

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

Held on March 17, 2008

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  
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  
Barbara Mitchell, Senior Vice President – HR and Marketing  
Scott Alleman, R.N., M.S.N., Senior Vice President – Patient Care Services  
Robert L. Thompson, M.D., Vice President - Physician Relations  
David E. Smith – General Counsel  
Jeannine Grinnell, District Treasurer and Vice President – Finance  
Todd Thomas, Vice President - Facilities  
Grace Dalrymple, Goldencare Program Manager  
Caroline McGlasson, Executive Assistant

Citizens present for a portion of the meeting:

Deborah Ranniger, Ph.D. – Director, Renton Technical College Foundation  
Jim Sullivan – Renton Rotary  
Helen Tyler, VIA Board President  
Jean Franceschina, VIA Member  
Jim West, VIA Member  
Bill Ray, VIA Member  
Chris Clifford, Taxpayer  
Lori McMann - Independent Development Company  
Dana Vander Houwen, VMC Media Relations  
Doran Mann, VMC Emergency Department Secretary

Medical Staff present for a portion of the meeting:

C. Gabriel Alperovich, M.D.  
Frank Thomas, M.D. – Chief of Staff  
Ron Cohen, M.D. –Chief of Psychiatry Services

Consultants present for a portion of the meeting:

George Beal, Board Counsel, Perkins Coie  
David Burman, Perkins Coie

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Jacobson at 3:32 p.m. in the Board Room of Valley Medical Center.

Public Hearing for Board to Consider Sale of Real Property Belonging to the District

Mr. Smith described the 3.34-acre district property for sale at 240<sup>th</sup> and Witte Road in Maple Valley and advised Commissioner Hemstad that while it is acceptable for him to participate in the Board's discussion of the property sale, it could be perceived by some as a conflict of interest for him as Maple Valley City Manager to vote on the sale. Commissioner Hemstad did not believe there was a conflict, but indicated that he would abstain nonetheless. Mr. Smith said the pending sale was the fourth offer the district had received since the Board had declared the property surplus and had decided to sell the property, but each of the previous offers had fallen

*\*Changed by subsequent motion. See minutes dated 4/21/08*

through due to funding and/or feasibility problems. Consistent with state law, this property has already been declared as surplus, and the district obtained three independent appraisals. The minimum sale price acceptable was \$1,775,999, representing 90% of the average of the three appraisals, and the property is currently under contract, pending the completion of this hearing, for \$2,200,000.

MOTION

Mr. Smith noted the Board is required to hear public comment at this time. There being none, it was moved and seconded to close the public hearing on the sale of the district's Maple Valley property, and to approve the \$2,000,000 Purchase and Sale Agreement for the Property. Motion carried.

Commissioner Hemstad abstained, noting he didn't think it was a conflict, but that it would be prudent to abstain. He asked that when selling property in the future, it would be helpful to have the Board agenda include the location of the property and provide background information in the Board packets. Mr. Smith stated that the required legal notices were published in the newspaper and that Commissioner Hemstad had that information and that details concerning the property had been discussed at a number of Board meetings from which Mr. Hemstad left early.

Community Affairs

Ms. Mitchell reported on activities in Community Affairs as follows:

Mark Piker, M.D., new headache specialist with Valley's Washington Neuroscience Institute, is conducting a headache seminar this Thursday. There are 125 people registered so far.

*Rotacare* has recently celebrated treating its 2,000<sup>th</sup> patient. The *Renton Reporter* is planning a story and a reporter will visit the clinic this Saturday.

KCPQ-TV Channel 13 has extended an invitation for VMC to provide information for their weekly program, *What's Ailing You*. Dr. Jamie Park from our Newcastle Primary Care Clinic will be participating.

Scholarship Award to Renton Technical College Medical Technology Programs

Mr. Alleman introduced Deborah Ranniger, PhD – Director of the Renton Technical College Foundation, and awarded a \$5,000 scholarship to the RTC Foundation for their Medical Technology Programs. The areas of study include an Associate Arts program for nurse education. He discussed touring the facility and observing how it addresses the needs of VMC and the community. Dr. Ranniger expressed appreciation to the Board for the scholarship and stated they are offering a 50% matching grant.

