

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

Held on June 2, 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
Commissioner Carolyn V. Parnell, Secretary, Commissioner, District No. 2
Richard D. Roodman, Administrator/CEO – Superintendent
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
L. Michael Glenn, Senior Vice-President – Business Development
Paul Larson, Senior Vice President – Clinic Network
Barbara Mitchell, Senior Vice President – HR and Marketing
David E. Smith – General Counsel
Kris Tiernan, Assistant to CEO and Board of Commissioners
Sandra Sward, Executive Assistant

Those present for a portion of the meeting:

George Beal, Perkins Coie
Frank Thomas, MD, Chief of Staff
Anne Grimes, RN, MN, Director of Wellness Services
Nick Baisch, Lift Team
Kelly Lynch, Lift Team
Janet Harris, Auburn Regional Medical Center
Sylvia Cavazos, Taxpayer/Coalition to Preserve our Hospital District

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. It was moved and seconded to approve the minutes of the meeting of May 19, 2008. Motion carried unanimously.

Unfinished Business Revision to the Code of Ethics

Mr. Beal reviewed the process of collecting comments on the Code of Ethics (adopted December 17, 2007) which has become a collaborative effort during past few months. Mr. Beal noted that since the Board had formally adopted the Code of Ethics, it has been in effect for all commissioners, whether signed or not by individual commissioners. A new draft, intended to capture the legitimate issues raised, was generated and distributed prior to the last Board meeting. Following discussion at the last meeting, commissioners were requested to submit their revisions or concerns in writing by May 28, 2008. Mr. Beal stated that he has received two communications; one from Commissioner Hemstad and one from the Institute of Justice, forwarded by Commissioner Hemstad. Mr. Beal then summarized each of Commissioner Hemstad's suggestions and those from the Institute of Justice, copies of which had been distributed with the Board packets.

Considerable discussion followed. President Jacobson reminded the Board that a motion to approve the Code of Ethics had been carried over from the last meeting. Commissioner

Miller stated that he cannot continue to support the Code of Ethics for various reasons and believes the Board Bylaws and the state statutes provide adequate guidelines and protections for the actions and inactions of the Board of Commissioners. Mr. Smith noted that new IRS regulations advise that 501c3 organizations should have an ethics code and that some hospitals in the area do have ethics codes and/or codes of conduct including Highline and Swedish Medical Centers. There was further discussion of whether the code violates free speech, the appropriateness and validity of the concerns of the Institute of Justice, and the extreme amount of time being spent discussing this issue.

MOTION President Jacobson said it has been moved and seconded to approve the Code of Ethics, as amended and restated by legal counsel. Commissioner Hemstad moved to consider Commissioner Miller's option of abandoning the Code of Ethics and table the pending motion. There was a second. There was a call for the question. The motion to table the pending motion and consider abandoning the Code of Ethics failed by a vote of two in favor (Hemstad, Miller) and three against (Bowman, Parnell, Jacobson).

MOTION Commissioner Hemstad said he had a variety of other issues with the proposed revised Code of Ethics and would encourage the Board to take a hard look at the changes he has suggested. He moved approval of his changes to Section V, Paragraph O. The motion died for lack of second

MOTION Commissioner Hemstad said he had several other amendments, but in the interest of time would skip to Section VII, Enforcement of Code. He suggested that an independent group such as JAMS would be more appropriate to review violations. Mr. Smith said that JAMS is an entity that resolves lawsuits and thus he felt it was not an appropriate organization for mediating disputes. Commissioner Hemstad moved to approve his suggested changes to Section VII. The motion died for lack of second.

Commissioner Hemstad said he would not request further amendments at this time.

Commissioner Miller said that if the majority was not in favor of repealing the Code of Ethics, the amended Code of Ethics was more acceptable to him than the Code as originally adopted last December.

MOTION It was moved and seconded to adopt the Board of Commissioners Code of Ethics as amended and restated as distributed with the Board packets. Motion carried by a vote of four in favor (Bowman, Miller, Parnell and Jacobson) and one against (Hemstad).

Mr. Roodman commented for clarification purposes regarding Commissioner Hemstad's proposed changes to Section V, Paragraph O, that at any given time there are as many as six labor contracts under review, continual negotiations are underway with physicians being recruited for various positions, negotiations for cost reductions with third party payors are being conducted, discussions are underway for the purpose of exploring joint ventures with physicians groups, and negotiations with property owners, developers, etc., are in progress. The District Superintendent has certain statutory and regulatory responsibilities. If anything goes wrong, the Superintendent may be found to be responsible. Therefore, if a commissioner were to become involved in any negotiation that could possibly undermine that negotiation, there could be both statutory implications as well as employment contract ramifications.

