privatization of healthcare, which he opposes.

Noemie Maxwell, www.washblog.com, congratulated the new commissioners on their election. She referenced Valley's positive reputation for patient and staff satisfaction and financial success. She addressed coverage in the media of possible de-annexation or dissolution of public hospital districts and how this could affect consumers and taxpayers in a negative manner. She addressed conflicting media stories on Commissioner Hemstad's opinion on the need for public hospital districts and noted that Mr. Hemstad was on record as questioning the need for such districts. She noted recent negative media coverage and encouraged someone to write a positive guest editorial in response to the negative press. She also feels the adoption of the current Code of Ethics was a bad decision.

Tom Reiter, citizen, addressed concern with possible dissolution of the hospital district, unbalanced media coverage by the Seattle Times, and the possible move to privatization which he views as limiting his access to healthcare. He also welcomed the new commissioners.

Commissioner
Comment

Commissioner Comment

Prior to departing the meeting, Commissioner Hemstad stated that he is pleased to join the Board of Commissioners and congratulated Mr. Roodman and the rest of Administration as well as the Commissioners on a fine job of providing medical services to the community. He said he has a steep learning curve; looks forward to bringing greater transparency to the organization, which will be his primary focus. He recognized recent posting of the minutes and agendas as a positive step and looks forward to working with the Board. He then excused himself from the meeting.

Reports

Regular reports resumed at 6:30 p.m.

Patient Care Services

It was reported by Ms. Gardner that Valley's Sleep Center received 5-year re-certification from the American Academy of Sleep Medicine on November 27. She also noted that as part of our patient safety initiative, all nursing staff has completed eight hours of continuing education focusing on medication errors, pain management, restraints and fall prevention.

Organizational Development

Ms. Mitchell provided a snapshot analysis of the current employment base at Valley Medical Center. A grid was provided in the Board packet. She discussed the spectrum of positions within the 2,325 total staff number, union representation, exceptional recruitment success in continuing to build the infrastructure to support growth in patient volumes and clinical programs. She also discussed the composition of specialized positions, continual scrutiny of competency, and support of continuing education for staff at all levels.

Clinic System

It was reported by Mr. Larson that Dr. Satish Subramaniam, new Occupational Health Services physician is doing an outstanding job working with Dr. Nilson related to coordination of care for the jail health programs at Kent, Renton, and Issaquah.

Urgent Care development at Covington and adjacent to the main campus is going well. Two physicians have been recruited for the Covington Urgent Care program. There will be a meeting with Dr. Montag from the Emergency Department regarding his groups' desire to provide medical care at the urgent care clinic planned for across the street. The digital radiography system from the current RapidCare may be used in the facility across the street.

Recruitment Update

Dr. Thompson reported on various recruitment activities noting that an offer is being made to Dr. Tom Cooper to work part-time until Dr. Kaufman arrives to help with the communities needs in Urology. Negotiations are underway with Dr. Alex Sneiders in order to restart his urology practice after a prolonged medical leave. Also a female urologist is interviewing to complement our current Urology staff.

Three very solid neurosurgery candidates are interviewing to enhance our spine surgery program and replace the recent departure of Dr. Kim Wright. It is hoped that an offer may be tendered to the top candidate by mid-January.

Candidate, Dr. Michele Zhang, who is completing an oncology fellowship at the UW, is interviewing this week.

Neurologist, Dr. Mark Piker started this week at WNI. He recently finished a fellowship in Headache. There are now a total of seven neurologists on staff with an eighth coming this spring.

Dr. Aalami is rapidly building vascular surgery volume after only three months in partnership with Dr. Wes Arlein.

A dialogue is underway with a pediatric neurologist who has expressed an interest in staffing the Autism Clinic in collaboration with Children's Therapy. The program has been off-line for the past few months following the departure of Dr. Morse.

The Rotacare Free Clinic has seen 2,000 patients upon entering the fifth year of operation. This has been a huge success due to the combined efforts of Valley Medical Center, which provides volunteer staff, free lab and imaging, along with the financial support provided by Renton Rotary and the space provided by the Salvation Army Food Bank.

Finance Committee Highlights

Mr. Bernstein briefly discussed the difficulty in financing healthcare in today's environment and the resulting pressure on Valley's operations to break-even. He also reviewed preliminary December statistics and VMC's ten percent King County market share increase in 2006, compared to the previous year.

Public Comment

Public Comment

Chris Clifford, citizen, acknowledged that recent posting of the minutes and agendas on the VMC website is a positive step and builds public confidence. He addressed the recent adoption of the Code of Ethics noting unavailability to the public until the meeting when they were approved. He expressed the opinion that the Code of Ethics violates the State Constitution. He asked the Board to hold a public hearing on the Code of Ethics. He also criticized the Board for approving a 5-year contract extension for the Superintendent, prior to the new commissioners taking office.

President Jacobson referenced the automatic six month and annual review thereafter of the Code of Ethics.

Bob Hasegawa, State Representative 11th Legislative District, introduced himself to the Board. The 11th district borders the northwestern edge of the hospital district. He expressed appreciation for the pro bono work the Board advocates and would like to participate more in district activities.

Programs

Initiatives for Improving Healthcare Outcomes in our Community

In the interest of time, it was agreed to table this presentation until the next meeting.

01/07/08 (8)

- Recess President Jacobson acknowledged a request for a recess at 7:14 p.m. After a five minute break, the Board convened in Executive Session for approximately 20 minutes for the purpose of discussing two real estate issues, in accordance with RCW 42.30.110 (b) and (c).
- Reconvened The meeting reconvened at 7:45 p.m.
- Adjournment There being no further business, motion was made to adjourn this meeting at 7:54 p.m.