Rotacare Program Update

Dr. Thompson gave a detailed review of the Rotacare Free Clinics Program, including the history of this 501(c)(3) tax exempt program, from its beginnings nearly twenty years ago in Santa Clara, California, to provide care to the underserved population. The nonprofit corporation was formed to bring free medical care to those who have the most need and the least access to medical care. The program is a coalition of over 1,500 Rotarians, physicians, nurses, pharmacists, social workers, interpreters and other volunteers who donate their time in a collaborative effort with hospitals, clinics, community and social service organizations and service groups.

Rotacare began in 1989, in the San Francisco Bay area when a local physician, Dr. Mark Campbell, approached the local Rotary Club for support and was able to contract with family practice clinicians and ARNP's to form the first Rotacare Clinic.

With a donation from the Robert Wood Johnson Foundation, the clinic system grew and now includes 12 clinics in the Bay Area, one in New York and three in the Northwest. Dr. Thompson approached the Rotary Club of Renton and the Bellevue Rotacare Clinic

regarding starting a clinic in Renton and the clinic opened its doors October 11, 2003, on the Renton Technical College campus. The Clinic moved to its current location at the Renton Salvation Army in 2005. The Clinic is open every Saturday morning for a two-hour period and staffing is provided by volunteer physicians and other medical providers from Valley Medical Center. Minor illnesses and injuries are treated along with screening for high blood pressure and diabetes, referrals for basic x-rays, blood work and lab tests related to basic illness or minor injuries, and prescriptions are dispensed.

Dr. Thompson introduced Jim Sullivan, Renton Rotary member, who has been involved in Renton Rotacare since its planning stages in 2002. Mr. Sullivan noted the Clinic treated 81 patients the first year and increased to 436 patients the second year. Approximately 650 patients are estimated this year, with an average of 12 to 15 patients being seen on a typical Saturday. The cost of operating the clinic is \$20,000 to \$30,000 per year, compared to the cost of a traditional medical clinic of approximately \$250,000 per year.

Renton Rotary contributes \$20,000 per year. King County, Renton Technical College and the Salvation Army also support the Clinic. Mr. Sullivan thanked Valley Medical Center for its generous support of the Rotacare Clinic.

Dr. Thompson concluded, saying that the Rotacare Clinic is the #1 outreach program of the Renton Rotary Club.

Capital Expenditures/  
Clinical Equipment

Call for Bids for Linear Accelerator

Todd Thomas requested Board authorization to call for bids to advertise the Linear Accelerator Replacement project, including replacement of an existing Varian linear accelerator with a new Elektra Synergy unit in the Radiation Oncology Building on the VMC main campus. The scope of the project includes the design and remodel of the existing 7626 sq. ft. linear accelerator Room #2 to accommodate the installation of the new accelerator with XVI Delivery System radiation treatment equipment. Construction work includes the demolition and installation of a new concrete foundation, new interior finishes, walls and doors, and electrical, mechanical and fire protection systems to support the new equipment. Existing Radiation Shielding systems will remain unchanged. Construction is expected to take a total of 60 days after the advertising period, and the estimated total cost for this project is \$444,000 including construction, contingencies, furniture, equipment and fees to prepare the space for the new equipment. This project is included in the FY2008 capital budget.

Commissioner Hemstad thanked Mr. Thomas for the background memo in the Board packet.

MOTION

It was moved and seconded to authorize advertising for bids the Linear Accelerator Replacement project, at an estimated total cost of \$444,000 including construction, contingencies, furniture, equipment, and fees. Motion carried.

MOTION

Approval of the minutes of the February 19 and March 3, 2008 Minutes.

It was noted that the minutes of February 19, 2008, included the revisions requested during the March 3, 2008, Board Meeting. It was moved and seconded to approve the minutes of February 19, 2008, as revised. Motion carried.

It was moved and seconded to approve the minutes of March 3, 2008, as submitted. Motion carried.