Ethics Complaint From C. Clifford Against Four Commissioners and Vote of No Confidence in One Commissioner

President Jacobson noted these two outstanding issues and requested that Administration work with legal counsel to prepare responses and then circulate to the Board for further review and discussion. President Jacobson noted that this is the same process followed when responding to public input during previous months.

New Business

President Jacobson acknowledged a nine point reform proposal previously submitted by Commissioner Hemstad. He suggested considering points #1 and #6 at this time.

"#1 Open meetings should be tape recorded. Governments a small fraction of VMC's size record their meetings and this is a very basic tenet of transparent government."

Commissioner Hemstad stated that Washington State is a leader in open government. It would be a sign of leadership if the Board would engage with the spirit of the Open Public Meetings Act (OPMA) and audio record meetings. Most significant governments do record meetings and Valley Medical Center, as the largest public hospital district in the state, would take a leadership role by doing so. By audio recording, the intent of discussions would be clear and there would be no question about what was said. A case in point is the original adoption of the Code of Ethics last December which was described in the minutes by only a couple of sentences. It was pointed out by Mr. Smith that the Board of Commissioners is not a court of law and as such there is no statutory need for a transcript of every word. Valley's Board is a hospital board not a legislature or city council. Hospital boards, by nature, at times deal with very specific information which is required to be kept confidential. Hospital boards should be compared to hospital boards, not other types of government. Mr. Roodman added that in preparation for this discussion, he asked staff to survey all of the public hospital districts in the state and only five of the 54 districts use a tape recorder as a mechanism to maintain a permanent record of Board meetings. Fire districts within the hospital district, which are also junior taxing districts, were also contacted and they do not tape record meetings. Other junior taxing districts could also be surveyed, but it is believed that they do not tape record Board meetings. Commissioner Hemstad stated that confidential items are only discussed in Executive Session, which is not subject to the OPMA. He stated that more and more governments are moving toward tape recording meetings; Snoqualmie Valley Hospital has done this for years; and Valley Medical Center, which has been criticized in the past, has an opportunity to take a positive step forward by being a leader in transparency.

MOTION

Commissioner Hemstad moved to tape record open Board of Commissioner meetings. Motion died for lack of second.

"#6 The Commission could meet three times per month instead of twice, with the additional meeting being a "study session."

Commissioner Hemstad said that another reform proposal is to review the meeting format. With new Board members, meetings are going on longer than in the past and lengthy four to five hour meetings are difficult on commissioners and staff. He suggested that as the majority of meeting time is spent on oral informational presentations by staff, these could be done at a separate "study session" on a different day. Commissioner Bowman commented that when she ran for the Board, she understood the meetings were on Monday afternoon/evening and that she is not available other weekday evenings. Commissioner Parnell commented that she doesn't mind the long meetings and would have difficult getting to meetings on another night. Commissioner Miller said he would prefer to stay at two Board meetings per month. President Jacobson said everyone would prefer shorter meetings. Recent meetings have involved discussion lasting an hour or so on non-hospital issues. He suggested that if a study session is needed it could be held before or after a regular business meeting. Commissioner Hemstad said that if a study

session is held on the same day as a regular meeting, he would prefer it be prior to 3:30 p.m., and that if the Board is looking for ways to constructively move forward, this would be a reasonable thing to do.

MOTION

Commissioner Hemstad moved to consider having a study session, for informational presentations, at least once a month separate from the two regular Board meetings. Motion died for lack of second.

President Jacobson asked Commissioner Hemstad to contact Administration about any other reform proposals he would like on the agenda of future Board meetings.

Community Affairs

Ms. Mitchell introduced Pamela Fowler, who recently joined VMC as Director of Marketing and Community Affairs. Ms. Fowler reported on activities of the Community Affairs Department as follows:

The McLendon's Mural Ribbon Cutting ceremony, part of a Renton Chamber Networking Breakfast held last Friday, May 30th, was very well attended. The mural, called "McLendon Hardware and Valley Medical Center – Born and Raised in Renton" is on a wall inside McLendon's flagship store, located on the site of the original Renton Hospital.

On May 30th-31st, VMC sponsored the American Cancer Society Kent Relay for Life. Next weekend, June 7th-8th, VMC will sponsor the Renton Relay for life. Over 100 representatives from VMC are expected.

Also on June 7th-8th, representatives of Children's Therapy will participate in the IKEA Kids Club Health and Safety Fair at the IKEA store. Information and promotional items will be handed out.

Valley will sponsor a table at the Renton Chamber Business Excellence Awards dinner on June 4th at Renton Technical College.

