

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

Held on January 22, 2008

Attendance:

Commissioner 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
Commissioner Carolyn V. Parnell, Secretary, Commissioner, District No. 2
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
Jeannine Grinnell, Vice President – Finance
Sue Churchill, Director – Human Resources
Dana Vander Houwen, Media Relations Coordinator
Kim McClung, Director of Operations – Clinic Network
Robby Riddle, M.D., Medical Director – Clinic Network
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 3:33 p.m. in the Board Room of Valley Medical Center. Minutes of the meeting of January 7, 2008, were approved as submitted.

President Jacobson stated that Commissioner Bowman had previously notified him that she would need to leave the meeting at 6:30 p.m. for a speaking engagement scheduled prior to her election to the Board.

MOTION

It was moved, seconded and carried to excuse Commissioner Bowman for the remainder of the meeting past 6:30 p.m.

Commissioner Hemstad stated that he would also need to leave the meeting at 6:30 p.m., if the meeting was not adjourned by that time. This would be an on-going request due to a conflict with another meeting.

Community Affairs

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

A recent *Puget Sound Business Journal* article on area hospitals dealing with emergency room crowding was circulated. VMC was prominently featured in the article with quotes from Dr. Kathryn Beattie, and included a rendering of our new Emergency Services Tower.

VMC will sponsor a table at the *Communities in Schools of Renton* annual fundraising dinner scheduled for Thursday, January 24. VMC will also sponsor a table at the annual Kent Chamber President's Banquet February 2nd. Staff from Occupational Health will represent VMC at this event.

Ms. Mitchell noted that Valley will resume television advertising beginning the last week in January since the holiday retail marketing blitz is over. The previously produced 2006 recruitment and Joint Center ads will be utilized. She noted that the orthopedic physicians have voiced concern about extensive prominent advertising from area orthopedic competitors, particularly the new Swedish orthopedic wing. We will focus on Joint Center advertising in television and new print ads in Renton Magazine and Seattle Times to circumvent erosion of our market share. The recruitment ad will hopefully continue to facilitate the additions needed for our workforce.

Organizational Development

Ms. Mitchell also presented a Human Resources report, stating that she had to leave at 4:00 p.m. to attend a meeting of the Renton Community Foundation on behalf of VMC.

She circulated a sample copy of the 2007 Total Wage and Benefit Statement, which were mailed to all employees last week. The purpose of the annual statement is to increase the visibility to individual employees of the personal value of the dollars VMC extends to them for the benefits they are provided as Valley employees. Those benefits are a significant percentage of the total compensation for each employee.

Financial Affairs

Bills/Vouchers

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

Absher Construction (Surgery Project – Application No. 23)				\$ 1,064,678.85
Absher Construction (Central Utility Project – Application No. 7)				205,821.53
Lydig Construction (Emergency Tower – Application No. 2)				993,940.06
	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	24258	24290	11/19/2007	24,418.40
ACCOUNTS PAYABLE	2091846	2091846	1/2/2008	598.27
ACCOUNTS PAYABLE	2091847	2092145	1/3/2008	3,188,485.35
TOTAL WIRE TRANSFERS AND ACH				689,956.33
DECEMBER 2007 PAYROLL				<u>7,128,233.16</u>
GRAND TOTAL				<u>\$13,296,131.95</u>

MOTION

It was moved and seconded to pay the bills and vouchers. Commissioner Hemstad stated that until he had time to go over the process with Mr. Bernstein, he would abstain from voting on payment of bill and vouchers. Motion carried with four in favor. Commissioner Hemstad abstained.

President Jacobson requested that Commissioner Hemstad complete the orientation of financial procedures of PHD No. 1 and come prepared to vote on bills and vouchers at the next meeting.

Write-off of Accounts Receivable

MOTION

It was moved and seconded to approve write-off of hospital and clinic accounts receivable in the amount of \$2,807,221, the total of which has been referred to Collection. Following a brief question and answer period, motion carried unanimously.

Resolution No. 874 – Surplus Property

MOTION

It was moved and seconded to approve Resolution No. 874 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. Commissioner Hemstad questioned the value "n/a" on some items and Mr. Bernstein explained that these items are fully depreciated, are not accounted as capital items or are a component of capital equipment. Motion carried unanimously.

Programs

Staffing Effectiveness

Ms. Churchill explained the system used to document staffing effectiveness. Each unit/department maintains a staffing plan that includes core staffing requirements based on each unit's patient population. Quadramed, a patient acuity system, continued to be used for inpatient units in 2007. This system matches patient needs with the nursing resources needed to better care for our patients.

For The Joint Commission Staffing Effectiveness Standard, two patient populations were identified for 2007 – 3N Medical Unit and 2W Surgical Unit.