Review and Discussion of Draft Responses to Correspondence Prepared by General and Outside Counsel

Mr. Smith noted that at the March 3, 2008, Board meeting Counsel at Perkins Coie was tasked with drafting responses to the four letters, as previously received, regarding the Code of Ethics. Two additional comment letters were subsequently submitted to the Board for consideration. The comments and letters were from Anthony Hemstad, Jerry Luedke, Michele Dimmett, Senator Pflug, Barbara Severski, and William Maurer. Prior to the meeting, Perkins Coie prepared response letters to all six comment letters, with drafts of four of those response letters included in the Board packet circulated prior to the meeting, and drafts of the two others being handed out at the meeting. As a preliminary matter, Mr. Smith noted that, while the Board might choose to discuss the response letter to Commissioner Hemstad's letter in his presence (not asking him to recuse himself during the discussion), it could be considered inappropriate for him to participate in that discussion. Commissioner Hemstad could, without conflict, participate in the discussions regarding the other draft response letters.

George Beal provided summary information regarding the six comment letters and the draft responses. In order to help the Board with its review of the issues raised by all comments, he recommended that the Board focus its attention initially upon the draft responses to the letters from William Maurer and Commissioner Hemstad. Those letters addressed many of the issues common to the others. Both the comment letters, and the draft responses, were then reviewed and discussed in considerable detail. The letter from Mr. Maurer criticized certain provisions in the Code of Ethics as infringing upon constitutionally protected rights of speech. Mr. Beal stated that, since it was not the Board's intent (based upon its prior public statements and based upon the discussions of the Commissioners when the Code was originally adopted) to infringe upon such rights, the draft response letter included language to the effect that the Board would modify the Code to make clear that its terms did not in fact so infringe. Mr. Maurer's letter also challenged certain language in the Code which, on its face, dealt with the division of powers between the Board and the Superintendent. Mr. Beal suggested that those criticisms, to the extent couched as necessary to protect rights of free speech, were misplaced—the challenged language did not restrict or prohibit Commissioners from criticizing or challenging actions of the Superintendent, giving direction to the Superintendent through Board action or speaking publicly or privately regarding the same matters. Instead the provisions at issue dealt with the authority of the Superintendent to direct the operations of the District. Under applicable law, the Superintendent is designated as the District's chief administrative officer and charged with the responsibility, and vested with corresponding authority, to operate the District's business, all subject to the oversight of the Board acting as a body. No Commissioner has the authority to arrogate to himself or herself such operational authority. It is not a matter of speech but instead a question of statutory authority.

The discussion then turned to the criticisms leveled against the Code in Commissioner Hemstad's comment letter (a copy of that draft response letter was circulated via the Board packet and was available for review by all Commissioners prior to the meeting). At the outset, it was noted by Mr. Beal that Commissioner Hemstad had made allegations of serious misconduct by the Board and such claims should not be taken lightly. If they had merit, appropriate remedial action should be discussed and taken; on the other hand, if they were without merit, it was important that the Board be public in its rejection of them. Flipping page by page through the draft response letter, Mr. Beal then reviewed the primary criticisms and challenges made by Commissioner Hemstad as well as the draft responses. The Board was asked to make sure it was comfortable not only with the specific substantive responses but also with the letter's tone. He stressed that it should be appropriately calibrated to match the Commissioners' feelings about the issues at stake. Mr. Beal observed that while Commissioner Hemstad would not participate in the discussion due to the obvious conflict of interest, he would have ample opportunity to address the substantive issues

at later Board meetings if he choose to do so. In summary, the response letter concludes that Commissioner Hemstad's charges are ill-founded, without merit and prejudicial. They are based in certain critical respects upon a fundamentally flawed understanding of the public access laws and how they apply to the District. The hospital's operational committees, to which Commissioners have been assigned and never more than two per committee, and to which they have only observer rights, are not Board committees with activities subject to the public access requirements of the Open Public Meeting Act. The Board, without hesitation, vehemently rejected the claim that it conducted business in a secretive fashion with the intent of circumventing public meeting requirements.

Mr. Beal reviewed other paragraphs with regard to Commissioner Hemstad's various allegations and pointed out how the letter responded to these allegations which the Board strongly denies.

MOTION

After review of Mr. Beal's draft response to Commissioner Hemstad's letter, it was moved and seconded to approve the response letter. Motion carried.

Mr. Beal asked how the Board would like to handle the other three draft response letters to Jerry Luedke, Barbara Severski and Senator Pflug. President Jacobson recommended the Board's approval of the three letters, after Mr. Beal reviews for any typographical errors. Commissioner Hemstad said he is not conflicted on these other three draft response letters.

