

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

Held on February 4, 2008

Attendance:

Commissioner G. Sue Bowman, Commissioner, Commissioner-at-large
Commissioner Anthony R. Hemstad, Commissioner, District No. 3
Commissioner Donald O. Jacobson, President, Commissioner, District No. 1
Commissioner Michael W. Miller, Vice President, Commissioner-at-large
Richard D. Roodman, Administrator/CEO – Superintendent
Paul S. Hayes, R.N., Executive Vice President
Kathryn D. Beattie, M.D., Senior Vice President - Chief Medical Officer
Michael I. Bernstein, Senior Vice President - Chief Financial Officer
Scott Alleman, R.N., Senior Vice President – Patient Care Services
Paul Larson, Administrator, 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
Todd Thomas, Vice President - Facilities
Kris Tiernan, Assistant to CEO and Board of Commissioners

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Jacobson at 3:35 p.m. in the Board Room of Valley Medical Center. It was moved and seconded to approve the minutes of the meeting of January 22, 2008. Commissioner Hemstad raised a question about committee appointments, specifically the committee appointed to review the Code of Ethics. He further stated that he has observed that George Beal, the attorney who will be coordinating the review of the Code of Ethics*, also authored the Code and that he specializes in business law and he suggests that the Board use an attorney with expertise in constitutional law. Mr. Smith pointed out that Mr. Beal is a senior attorney with Perkins Coie, the firm that has represented the District for over 50 years, and that Mr. Beal has access to hundreds of attorneys within the firm that have expertise in all aspects of the law. Commissioner Hemstad again requested that the Board consider using an attorney specializing in constitutional law. Motion to approve the minutes carried.

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

Copies of the clinic network bulletin, *Here's to Your Health This Winter*, which is mailed to all clinic patients, were circulated.

Valley sponsored a table at the Kent Chamber annual President's Banquet held Saturday, February 2. Staff from Occupational Health represented Valley at this event.

Valley is also sponsoring a table at the Renton Technical College Foundation Scholarship Dinner on February 8th. Commissioners wishing to attend should contact Ms. Mitchell.

An article on healthcare and the local economy is being developed for the South County Business Journal which will be published this week. Valley Medical Center will be featured in the article.

*Changed by subsequent motion. See minutes dated 02/19/08.

Financial Affairs

Bills/Vouchers

The Board was requested to pay the following bills and vouchers.

	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	13740	13763	1/18/2008	4,218.77
ACCOUNTS PAYABLE	24306	24380	1/18/2008	112842.00
ACCOUNTS PAYABLE	2092146	2092464	1/8/2008	3,317,432.42
ACCOUNTS PAYABLE	2092465	2092657	1/10/2008	2,866,834.85
ACCOUNTS PAYABLE	2092658	2092912	1/15/2008	1,589,123.64
ACCOUNTS PAYABLE	2092913	2093135	1/17/2008	1,748,532.86
ACCOUNTS PAYABLE	2093136	2093445	1/22/2008	2,265,285.34
ACCOUNTS PAYABLE	2093446	2093641	1/24/2008	1,847,612.65
ACCOUNTS PAYABLE	2093642	2093642	1/24/2008	707.11
GRAND TOTAL AP				<u>\$13,752,589.64</u>

MOTION

It was moved and seconded to pay the bills and vouchers. Commissioner Hemstad said that he appreciated the time the Finance Department spent with him reviewing the financial policies and procedures, but he remains uncomfortable approving these large amounts. Mr. Bernstein stated that Valley follows the same procedures as other district hospitals and is regularly audited by the Board's independent financial auditor, Moss Adams, as well as the Washington State Auditor. Mr. Smith indicated that the voucher system of payment (approval of bills following payment) is the common practice for most, if not all, hospital districts and is consistent with Washington State law. Mr. Hemstad stated that he has made inquiries to other governments and will be making some recommendations in the future.

MOTION

Following some discussion, it was moved and seconded to approve payment of the above bills and vouchers. Motion carried with Commissioners Miller, Bowman and Jacobson voting in favor and Commissioner Hemstad voting nay.

President Jacobson asked if Commissioner Hemstad would like to meet with the Board's independent auditor, Moss Adams, to further discuss financial processes. Commissioner Hemstad said he would.

