

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

Held on June 16, 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 Carolyn V. Parnell, Secretary, Commissioner District No. 2
Paul Hayes, R.N., Executive Vice President
Scott Alleman, R.N., Senior Vice President – Patient Care Services
Michael Bernstein, Senior Vice President - Chief Financial Officer
Barbara Mitchell, Senior Vice President – HR and Marketing
Paul Larson, Senior Vice President – Clinic Network
Bob Thompson, MD, Vice President – Physician Relations
Kathryn Beattie, M.D., Senior Vice President – Chief Medical Officer
David Smith, General Counsel
Pamela Fowler, Director, Marketing
Carol Hamel, Executive Assistant
Sandra Sward, Executive Assistant

Those present for a portion of the meeting:

Todd Thomas, Vice President – Facilities and Engineering
Frank Thomas, MD, Chief of Staff

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Jacobson at 3:35 pm in the Board Room of Valley Medical Center. It was moved and seconded to approve the minutes of the meeting of June 2, 2008. Motion carried unanimously.

Paul Hayes requested and was granted permission to read a letter from a patient's husband regarding their positive experiences in the Birth Center. The letter detailed what they considered excellent care in Pre-Registration, Triage, the Birthing Suite, Anesthesia, RN care, hearing tests, pictures, Lactation Training and Room Service.

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

The City of Kent Health Fair was held on June 12. Both the Eye Center and Bariatrics Clinic had booths and distributed information.

On June 19 VMC will sponsor a table at the Washington CEO Magazine event at the Washington State Convention Center. Valley has again achieved a "Best Company to Work For" award.

The June 11 edition of the Renton Reporter featured the Renton Relay for Life. Valley Medical Center was a major presence at this event and was mentioned several times in the article with an employee picture on the front page. Valley will also sponsor the Maple Valley/Black Diamond/Covington Relay for Life on June 27 and 28.

On June 26, VMC will sponsor a table at the Renton Salvation Army Benefit Dinner at the Spirit of Washington Events Center. On July 4, Valley will participate in the Kent "July Splash."

Capital Expenditures/Clinical Equip/Programs

Award of Contract – Urgent Care Tenant Improvement Project

Mr. Thomas reported that the Request for Bids document was revised by the architects before distribution. They inadvertently combined two documents which contained conflicting information. In one area bidders were advised that they were required to attend a pre-bid meeting in order to be considered. In another area it stated that attendance at that meeting would be a factor in comparing bids, but it did not state that it was mandatory. The low bidder did not attend the meeting. The second lowest bidder contested the validity of that bid on those grounds. Outside and inside counsel reviewed the issue. They advised that either bid could be accepted. The alternative would be to reject all bids and start with a new request. This would delay the project. The low bidder, HS Builders, has completed the 3 North remodel and the On-Call Sleep Room project at VMC and their work has been acceptable. Recent reference checks with other clients have been positive. The construction estimate for this project is \$357,893.

MOTION

It was moved and seconded to award the Urgent Care Tenant Improvement Project to the low bidder, HS Builders in the amount of \$355,365, including taxes and contingencies. President Jacobson requested that the architects be reminded of their role in the bidding process and that the bids come in based on their paper work. Motion carried unanimously.

Multispecialty Emergency Services and Inpatient Coverage

Dr. Beattie presented information on VMC's provision of emergency healthcare in compliance with EMTALA requirements. EMTALA is the federal law enacted by Congress to assure that patients who come to hospitals for treatment of an emergency medical condition receive appropriate medical screening and treatment and are only transferred if appropriate. This act includes requirements for on-call specialty physicians to respond within a reasonable period of time. VMC's Emergency Department had 72,060 visits in 2007. 885 were transferred because they required treatment VMC did not offer. Availability and compensation of on-call specialists has been problematic, particularly with changes in reimbursement. Chief of Staff Frank Thomas, MD mentioned that when he is on call now he is compensated less than an RN for the time and services required of him. Recently an ED Call Compensation Task Force evaluated the work involved in each specialty and created "burden factors" based on numbers of patients, numbers of physicians and payer mix. On-call compensation is now augmented based on this "burden."

In addition to traditional on call arrangements, other programs are in place or are under development or expansion to facilitate care in the ED and after admission. Currently, hospitalist programs provide ED backup by family medicine physicians and internists. They also admit and follow-up patients. There are also several surgical and specialty ED on-call arrangements. A Surgical Hospitalist program is beginning development by the end of the year to provide follow-up for surgical patients who come in through the ED. An emergent care Orthopedic program will contract with one group to provide emergency and on-call coverage as well as post-op follow-up for patients. Other programs will include Laborists, Family Medicine Clinic Network Hospitalists and expansion of the existing Adult Hospitalist program. Finally, contracts that assure the availability of support specialties such as anesthesia, pathology and radiology are in place. The cost of all programs combined is estimated to be \$5.3 million annually.