MOTION

It was moved and seconded to approve Mr. Beal's draft responses to the letters from Jerry Luedke, Barbara Severski and Senator Pflug. Motion carried. Commissioner Hemstad abstained.

Update on District's Involvement with Recall Petition

David Burman updated the Board on the recall petition filed by taxpayer/resident Christopher Clifford, which challenges longstanding practices of the Board of Commissioners as well as President Jacobson's actions. The initial petition was replaced with a new petition that was served on March 7, 2008. David Smith, General Counsel, received copies yesterday. Most of the wording in the recall petition was the same as in the previous petition, with a few details changed and reorganization of some items. The new petition has been filed with the King County Elections Office and will be forwarded to the prosecuting attorney who will create a 200-word synopsis and submit it to the King County Superior Court, which will then conduct a hearing to determine its legal sufficiency. If the petition is deemed sufficient, Mr. Clifford will have six months to gather signatures (14,274) to put the recall on the ballot.

Mr. Burman recommended that President Jacobson's legal fees be paid by the hospital district. He noted that RCW 4.96.041(3) provides for the district to pay the fees, if requested by the commissioner. President Jacobson recused himself from discussion on this matter, but has requested that the district pay his legal fees.

Mr. Smith confirmed that the Bylaws of the Board of Commissioners provide for the district to pay the commissioner's legal fees. Commissioner Hemstad asked if there is a precedent for this type of payment, and Mr. Smith confirmed that the hospital district is a local government entity and that there has never been a question about the district paying legal fees for any matter before now and that this was not germane to this discussion topic. Mr. Roodman said that the district historically has provided Directors and Officers coverage consistent with the Board Bylaws. Commissioner Hemstad asked Mr. Burman if there was any reason for the Board to not cover the fees. Mr. Burman replied that since the Board has provided for this representation and, in turn, coverage through its Bylaws, he cannot think of an instance where legal fees would not be covered unless a person/commissioner and/or officer acted purposefully in bad faith.

MOTION

Commissioner Miller moved to approve the district paying Commissioner Jacobson's legal fees in the matter of the recall petition. Motion was seconded and carried. President Jacobson recused himself from the discussion and vote. Commissioner Hemstad abstained, noting that he did not feel there was sufficient information on the subject; that board packets only arrive on Friday night prior to Monday meetings; there was no action item on the agenda, and no memos. Commissioner Miller noted that all this information was reviewed at the previous Board meeting and that the short time frame of the recall petition required the Board to be responsive with action.

Mr. Burman reviewed two new allegations in Christopher Clifford's revised recall petition. One item concerns President Jacobson's vote on the decision to have counsel defend the district's interests. The other item concerns the Board Educational Retreat at Semiahmoo. Mr. Burman advised that the Board could approve a motion to consider his working on these items.

MOTION

Motion was made and seconded to authorize Mr. Burman to respond to the two new allegations in the revised recall petition. Motion carried with Commissioners Hemstad and Jacobson abstaining.

Discussion Regarding Meetings to Facilitate Greater Public Access

The issue of moving the time of Board meetings to facilitate greater public access was noted. Mr. Smith confirmed this matter does not require a change in the Bylaws, but a resolution. President Jacobson asked Mr. Smith to draw up a resolution addressing the matter and to distribute a draft to the Board for review and possible action.

Recess

President Jacobson called for a fifteen minute recess at 5:02 p.m.

Reconvened

The meeting reconvened at 5:15 p.m.

GoldenCare Program Update

Ms. Dalrymple gave a historical review of the GoldenCare program, noting that 22 years ago a franchise was started by a group of nuns in Peoria, Illinois. In 1986 Valley Medical Center paid a \$5,000 investment fee with a marketing plan outlining the benefits to the community, including a counselor to advise on Medicare issues. At the time there was a "no hospital bill" benefit where if you were a member, GoldenCare would help with the bill. Ms. Dalrymple joined the program and enlisted the help of Northwest Hospital in creating a business and community outreach strategy. The introduction of the Valley Dividend followed and focus was placed on senior services with emphasis on Medicare, and assisting seniors with processing their additional health insurance policy invoices.