Capital Expenditures/
Clinical Equipment/
Programs

Award of Contract – 3N Remodel

Mr. Thomas stated that four bids were opened January 22, 2008, for the 3-North Remodel Project and following review it is recommended that the Board award a contract to HS Builders, the lowest responsible bidder, in the amount of \$235,410, including taxes and contingencies. Mr. Thomas noted that HS Builders completed another project here, doing a good job and staying within budget.

MOTION

It was moved and seconded to award a contract for the 3-North Remodel Project to HS Builders, the lowest responsible bidder, in the amount of \$235,410, including taxes and contingencies. Motion carried unanimously.

Joint Replacement Program Update

Dr. William Barrett, Medical Director of the Center for Joint Replacement Surgery at VMC, and member of Valley Orthopedic Associates, gave a history of VOA, which was established in 1972 and is now located in the adjacent Talbot Professional Center, with a satellite location in Covington under construction. Currently VOA has 10 orthopedic surgeons and three associates, and plans to hire three new orthopedic surgeons over the next three years.

The concept of a specialized patient unit for patients undergoing joint replacement began in 1999. Valley's Joint Center is the first dedicated joint replacement center in the Pacific Northwest. The number of cases has grown from 212 in 1999 to 865 in 2007. Projected number of total hip as well as total knee replacements in the U.S. during the next 25 years with the aging of the "baby boomers" is expected to increase from 500,000 to 3.5 million procedures. Dr. Barrett explained the effect of efficiencies and volume associated with the dedicated unit and noted the correlation with patient, staff and physician satisfaction. Joint replacement surgery is scheduled on a Monday or Tuesday and most patients are discharged by Friday, some as early as Wednesday. Length of stay has decreased dramatically over the past twenty years. Patients receive educational materials and ample opportunity to ask questions about what to expect before and after surgery. Patient reunions are held annually.

HealthGrades, an independent firm evaluating national healthcare quality, ranks Valley's Joint Center among the top 5 percent nationally in orthopedic services. Joint Replacement Surgery has been Five-Star Rated for five years in a row (2004-2008).

Washington Neurosciences Institute Program Update

Dr. David Vossler, Medical Director of the Washington Neurosciences Institute, presented a history of the Washington Neurosciences Institute (WNI) which was established approximately 18 months ago. Prior to that time, there was no neurology/neurosurgery inpatient unit, no neuroscience nurses, no research, no MD or RN education and no community education or support groups. Since the institute was established, a patient dedicated unit as been implemented, a Stroke Program has been developed and certified by the Joint Commission, an Epilepsy Center has been implemented, both a Headache Clinic and a Multiple Sclerosis Clinic have opened. Clinical neurophysiology tests have increased dramatically. Dr. Vossler discussed the 2008 Strategic Plan, which includes recruitment of additional neurosurgeons and neurologists including a pediatric neurologist, addition of a nurse practitioner, development of a dizziness/vertigo program, stereotactic radiosurgery (brain lab), and a deep brain stimulator program for Parkinson's disease victims, community outreach and marketing.

The Stroke Program mission, goals and objectives were reviewed. The Stroke Program Committee is a multi-disciplinary committee which focuses on evaluation and implementation of evidence-based protocols and pathways, acute stroke teams, and continuous quality management and process improvement. The Stroke Support Group is well-attended, meets monthly and has regular educational speakers.

Medical Affairs

Dr. Beattie reviewed the accountability structure of Medical Staff leadership as it interacts and compliments the leadership of Medical Directors and their administrative counterparts for key clinical areas within Valley Medical Center. Each Medical Staff member reports to their Department Chief first and then to the Chief of Staff, who presides over the Medical Executive Committee. The Medical Executive Committee, made up of all department chiefs and two members-at-large, is empowered to act for the organized medical staff. The

Senior Vice President/Chief Medical Officer serves to advise the members of the Medical Executive Committee on matters of accreditation standards and in compliance requirements and interpretation of the Bylaws, Rule, Regulations, and Policies of the hospital and the Medical Staff. Behavior, quality and clinical concerns for individual medical staff members are addressed by the Medical Staff structure. Medical Directors are the leaders identified and contracted for key clinical programmatic development, strategic direction as well as operational efficiency within specific clinical areas. Physician Medical Directors, who work with an administrative counterpart in the organization, report to the Chief Medical Officer.

She reported that Periodic Performance Review (PPR) data was submitted to the Joint Commission today.