Construction Crane Shut-Down

President Jacobson asked Todd Thomas to discuss the shut-down of the construction crane by state L&I inspectors. Mr. Thomas explained that the external power comes into the crane through electrical panels on the bottom. These panels do not have a URL listing, but a CE listing which is a European equivalent. This was originally approved by L&I, but since a recent New York City crane issue states have become more interested in crane safety. The crane supplier, Lewis Crane, immediately shut our crane down and had new panels made with a URL number that could be inspected. The crane is now back in service. Work was not impacted and the burden of charges will be borne by Lewis Crane Company.

Tour of South Tower

Mr. Thomas conducted a tour of the construction site for the South Tower for the Commissioners and Administration.

Medical Affairs

Credentials

MOTION

Recommendations dated June 10, 2008, from the Medical Executive Committee outlining appointments, reappointments, changes of staff status, change in privileges, and resignations were reviewed by Dr. Beattie. It was moved, seconded and carried unanimously to approve credentialing/privileging recommendations as presented. Copies are attached to and made part of these minutes.

Medical Executive Committee

Dr. Beattie reported that Commissioners Bowman and Parnell were guests at the Medical Executive Meeting in June as part of an effort to enhance communication between the MEC, the Medical Staff and the Board. Commissioners Miller and Hemstad will be invited to attend the July Medical Executive Committee meeting.

Changes in the privileging templates were discuss and distributed to department chairs. The goal is to have them finalized by the end of the year.

The MEC is also finalizing some proposals for changes to Medical Staff Policy. The first proposed change would include bringing the Directors of the Family Medicine Residency and Hospitalist Medical Director to the MEC meetings on a visiting basis. The second proposed change is to allow medical staff members in categories other than Active to be appointed to the Professional Performance Committee. The changes are out for a 30-day review by the medical staff. If approved they will be sent to the Board for approval.

Quality Management Update

Dr. Beattie reported that the Outcomes Management Department has submitted the response plan for the recent Joint Commission survey. They will review and an approval our Evidence of Standards Compliance to indicate VMC is compliant.

Financial Affairs

Finance Update

Mr. Bernstein reported that the field work for the performance audit is almost complete. The auditors have distributed a survey to a sampling of the entire workforce. Findings will be sent from the auditors to the State Auditor's Office next week. Discussions regarding construction and administration are scheduled for the current week. Cost savings and communications are not in the current discussions. There is a question regarding the methodology to quantify communication. The State Auditor should be sending a final draft report in August.

Write-off of Accounts Receivable

MOTION The Board, by motion, approved a request to write off Hospital and Clinic accounts receivable in the amount of \$4,630,870.88, of which \$4,630,362.27 has been referred to Collection. The balance of \$508.61 represents bankrupt accounts and cancellations. Mr. Bernstein reported that this was the highest total for one month ever. Commissioner Hemstad asked if it is increasing as a percentage of overall business. Mr. Bernstein responded that it is.

MOTION The Board, by motion, approved payments of the following bills and vouchers:

Absher Construction (Surgery Project – App. No. 27)	\$465,762.53
PCL Construction Services (Linear Accelerator Project – App. No. 1)	43,108.00

	WARRANT NUMBERS			
	FROM	TO		
ACCOUNTS PAYABLE	25313	25400	6/03/2008	120,470.83
ACCOUNTS PAYABLE	2101869	2102171	5/29/2008	1,394,773.54
ACCOUNTS PAYABLE	2102172	2102371	6/03/2008	1,698,638.50
ACCOUNTS PAYABLE	2102372	2102373	6/03/2008	90,254.73
ACCOUNTS PAYABLE	2102374	2102627	6/05/2008	1,486,901.47
ACCOUNTS PAYABLE	2102628	2102628	6/05/2008	20,455.68
ACCOUNTS PAYABLE	2102629	2102879	6/10/2008	<u>4,484,432.02</u>
TOTAL AP				9,295,926.77
WIRES OR EFT				1,029,976.62
GRAND TOTAL				\$10,834,773.92

Resolution No. 883 – Surplus Property

MOTION It was moved and seconded to approve Resolution No. 883 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. Motion carried unanimously.

Reports Reports from Administration

Operations Update

Mr. Hayes presented a follow-up on a report from Mr. Bernstein at the last meeting calling for a 4% across the board savings. Managers have been asked to detail how each can provide the 4% savings from the actual expenses of the first five months of 2008 for June through December, 2008. Targets were provided for each Administrator. What has been quantified so far equals a \$4.9 million saving. A monitoring process has begun to ensure the plans are

carried out. President Jacobson asked if the cost of the performance audit is being tracked. Mr. Hayes responded that it is, but up to date dollar figures have not been quantified.