On June 12th, Valley will participate in the City of Kent Health Fair for Kent city employees. Both the Eye Center and Washington Bariatric and Weight Loss Center will distribute information and promotional items.

Ms. Fowler distributed articles on Midwives at Valley celebrating delivery of their 500th baby at VMC; Valley RN Marianne Houline receiving the 2008 Certified GI Professional of the Year Award; the McLendon/VMC Mural ribbon cutting; and Valley's Emergency Department Tower project. The Spring Edition of Valley's Clinic Newsletter was also distributed.

Capital Expenditures/
Clinical Equipment/
Programs

Safe Patient Handling

Anne Grimes described the Safe Patient Handling program, noting that Valley's Lift Team was established in 2000. In 2006, a state law was enacted mandating that hospitals develop safe patient handling committees, protocols and acquire lifting equipment over the following three years in order to maintain state licensure. Valley is in compliance with all mandates. Safe patient handling means a more comfortable transfer for the patient, reduction of skin tears, less injury than manual manipulation, a reduction in falls and greater dignity. For staff it means reduced MSD injuries, less fatigue, reduction in staff turnover, retainage of nurses at the bedside, enhancement of quality care and providing a better quality of life. Ms. Grimes reviewed the process for developing Valley's plan,

policies and procedures, and staff training. She described various levels of assistance including standby assist, moderate assist, and maximum assist. Equipment was also discussed including the slider board/sheet/roller, trapeze units, Hover Jack, gait belts, Maxi-Move, Angel Lift, bed scale and Hover Mat. Injury rates for staff have dropped significantly since the Lift Team concept was implemented several years ago. As more and more staff training is accomplished, the injury rates, and subsequent claims, continue to drop. Ms. Grimes introduced Nick Baisch and Kelly Lynch from the Lift Team, who demonstrated the gait belt, Hover Jet and Hover Mat equipment. Future plans include continued training of all staff so that equipment competency continues to rise. Also, ceiling lifts will be installed above all patient beds in the new Emergency Tower project.

Recess President Jacobson called for a brief recess at 5:30 p.m.

Reconvened The meeting reconvened at 5:42 p.m.

Medical Affairs Quality Management Update

Dr. Beattie gave a detailed review of Monthly Board Quality Report related to Hospital Acquired Infections. She referenced a recent *Seattle Times* article on hospital infection rates and the Clostridium difficile (C-diff) overgrowth syndrome that is on the rise in hospitals across the nation. She said the bug lives in the intestinal tract, where it is normally kept in check by other bacteria. Antibiotic treatment can wipe out beneficial bacteria allowing C-diff to proliferate out of control causing illness that is easily spread by contact to other patients. She explained a project done last year on 3 North where patients with hospital-acquired C diff were identified and a strict protocol implemented. After the strict protocol which involved isolation techniques, the rate of C diff was reduced more than three-fold.

The quality metric for "Left without Treatment from the Emergency Department" was also reviewed by Dr. Beattie. The rate has dropped significantly, but remains above average. The drop correlates with an overall drop in ED visits, which may be in part due to the increased census in VMC's Urgent Care clinics.

Dr. Beattie also reported that the Hospitalist Program contract with SIP may be increased from 12 to 14 physicians and that it is possible that VMC may additionally develop a family practice specific hospitalist team. Dr. Beattie said she would comment further on these relationships at a future meeting. Negotiation to initiate a laborist program at Valley is progressing. A tentative start date of October 1, 2008 has been set

Reports Reports from Administration

Financial Affairs

Mr. Bernstein reported that the Fire Protection Districts received their semi-annual installment in May, in accordance with the Interlocal Agreement for Cooperating and Consideration of Emergency Medical and Related Services.

He also reported that as reviewed with the Finance Committee last week, premium time (overtime and agency expense) has exceeded budget by \$3 million this year due to inability to fill open positions. A house-wide initiative has commenced related to agency expense and appropriately tracking of agency time. An effort to reduce spending by 4% across the medical center is underway. Each department head is submitting a plan to reduce of spending for the remainder of the year. This initiative will be monitored monthly with changes made as necessary to achieve target.

The Performance Audit continues and it has been noted that there are some internal controls to improve upon. VMC's procedures for management of labor and productivity have been cited as best practice models. Unfortunately, the procedures do not correlate to labor and benefit costs which are rising at an alarming rate.