The Center for Medicare and Medicaid Services, Office of Clinical Standards and Quality has determined that Valley Medical Center should be granted full market basket update for fiscal year 2008 under the reporting hospital quality data for acute payment update program.

Quality Management Update

Dr. Beattie also reported on the December meeting of the Quality Improvement Council during which documentation compliance, blood utilization and contracted clinical services were reviewed. During the January 9th meeting of the Quality Improvement Council, sentinel events (decreased from 2006), labeling of laboratory specimens, and isolation procedures were reviewed.

Commissioner Hemstad said that he would appreciate a memo outlining reports ahead of time.

Reports

Reports from Administration

Finance Update

Mr. Bernstein reported that the most current data published by the Washington State Department of Health (January to June, 2007) reflected VMC ranks sixth (6th) in the state at treating the number of Medicaid inpatients, a 19% increase over the same six-month period during 2006. When compared to other governmental facilities, including Harborview and University of Washington Hospitals, Valley ranked second behind UW.

Additionally, Mr. Bernstein reported that for the year 2006 Valley ranked number seven (7) at 4.6% statewide on the percentage of charity care and bad debts to gross patient revenue. Again, when compared to other governmental facilities, Valley ranked second behind Harborview. He added that this clearly places significant pressure on operations and operating income.

Recess

President Jacobson called for a ten minute recess at 5:40 p.m.

Reconvened

The meeting reconvened at 5:50 p.m.

Public Comment

Public Comment

President Jacobson said the Board would hear public comment at this time.

Michele Dimmett, Taxpayer, said she applauded Commissioner Hemstad on voting not to pay the bills and vouchers as she agrees with him. She has been a patient at Valley Medical Center four times and said the care received in the past five years as compared to ten years ago has improved dramatically. She voted for the 2005 tax increase and believes in health care. She is, however, extremely disappointed with how tax dollars are being spent at Valley Medical. She recently attended a meeting of the 47th District Republicans, and complimented Commissioner Hemstad on the remarks he made at that meeting. She would like to see and contribute to discussions concerning the Code of Ethics. She does not think the author of the Code of Ethics should participate in the process of reviewing/revising the Code of Ethics.

Chris Clifford, District Taxpayer, stated that he plans on filing a public records request regarding the Board retreat held December 5-7, 2007. He commented on the attendance at an offsite retreat by outgoing commissioners without also inviting the new commissioners taking office in January. He said he wants to look into costs of the retreat as well as the open house for the Lobby/Surgery held in the spring of 2007. He said these "wine and cheese parties" along with the PDC decisions do not reflect well on Valley Medical Center.

Sylvia Cavazos, Resident and Taxpayer, said she continues to have concerns about some of Commissioner Hemstad's actions and comments. She referred to Comm. Hemstad's comments following her testimony at the January 22, 2008, meeting, regarding retiring from his professional city manager organization, so as not to be in conflict when he decided to run for office. She said he neglected to say that when city managers run for office they stop being city managers. She also addressed his comment about the PDC complaint filed against him – that complaints are easy to file and difficult to prove. She said she has learned that Senator Pam Roach is running interference for him by trying to get the complaint dismissed; Senator Roach is anti-public hospital districts and her connection to Commissioner Hemstad makes her wary of his motives. She also said she has heard that Commissioner Hemstad made some negative remarks about Valley Medical Center at a recent Republican group meeting which she feels undermines the integrity of what goes on in the hospital. She added that negative comments hurt the reputation of Valley Medical Center and the District and although Commissioner Hemstad has differentiated between governance and health care, his negative comments damage the hospital's reputation as the average citizen sees governance and healthcare as one. She then submitted written comments to the Board.

Jim Metzener, Resident and Taxpayer, said that he attended a Republican Party meeting last week and that Commissioner Hemstad spoke at the meeting. Mr. Metzener said he was very upset by Mr. Hemstad's comments about wasteful spending for the new emergency services tower and other people at the meeting were upset as well. He asked Commissioner Hemstad to learn more about Valley before making negative comments to the public. Mr. Metzener then submitted written comments to the Board.

Gabriel Alperovich, Chief of Surgery, said that he decided to observe and understand the workings of the hospital and new Board after receiving a copy of a letter sent by Ms. Cavazos. He addressed the time and costs involved in providing good patient care to the community, a common goal among members of the medical staff. Hospitals are held accountable by EMTALA regulations to provide emergency care to any patient. Members of the medical staff are required to take emergency room back-up call and he believes the community does not fully understand or appreciate this. He addressed the desire of the Medical Staff to maintain adequate funding for facilities and not take a step backward.