In 1992 when Medicare Supplemental insurance plans were standardized and with claims automation in place, this cut down on the volume of paperwork. Everyone had to modernize their policies and this created more work for GoldenCare. A huge piece of the work is counseling, as there are now 70 Medicare plans and 57 drug plans in place. The Office of the Insurance Commissioner sends out free counselors to help our program. Eventually the 65-year age requirement for GoldenCare membership was lowered to 62 years to facilitate counseling members prior to reaching Medicare age. After surveying seniors, the need for providing flu shots, which were not originally covered by Medicare, was identified. Valley's Volunteers in Action program contributed funds toward the program; 346 shots were given in 1990 when membership was 3,000. The next year over 2,000 shots were administered. Nearly 70% of the membership has taken part in the flu shot program. Medicare began providing this as a covered service in 1993. It is a well-attended 7-day event, with hospital security providing assistance for parking congestion on campus.

Ms. Dalrymple noted the flu shot program relies heavily on hospital volunteers and thanked the Board for their help as greeters and in serving refreshments, etc. She noted that pneumonia shots are not as easy to provide, with the vaccine being more expensive, more instances of adverse reactions to the shots, and with Medicare only providing coverage for one shot in a lifetime. She recommends pneumonia shots being given in a clinical setting. Similar problems occur with shingles vaccines. There is no plan to provide this service to GoldenCare members.

She reviewed the Annual Health Fair, which is a half-day event held in the Medical Arts Center, offering lectures, giveaways, refreshments, and offering information from our Sleep Center, Washington Neuroscience Institute, Cancer, Radiology and Mammography services, among others. Ms. Dalrymple said she would be calling on the Commissioners to attend and interact with seniors. Five hundred to 700 GoldenCare members typically attend yearly, and provide great feedback to surveys of the event.

There are a total of 19,335 members as of today, with interest generated by word of mouth and brochures. County demographics are growing. The program does review records to remove deceased members. The program holds a membership drive every five years if growth is stagnant. The member list is matched against the hospital patient database to send out membership packets for seniors in the age range of 62 to 72. Twenty-five to 30% of members live outside the district in areas such as Maple Valley, Des Moines and Federal Way. After charging a membership fee, GoldenCare was perceived as more valuable; benefits include parking decals for dedicated spaces on campus, quarterly cholesterol and glucose testing, and assistance with signing up for the nationwide Living Will Registry. By law VMC is required to ask if patients have a Durable Power of Attorney for Health Care Decisions, a Living Will and a Directive to Physicians in place. Assistance is provided in understanding the documents and offer counseling and notary services. The individuals file the documents with the Registry and then whatever facility they go to can call up their information. The Registry provides a wallet card and a sticker for their driver's license. The Registry contacts participants yearly by mail to update their information. Other benefits to members include discounts in the hospital cafeteria, gift shops and Prescription Pad pharmacy.

Ms. Dalrymple said she frequently receives letters of appreciation and that she thoroughly enjoys assisting senior citizens. Ms. Mitchell thanked Grace for her expert support of the seniors in our community.

While on the subject of senior services, Dr. Bob Thompson commented on the looming problem of access to primary care, with physician shortages in the fields of internal medicine and certified gerontologists. The Internal Medicine Department is a representation of this shortage, with no significant growth occurring. Few physicians enter residency programs in geriatric medicine. Although Emergency and Disaster services are of great concern for the hospital and community, the supply of geriatric internal medicine physicians are also of great concern. With declining reimbursement, fewer and fewer private practice physicians are seeing senior patients. Medicaid and Medicare patients are increasingly coming to VMC from outside the district, and as this is such a growing concern, Dr. Thompson asked the organization and Board to consider addressing the issue and consider how far can we go in taking on these patients? At what point can the hospital continue to assume losses in primary care and at the same time expand to meet the needs of the community? He noted that the University of Washington Medical Center and Harborview are increasingly turning patients away, and that in the future Ms. Dalrymple will experience calls from GoldenCare members looking for physicians in the future.

Dr. Beattie introduced Frank Thomas, M.D., the incoming Chief of Staff. Dr. Thomas took a moment to comment on Dr. Thompson's review of the concerns over geriatric care services, encouraging the Board to focus on the problem. He noted that reimbursements have declined dramatically and that it is a societal problem for American medicine across the country. As healthcare is becoming more complicated, better communication between the Medical Executive Committee and the Board is encouraged, with both groups understanding their mission, issues and constraints, ensuring that everyone is on the same page.