Bills/Vouchers

MOTION

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

	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	25195	25229	5/15/2008	14,651.67
ACCOUNTS PAYABLE	25230	25243	5/20/2008	14,732.48
ACCOUNTS PAYABLE	25244	25312	5/22/2008	51,721.70
ACCOUNTS PAYABLE	2100955	2101247	5/15/2008	1,873,105.96
ACCOUNTS PAYABLE	2101248	2101248	5/19/2008	15,348.74
ACCOUNTS PAYABLE	2101249	2101249	5/19/2008	83,969.00
ACCOUNTS PAYABLE	2101250	2101500	5/20/2008	3,658,302.69
ACCOUNTS PAYABLE	2101501	2101736	5/22/2008	6,034,079.44
ACCOUNTS PAYABLE	2101737	2101868	5/27/2008	1,550,566.55
TOTAL AP				13,296,478.23
WIRES OR EFT				1,114,795.97
GRAND TOTAL				\$14,411,274.20

Resolution No. 882 – Surplus Property

MOTION

It was moved and seconded to approve Resolution No. 882 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. The motion was approved unanimously.

Public Comment

Public Comment

At 6:00 p.m., President Jacobson called for public comment. Sylvia Cavazos, President of the Coalition to Preserve our Hospital District, referred to the Vote of No Confidence listed on the agenda and understands it will be addressed. She also said she is a proponent of good government and transparency and was glad to see that the revised Code of Ethics has been adopted. The Coalition is still interested in working with the District and it will continue to track activities. They will monitor any media attention to the Code of Ethics with regard to political motivation.

Patient Care Services

Mr. Alleman addressed the alarming costs related to open RN positions and premium pay. He noted that the recruitment team has just returned from the Philippines with 37 signed RN contracts. The Global Care agency will handle the legal processes of bringing them to the US. It will take about 12 months until the first group arrives. These nurses have a minimum of two years hospital experience. After the initial process there will be a continuous flow of nurses. Due to increasing international competition, he estimates the flow will slow or stop after five years. VMC currently has over 100 vacancies that are being filled with overtime or agency "travelers." Recruitment is being approached from every possible avenue, including working with local schools, sending employees to school, international recruiting, enhancing retention policies with half-shifts, etc. There was a general discussion of the nursing shortage which is expected to overwhelm the national healthcare system by year 2020. The need for additional schools and incentives for nursing instructors was acknowledged. The Washington State Hospital Association recognized the impending shortage several years ago and created a task force to address the problem.

An interim report from Sg2 Consultants on ED throughput has been received. A work plan to address issues will be developed in the coming weeks.

HR & Marketing

Ms. Mitchell also addressed nurse recruitment, noting that VMC is in competition with all other medical centers in the region for qualified staff. The best method is word of mouth and positive publicity received through awards and recognition. For the second year in a row, Valley Medical is on the *Seattle Business Monthly* Best Places to Work list (copies were distributed).

Over 4,000 employees and family members attended the annual picnic and family fun day at *Wild Waves* yesterday.

Ms. Mitchell also said that Pamela Fowler, new Director of Marketing and Community Affairs, has been with VMC 20 days and is having a strong impact in developing a more targeted approach with marketing.

Another new hire, Chuck Tiernan, has joined Valley as Director of Development and will assist with developing a foundation program at VMC.

Clinic Network

As a follow-up to last month's report on Project Access, Mr. Larson reported that a local effort is moving forward to obtain specialty care for under or non-insured patients.

The clinics have contracted with the Ingenex, a coding compliance group which audits physician records to determine if coding coaching is needed. This is part of VMC's corporate compliance program. Ingenex will conduct the audits June 9 and 10.

Business Development

Mr. Glenn provided an update on the status of the DOH rules-making process for hospitals seeking to provide elective PCI cases. The DOH has released the final draft of Elective PCI application rules and conditions.

In this draft, there are several rules, conditions and considerations hospitals must meet in order to successfully apply to the DOH to begin this service. VMC agrees and complies with most of the rules and conditions. There is one condition, however, the medical center does not agree with because it is arbitrary in nature and inconsistent with the stated goals of the DOH. This requirement deals with the way "planning areas" are referenced and the method of determining proximity of applicant hospitals to hospitals with existing PCI programs. VMC has learned that many other organizations believe this rule is arbitrary and would like to see it revised. These organizations have pledged to work together to submit improved language which we believe will be accepted into the final draft by the DOH. Mr. Glenn will keep the board posted on the progress of this important issue.

- Recess President Jacobson acknowledged a request for a recess at 6:33 p.m. following which the Board convened in Executive Session for approximately 40 minutes for the purpose of discussing specific personnel issues permitted by RCW 42.30.110(g) and real estate issues permitted by RCW.42.30.110(b) and (c). Mr. Roodman said no action would be necessary following the Executive Session.
- Reconvened The meeting reconvened at 7:25 p.m.
- Adjournment There being no further business, motion was made to adjourn this meeting at 7:26 p.m.