Commissioner Comment

Commissioner Bowman stated that she is honored to have been elected to the Board of Commissioners and values the trust reflected by the residents of the community. She said she retired ten years ago after 27 years in the mental health system. She said she has a different agenda from Commissioner Hemstad. She feels that change is good and wants to work together toward supporting the health care needs of the community. Her husband received exceptional care at Valley before his passing several years ago. She said she has signed the Code of Ethics after a thorough review with some independent health care attorneys. She is pleased to have been appointed to a committee charged with the task of reviewing concerns expressed by some residents.

Reports, cont.

Operations Update

Mr. Hayes reported that rebuilding of the IT department continues as evidenced through investment in people, infrastructure and oversight of projects. We continue to be challenged with filling openings for interface analysts, clinical application analysts and project managers. New performance standards for monitoring, reporting and escalating service and response are being developed for the Help Desk, which is a purchased service. Under major projects, *Practice Partners*, the clinic network interface, is being implemented and will go live in the near future. In April, Admin Rx, US Reporting, Intake/Output and IV's will be switched back on following decommissioning for maintenance late last year.

Installation of the *Get Well Network*, the interactive bedside application for patients which began last fall, is now 98% installed on our units. This system allows patients to access educational videos, the internet, email, etc. It's an interactive bedside application with a web-based administrative interface that enables all members of a care team, including the patient, to communicate with each other during the hospital stay. Patient education is a major focus.

Patient Care Services

It was reported by Mr. Alleman that with the growing shortage of registered nurses, which has been confirmed by Department of Health workforce studies, Patient Care Services is exploring the possibility of importing nurses from the Philippines. The Republic of Philippines graduates more nurses than they can employ and view as an export. There are a number of companies that work with health care facilities to facilitate hiring the nurses. A two-year contract is being explored with a company that will take care of everything from immigration to housing and acclimation of the nurses to the U.S. Costs look to be less than the 10% premium we now pay for overtime. The Filipina nurses would be required to have adequate command of the English language. Representatives of Valley would travel to The Philippines to personally interview the candidates.

Commissioner Hemstad excused himself from the meeting at 6:35 p.m.

Organizational Development

Ms. Mitchell reported that three labor contracts with SEIU, representing approximately 1200 employees, including RNs, LPNs and service employees, will expire at the end of June, 2008. SEIU has other contracts expiring throughout the Puget Sound region as well as nationwide. The union has been actively pursuing legislation regarding staffing issues. They are also pursuing portability of pension benefits when moving to a different employer. WSHA member hospitals may consider multi-hospital bargaining on limited subjects. WSHA has announced an unprecedented agreement with SEIU, UFCW and the

Association of NW Nursing Executives to jointly support legislation requiring nurse staffing committees at each hospital to recommend annual staffing plans. This legislation will be supported by WSHA in Olympia this session.

Clinic Network

It was reported by Mr. Larson that a periodic survey of our Family Practice Residency Program by the Accreditation Council for Graduate Medical Education (ACGME) is scheduled for tomorrow, February 5, 2008.

February 19th is the implementation date for the new clinic system electronic medical record.

Recess President Jacobson acknowledged a request for a recess at 6:41 p.m. following which the Board convened in Executive Session for approximately 30 minutes for the purpose of discussing two specific personnel issues permitted by RCW 42.30.110(g), a litigation issue permitted by RCW.42.30.110(1) and two real estate issues permitted by RCW.42.30.110(b) and (c).

Reconvened The meeting reconvened at 7:51 p.m.

MOTION Commissioner Excused

It was moved, seconded and carried to excuse Commissioner Parnell from this meeting.

Office of Employment

MOTION It was moved and seconded to direct the Superintendent or his designee to proceed with offering employment to neurosurgeon, David Lundin, M.D. Motion carried.

Response to Talbot Professional Building Owners

MOTION It was moved and seconded to direct President Jacobson to respond to the January 25, 2008, letter from the Talbot Professional Building limited partnership, by return letter, draft of which was reviewed and approved, on behalf of the Board. Motion carried.

Adjournment There being no further business, motion was made to adjourn this meeting at 7:55 p.m.