Data was collected for both patient populations for fall prevalence and emergency medical response codes (clinical/service indicators) and skill mix and care give experience (human resource indicators). The data collected was analyzed for a multidisciplinary team. To date no correlation has been found between the clinical/service indicators and the human resource indicator of skill mix. A correlation has been identified between the clinical/service indicators and the human resource indicator of care giver experience. The data will be further reviewed to determine if the patient had cognitive or medication issues and if the patient had a sitter.

The 2008, the Staffing Effectiveness Performance Improvement Team has chosen to continue to measure falls prevalence and skill mix as well as agency staff use. A copy of the report is attached to and made part of these minutes.

Quality Initiatives for Improving Healthcare Outcomes in Our Community

Ms. McClung and Dr. Riddle presented a comprehensive look at VMC's Clinic Network Quality Improvement Program. QI activities include practice standardization, improved use of preventative health services, patient safety initiatives, Diabetes Collaboration Project (which is a long-standing quality improvement project), Depression Planned Care Project (also a long-standing quality improvement project) Advanced Access Program (same day appointments) preventative health recalls, outreach and health promotion, clinic health promotion programs, summer safety and back to school themes, and participation in the Puget Sound Health Alliance.

Medical Affairs

Medical Executive Committee

Dr. Beattie reported that the January 8th meeting of the Medical Executive Committee was primarily focused on reviewing proposed amendments to the Medical Staff Bylaws and policies and procedures. This long-term Bylaws Committee project will now be referred to the entire Medical Staff for vote. She explained the process in detail and also reviewed each proposed change to the bylaws, policies and procedures.

Credentials

MOTION

Recommendations dated January 8, 2008, from the Medical Executive Committee outlining appointments, reappointments, leaves of absence and changes to staff status, were individually reviewed by Dr. Beattie. She also reviewed, in detail, the credentialing process, which involves extensive verification as well as review by the chair of the applicable department, Professional Performance Committee, and Medical Executive Committee prior to referral to the Board of Commissioners for final approval. It was moved, seconded and unanimously carried to approve credentialing/privileging recommendations as presented. A copy is attached to and made part of these minutes.

Recess

President Jacobson called for a ten minute recess at 5:30 p.m.

Reconvened

The meeting reconvened a 5:40 p.m.

Reports

Reports from Administration

Operations Update

Mr. Hayes introduced Scott Alleman, RN, MSN, who joined Valley Medical Center on January 14th as Senior Vice President, Patient Care Services, following a national search.

He reported that a routine unannounced CAP (College of American Pathologists) accreditation survey of the Laboratory took place January 17 and 18. The Joint Commission has accepted the CAP survey for the Lab and Pathology since 1967. The surveyors included one pathologist and five laboratory scientists. There were no findings in the general assessment of direction and quality; anatomic pathology; cytopathology; hematology and coagulation; diagnostic immunology; urinalysis; general laboratory and point of care testing. There were three recommendations which were implemented during survey. The team leader noted that Valley Medical Center had an excellent Laboratory, with the staff well-qualified, informed, responsible and involved.

Under quality, Joint Commission survey readiness continues to be a major focus with our first unannounced survey due at any time. The Department of Health is scheduled to do a three-day routine licensure survey beginning January 29th.

Two weeks of high hospital and medical office building census and reduction in number of campus parking spaces due to construction have resulted in very crowded parking conditions on-campus. Steps to mitigate problems include directing day shift to park on the 6th floor of the garage and work down; relocation of physician dedicated parking; reduced previously reserved parking and recruitment of a security officer to be stationed in the garage to facilitate traffic flow and safety. Implementation of a shuttle service to operate to and from the South Campus staff parking lot is also underway. The shuttle will operate four hours in the morning and four hours in the afternoon beginning next month.

Public Comment

Public Comment

At 5:55 p.m. President Jacobson announced that Commissioners Hemstad and Bowman would be leaving the meeting at 6:30 p.m. and public comment would be heard at this time.

Code of Ethics

President Jacobson also announced that he and Commissioner Bowman will meet with those who have provided input regarding the Code of Ethics to hear their viewpoints prior to the end of February.

Thomas C. Reiter of the Benson Hill Community Progress Group spoke regarding the current legislative session, Sen. Karen Keiser's bill on universal health care, and Sen. Roach's bills SB 5815 and HB 2035, providing an alternative method for withdrawal from public hospital districts for small cities. He stated that the latter two bills would cause operational problems for VMC by reducing its ability to tax residents to provide healthcare access.

Jerry Luedke, Consumer, stated he has submitted a letter to the secretary to the Board and that he was a patient here four months ago and wanted to commend the organization for the excellent care received. He expressed concern about the apparent lack of commitment of Commissioner Hemstad for ethical guidelines since he disregarded the ethical standards set by his professional organization as well as his unavailability to attend full meetings of the Valley Board due to a time conflict with Maple Valley City Council meetings.