Dr. Beattie noted the Medical Executive Committee's commitment to improved access to the Board of Commissioners and will be sending letters to the Commissioners inviting them to attend MEC meetings over the next several months. The MEC will be starting a new monthly newsletter to the Medical Staff and will be bringing Board-approved minutes to the MEC meetings.

Dr. Beattie briefly reviewed a potential Medical Staff ER Call Compensation Plan and the extensive data that has been presented to the MEC. She noted that the hospital may have to find the funds to cover the additional expense in the future as the ER burden continues to increase.

#### Bylaws Revisions

Dr. Beattie called the Board's attention to the redlined Medical Staff Bylaws which contain proposed amendments that were approved by the Medical Staff membership, and asked for Board approval to finalize the Bylaws as presented.

#### MOTION

It was moved, seconded and unanimously carried to approve the amendments to the Medical Staff Bylaws as submitted. Copy of the revisions is attached to these minutes.

Dr. Beattie noted that the Medical Staff will continue reviewing, amending and approving sections of the Bylaws over the next few months and will present them to the Board for approval.

#### Credentials

#### MOTION

Recommendations dated March 11, 2008, from the Medical Executive Committee outlining appointments, reappointments, changes of staff status, and resignations were individually reviewed by Dr. Beattie. It was moved, seconded and unanimously carried to approve credentialing/privileging recommendations as presented. Copies are attached to and made part of these minutes.

Mr. Roodman commented on the professionalism and guardian role of the Professional Performance Committee. He acknowledged the presence at this meeting of Dr. Frank Thomas, Dr. Gabe Alperovich and Dr. Ron Cohen, commending them for their commitment and thanking them for their contributions to the Medical Executive Committee. He noted that Dr. Thomas and Dr. Beattie attended a recent training program out of state and commended the conscientious service they contribute to our credentialing processes.

#### Joint Commission Survey

Dr. Beattie said The Joint Commission unannounced survey last week was all-in-all a successful five-day survey. One surveyor is still expected for a day-long review of Environment of Care. The surveyors commented that they were impressed with our facilities, our employees were knowledgeable and welcoming, our Radiation Oncology and NICU were impressive, documentation was clear, our systems were organized, our medication reconciliation was truly "best practice," and our clinic medical records were impressive. They were very complimentary and appreciative. They were especially

impressed with hourly rounding, the Getwell Network and commented that our patients were well-informed.

Mr. Roodman commended Dr. Beattie, Mr. Alleman, Mr. Hayes, Mr. Larson and Ms. Mitchell on the Joint Commission Survey and thanked them for their dedication and hard work.

Dr. Beattie reviewed preliminary Joint Commission findings which included comments on timely labeling of containers, timeliness of updating chart H & P information within 24 hours, assuring written information given to patients is in lay language, and assuring timeliness and accuracy of medical record entries. Supplemental recommendations are anticipated regarding pre-printed order sets. The Environment of Care one-day survey will be conducted by an engineer within the next several days. Todd Thomas will be the primary liaison with the engineer.

Commissioner Bowman commented that she has participated in Joint Commission surveys for 25 years and knows what our facility has been going through preparing for this survey. She commended Administration on preparedness, commitment and result.

## Reports

### Reports from Administration

#### Marketing and Human Resources Update

Ms. Mitchell reported that nurse recruitment continues to be a high priority. Mr. Roodman commented on nursing shortages and possible recruitment from other countries. Mr. Alleman stated that the traditional low pay for nurse educators impedes the ability for schools to increase their enrollment.

Ms. Mitchell reported that a collaborative effort between the Washington State Hospital Association, the Northwest Nurse Executive organization and three area unions for staffing legislation was successful. VMC will be required to have a staffing committee with a 50% nurse membership to develop a plan for next year and post the plan on the units. The legislature has budgeted \$170,000 for continued collaborative work.

#### Operations Update

Mr. Hayes stated that Ernst & Young will begin the Performance Audit next week, and noted it will consume hundreds of hours of hospital staff time, including responding to surveyors and pulling required documents for review. Mr. Hayes estimates 16 to 20 hours for his portion alone and estimates the same for each Senior Executive.