Mr. Hayes then discussed Valley Medical Center's impact on the environment and the stewardship responsibilities that entails. Employee awareness was introduced with this year's Valley Team Month gift which was a jute bag containing a mug and a Green TE light bulb. The bag is made of a renewable resource, the mug can be used instead of bottles or cans and information was included with the gift on the impact of using the light bulb. Mr. Hayes presented one of the bags to each commissioner. Aramark, our food supplier will introduce a program in the coming week tagging foods as organic, locally grown, vegetarian, healthy grains, steamed and 0% trans fat. They will also look at our paper products to be sure they are recyclable. Valley also uses approximately 30 chemicals for cleaning and treatment that enter the environment. Roughly one third of these are labeled "eco friendly." We will continue to research the other two thirds for impact on the waste stream.

Patient Care Services Update

Mr. Alleman presented the assessment of patient throughput which was conducted by Sg2. Their assessment was divided into four categories: access, patient placement, care delivery and discharge process. They spent two weeks reviewing data, interviewing staff and identifying key processes where additional resources and different ways of doing things may make a difference. A work plan was sketched out to review the entire program. Our charge is to identify two or three specific areas in which to make significant changes by the end of the year. Updates will be presented to the Board.

Marketing and Human Resources

Ms. Mitchell reported that the Summer issue of Golden Living is at the printer now. Copies will be in the mail within the next two weeks. It will also be distributed at the next Board of Commissioners meeting.

Ms. Mitchell also passed out an SEIU bulletin. Negotiations have not been moving quickly, however the agreed upon Training Trust only goes into effect after the contracts are ratified so activity is expected before the end of June. SEIU has proposed changes in over 80 items between the three RN, LPN and Service Agreements.

Clinics Update

Mr. Larson reported that the opening date for the Lake Sawyer Clinic is July 21. Construction should be complete by the Fourth of July weekend, so the remaining two weeks can be spent on set-up.

Productivity, throughput and efficiency are also being reviewed in the clinics. Kim McClung is working with the clinic managers to identify ways to increase efficiency so that productivity can be increased, also ensuring that physicians are not doing things they don't need to do. Principles are being established as to how the clinic will function. Everyone needs to work to the limit of their skill and ability. Work is divided into visit care, not-visit care and non-visit work.

New Business Development

Mr. Glenn commented on Dr. Beattie's credentialing report. Dr. Thai, who was on the list of new physicians, completes the program with the addition of pediatric neurology. He focuses on pediatric epilepsy, an area that currently has a 4-month wait for care at other centers. Primary care providers can now refer children to Valley for a high level of care not previously available in this area

Mr. Glenn also presented an update on the PCI process. The draft report has been finalized and has gone to public hearing and input. We will formally propose a change to the rules on how the state uses criteria to approve new programs. Current criteria is based on distance from another facility in the same planning area. It does not consider distance in another county. It is felt that it should consider the distance of facilities geographically. If that change is granted Valley Medical Center has a good chance of getting a permit to be a facility.

Recruitment Update

Dr. Thompson commented on the annual Physician Manpower Survey which will begin soon. This study will review the demand for various specialties in the area by conducting surveys and interviews with physicians and others to identify capacity, issues, supply issues and where they see needs in the community. The final study will be presented to the Board.

King County Project Access continues to be a focus for Dr. Thompson. This three year old project was implemented on the East Side to attempt to provide medical care for the uninsured and under-insured. The project comes into a community to seek the willingness on the part of specialty staff to do a limited amount of pro-bono work. Southlake Clinic has agreed to work with the Project. An orthopedic clinic is also greatly needed. Paul Larson, Dr. Thompson and Dr. Pedroza are all working on the program in South King County.

Public Comment

At 6:00 pm President Jacobson asked if there was any comment from the public. There was none.

Comments From Commissioners

President Jacobson asked if there were any comments from commissioners. There were none.

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| Recess | President Jacobson acknowledged a request for a recess at 6:05 pm, following which the Board convened in Executive Session for approximately 30 minutes for the purpose of discussing specific labor and real estate issues permitted by RCW 42.30.110(b) and (c). |
| Reconvened | The meeting reconvened at 6:40 p.m. |
| MOTION | <u>Commissioner Excused</u>
It was moved, seconded and carried to excuse Commissioner Miller from this meeting. |
| Adjournment | There being no further business, motion was made to adjourn this meeting at 6:45 p.m. |