Sylvia Cavazos, Resident/Taxpayer, circulated a packet to the Commissioners. She stated that she is a district resident and is married to a Valley employee and has several concerns regarding negative press coverage about Valley's leadership and governance and Commissioner Hemstad's negative comments. She commented on Commissioner Hemstad's repeatedly questioning the actual need for this hospital district in the press, his criticism and opposition to the Board's Code of Ethics, while disregarding the Code of Ethics of his professional organization. She stated that a PDC complaint has been filed against him and that he should know better because of his government background. She also questioned how he can attend Valley Board and Maple Valley City Council meetings at the same time.

Commissioner
Comment

Commissioner Comment

Commissioner Hemstad stated that he feels it is an astute move to review the Board's Code of Ethics and congratulated President Jacobson on this decision.

He stated that membership in the city manager professional organization is voluntary and other city managers have run for public office. He also stated that after reviewing 18 months of Board minutes, there were only four instances of the meetings running past 6:30 p.m., the time he needs to leave for the Maple Valley City Council meetings. With regard to the PDC complaint, he stated that it is very easy to file complaints but more difficult to prove and he believes the complaint will be dropped. He also addressed his deep commitment to those who elected him and hopes over time to contribute to the Board with his experience in public policy. He continues to believe that the health care provided at Valley Medical Center is going well and he will focus on governance.

Commissioners Hemstad and Bowman excused themselves from the meeting at 6:30 p.m.

Reports (Con't)

Patient Care Services

Mr. Alleman explained his educational and professional history as well as his desire to work for an organization true to its mission of service to the community. He feels that Valley Medical Center meets that objective.

The challenge of the nursing profession being at a crossroads with an aging workforce at the same time that the demand for health care services will increase with an aging population was noted by Mr. Alleman. In two years, 50 percent of the nursing workforce will be above the age of 40. The demand for nursing care should peak a few years later when half of the "Baby Boomers" reach age 60 and at the same time retirement among nurses hits its peak. Mr. Alleman sees his challenge as preparing the organization to deal with that crisis which will inevitably come.

Clinic Network

Mr. Larson reported that the new Covington Urgent Care is on target to open March 10th. The urgent care facility to alleviate Emergency Department overcrowding will open across S. 43rd Street in the Valley Professional Plaza sometime during second quarter. Renton Highlands Urgent Care volumes have surpassed target and are now averaging 30+ visits per day.

It was also reported that the shell and core of the new Lake Sawyer Clinic are complete and work on the TI's are scheduled to begin within the next two weeks. The expected move-in date is not firm yet, but VMC is to move out of the current Maple Valley space by the end of March.

New providers within the clinic network include Dr. Korina Tanner at Covington Primary Care (mid-March), Dr. Amit Hoshi at Newcastle Primary Care (mid-February) and Dr. Ravi Nijjar, who began the first week in January and will be working at the Covington Urgent Care Clinic.

Recruitment Update

Dr. Thompson reported that negotiations continue with a top candidate to add to our neurosurgery and spine center team.

There are now two cardio-thoracic surgeons credentialed on our medical staff. They will provide expertise and leadership by consulting on patients in both our thoracic oncology program and our cardiology services.

Pediatrix, which is the largest national network of neonatology and perinatology physicians, has acquired Northwest Newborn and Pediatric Services, our local neonatal group. This will add a new high level of programmatic and staffing infrastructure that will benefit and help further develop our NICU services.

Finance Committee Highlights

Mr. Bernstein stated that the Finance Committee met earlier in the day. November results produced a marginal level of operating income before tax revenues. However, on a year-to-date basis, the 3.1% income from operations before taxes is approximately at an A rating level of the bond rating agencies. He noted that for official statement reporting purposes, the rating agencies would most likely recognize VMC's tax receipts in addition to

the 3.1% (that is tracked for internal purposes only) and thus VMC's financial strength from net income would be at about 9%, 300% above the 2.5 to 3% target for an A rating.

Last year (2007) was the best year for net income and cash generation in the history of Valley Medical Center. Mr. Bernstein also reported on an \$11.3 million or 48% increase in charity and bad debt over prior year. These inflationary pressures plus contract commitments for labor, coupled with reimbursement pressures are driving the break-even target from operations without taxes in the 2008 budget.

Lastly, Mr. Bernstein indicated the upcoming \$115 million financing is moving along according to schedule with anticipated closing at the end of February. This financing is necessary to facilitate the community-driven need to accommodate a new emergency department, additional parking, ICU and patient bed floors.

- Recess President Jacobson acknowledged a request for a recess at 7:10 p.m. following which the Board convened in Executive Session for approximately 20 minutes for the purpose of discussing specific personnel issues permitted by RCW 42.30.110(g), litigation issues permitted by RCW.42.30.110(i) and real estate issues permitted by RCW.42.30.110(b) and (c).
- Reconvened The meeting reconvened at 7:40 p.m.
- Adjournment There being no further business, motion was made to adjourn this meeting at 7:43 p.m.