Mr. Hayes discussed the Joint Commission survey, noting that the four findings are areas for improvement in patient care services. There will be a continued on-going commitment to patient safety standards such as patient identification, hand hygiene, labeling and storage of medications, documentation of physician orders, critical lab results, prevention of patient falls, etc. Close to 20 patient safety standards were initiated in 2005-2006 and, in 2007, standards involving patients and families in a culture of safety and assessing patients for risk of suicide were added. This year, the medical response teams and management of patients with anticoagulation therapy are being added.

The education component of The Getwell Network interactive system, which provides patients with information, education and access to services within the health care community, continues to be added to all units. No other facility on the west coast has this system in place today. The system was a major positive highlight noted by the Joint Commission surveyors.

#### Patient Care Services Update

Mr. Alleman reported on ongoing efforts to recruit foreign nurses, focusing on the recent request for information sent to European and Philippine nursing schools. A two-year contract has been signed with the recruitment firm, GlobalCare. A recruitment team will be sent to the Philippines to participate in their May recruitment event. Plans are underway to add 25 to 40 nurses over the next year, in groups of six to eight. This is a recognized strategic move of hospitals in our region. As a return on investment, we expect that within a year we should recoup the cost of what we would pay in agency traveler nurses. If the nurse leaves Valley within one year of hire, GlobalCare replaces the nurse at their expense.

The focus will be mostly in the areas of ICU, Med-Surg and OB, with GlobalCare taking care of visa requirements, passing nursing board exams, making living and family arrangements and all other preparation work before we meet the nurses in orientation. We plan to have an international ambassador in place, someone from the Philippines to meet and greet the nurses.

Mr. Alleman reported that work continues on "patient throughput," the flow of patients through our Emergency Department to nursing units. A consulting firm, SG-II, has been identified to assist in improving this admissions process.

#### Financial Affairs

Ms. Grinnell presented financial items to the Board for review and approval:

#### Bills and Vouchers

It was moved and seconded to approve the following bills and vouchers:

Lydig Construction, Inc. (Emergency Tower - App No. 4)	\$2,334,012.27
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	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	13788	13840	2/29/2008	10,127.13
ACCOUNTS PAYABLE	24766	24822	2/29/2008	10,783.99
ACCOUNTS PAYABLE	2095579	2095850	2/26/2008	1,595,669.43
ACCOUNTS PAYABLE	2095851	2096135	2/28/2008	2,795,932.19
ACCOUNTS PAYABLE	2096136	2096335	3/4/2008	1,397,220.14
ACCOUNTS PAYABLE	2096336	2096563	3/6/2008	2,218,259.37
TOTAL AP				<u>8,027,992.25</u>
WIRES OR EFT				<u>1,123,742.35</u>
GRAND TOTAL				<u>\$11,485,746.87</u>

#### MOTION

The motion to approve bills and warrants carried unanimously.

#### Write-off of Accounts Receivable

#### MOTION

The Board, by motion, unanimously approved write-offs of hospital and clinic accounts receivable in the amount of \$4,432,048, of which \$4,431,611 has been referred to collection. The balance of \$437 represents bankrupt accounts and cancellations.

Resolution No. 877 – Surplus Property

MOTION

It was moved and seconded to approve Resolution No. 877 declaring certain equipment in the District's hospital as surplus to the needs of the District and directing the Superintendent or his designee to effect proper disposal of such surplus property, as provided by statute. Motion carried unanimously.

Financial Update

Ms. Grinnell said that Moss Adams, external CPA firm, has completed fieldwork and would most likely present their report at the April 21<sup>st</sup> Board meeting. In order to make our Bond covenant requirements, we need to have the audit issued by April 30, 2008. She said that pursuant to the memo distributed with the draft preliminary December, 2007 financial statement, several adjustments that were anticipated have been made. Namely, these include the Swedish Heart Institute revenue (\$1.5 million positive impact), Imaging Partners at Valley's cash to accrual conversion (a \$1.3 million downward adjustment – the first time we recall an adjustment decreasing IPV's income) and adjustments to contractals specifically as it relates to debt/self pay.

Ms. Grinnell explained that during year-end, it is customary to perform extensive analysis on the bad debt expense and the corresponding bad debt reserve figures. During this detailed analysis, an additional adjustment of approximately \$3 million was made to the year-end figures to appropriately reflect bad debt expense. Mr. Roodman noted that we still have a healthy bottom line.

Ms. Grinnell said that bad debts/self pay is reserved at 90% and we anticipate recovering 10 cents on the dollar. 2007 and 2008 have the same projection, where 90% of self pay is unrecoverable.

She reported on the upcoming Ernst & Young performance audit of the three largest public hospital districts (Valley, Evergreen and Stevens), which will focus on four specific areas: procurement, construction management, communication and administration/hospital based operations. The auditors have requested significant data and informational surveys on all four areas. Ernst & Young will use the surveys to determine who they would like to interview. The data requests for this audit are substantial and two members of her staff are working full-time on pulling the requested data and tracking the time spent on the project. In discussions with the auditors, several of the more voluminous data requests have been either initially reduced or the timeliness slightly extended. This three-hospital audit costs the state approximately \$700,000 and involved an estimated total of 3,200 hours of work.

Mr. Smith commented that contrary to some statements in the press, this is not just a Valley Medical Center audit, it's a three-hospital survey, ending with one audit report. Mr. Roodman noted that this audit will find "best practices" and probably end with greater opportunities for savings that more than likely will equal more than the \$700,000 cost.

Ms. Grinnell expressed appreciation for the quick Board action taken recently to facilitate the LTGO Bond issue.

Commissioner Hemstad noted that there was a good article in the front page of The Seattle Times, Sunday edition, Section C on the auction rate market collapse.

Physician Recruitment Update

Dr. Thompson reported on negotiating an employment contract with a spine neurosurgeon to replace Dr. Wright, with an expected start date in six months. He also announced the employment of Dr. Mark Piker, headache and epilepsy physician. Dr.

Don Thai, a pediatric neurologist, Dr. Joyce Gauthier, rheumatologist, Dr. Brenda Myers-Powell, an ophthalmologist, and Dr. Korina Tanner, Family Medicine at Covington have also been recruited. Two other R-3's are interviewing for openings at our Kent Clinic, Dr. Nate Thompson from VFM and a Russian-speaking family physician.

Commissioner Miller asked if Dr. Thompson has talked with Children's Therapy regarding any increases in autism cases and in research in this area. Dr. Thompson confirmed that we have.

Dr. Thompson noted he is attending a dinner with Swedish Medical Center Thoracic Surgeon's this week along with Dr. Bill Park from Southlake Clinic, and there remains interest from Overlake Hospital physicians in working on a joint effort tumor board for lung cancer patients. Dr. Thompson noted that Dr. Richard Lomas' practice on Talbot Road had problems with the physician who had bought it and closed their doors last week, creating problems for their existing patients. Mr. Roodman noted that Ms. Mitchell will work on marketing opportunities for VMC's Eye Center.

He reported that our new Covington Urgent Care Clinic has been seeing around 20 patients a day. We hope to open a Benson Road Urgent Care Clinic this June and have the Newcastle 2<sup>nd</sup> Floor Urgent Care Clinic open in next fall; we are currently recruiting for four (4) open positions to staff our Urgent Care clinics. Mr. Roodman noted that we had discussed with the Associated Emergency Physicians group a possible alliance with our Urgent Care Clinics, but they declined.

Dr. Thompson explained that urology is another area of great need and that Dr. Jeff Cooper's new partner will join his practice in August.

Mr. Roodman noted that today Dr. Riddle, Clinic Medical Director, is pursuing opportunities for a request for proposal with Walmart, which would put our clinics into their "superstore" locations. (Covington and Renton are not Superstores as their Puyallup location is.) With 10,000 customers a day shopping at Walmart, we are interested in a cash-only clinic arrangement with ARNPs providing appropriate medical services.

Mr. Roodman introduced Ron Cohen, MD, VMC's Chief of Psychiatry; Mr. Cohen noted that the Psychiatry and Counseling Center Clinic receives poor reimbursement which makes it difficult to recruit new physicians. Dr. Cohen has been trying to recruit psychiatrists for some time now.

Recess

President Jacobson acknowledged a request for a recess at 7:30 p.m. following which the Board convened in Executive Session for approximately 20 minutes for the purpose of discussing specific real estate issues permitted by RCW 42.30.110(b), and litigation issues permitted by RCW 42.30.110(i).

Reconvened

The meeting reconvened at 7:49 p.m.

Adjournment

There being no further business, motion was made to adjourn this meeting at 7:50 p.m.