

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

Held on July 7, 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
Paul S. Hayes, R.N., Executive Vice President
Kathryn D. Beattie, M.D., Senior Vice President - Chief Medical 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
Robert L. Thompson, M.D., Vice President – Physician Relations
David E. Smith – General Counsel
Jeannine Grinnell, Vice President - Finance
Pamela Fowler, Director – Marketing and Community Affairs
Kris Tiernan, Assistant to CEO and Board of Commissioners
Sandra Sward, Executive Assistant

Those present for a portion of the meeting:

Todd Thomas, Vice President – Facilities
Rand Strobel, Vice President – Information Technology
Frank Thomas, M.D., Chief of Staff
Drew Hunt, Manager – IT
Judy Maus, Manager – IT
Denise Bender, Manager – IT
David Vossler, M.D., Medical Director – Washington Neuroscience Institute

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Jacobson at 3:30 p.m. in the Board Room of Valley Medical Center. It was moved and seconded to approve the minutes of the meeting of June 16, 2008. Motion carried unanimously.

Unfinished Business Draft Response to Ethics Complaint - Christopher Clifford

President Jacobson asked for comments regarding the draft response to Christopher Clifford, copy of which was in the Board packets. There were no comments.

MOTION It was moved and seconded to send the response, as drafted, to Christopher Clifford. Motion carried unanimously.

Draft Response to No Confidence Vote – S. Cavazos

President Jacobson next asked for comments regarding the draft response to Sylvia Cavazos, copy of which was in the Board packets. There were no comments.

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MOTION

It was moved and seconded to send the response, as drafted, to Sylvia Cavazos. Commissioner Hemstad asked about the sentence related to *keeping the matter under advisement and reporting back when able to make a final decision*. Mr. Smith stated that this statement was in the draft in order to be sensitive to the issues raised by Ms. Cavazos, and to let her know the matter was not ignored by the Board. He further advised that the Board was certainly free to change the language if the Board desired to do so. Motion carried with four in favor and one abstention (Hemstad).

New Business

Possible Appointment of Advisory Panel regarding Code of Ethics

President Jacobson referenced a provision in the Board's Code of Ethics that allows for a panel of one or more individuals to be appointed to assist in fact-finding and/or making recommendations to the Board if and when there are allegations of commissioner misconduct. He suggested that commissioners submit to him names of community representatives that he might contact about serving on such a panel. There was discussion about forming a panel now or waiting until there was an actual need for such a panel. There was also discussion about appropriate community representatives to approach about serving on the panel.

MOTION

It was moved and seconded to allow the Board President to seek individuals to establish a panel to assist in fact-finding and making recommendations in cases of alleged commissioner misconduct, and for commissioners to provide potential names. Motion carried unanimously.

President Jacobson acknowledged the nine point reform proposal previously submitted by Commissioner Hemstad and said that item #8 would be considered at this time.

Item 8 – Agenda items should be communicated to Board at least a week in advance of meetings

Commissioner Hemstad stated that it would be helpful and more in line with other elected bodies if meeting agendas could be published at least a week in advance rather than on a Friday for a Monday meeting. He said many bodies have agendas published a month or two in advance. He realizes that preliminary agendas can change, but for planning purposes publishing agendas at least a week in advance would be helpful. Discussion followed. It was pointed out that with Board meetings every two weeks, a new agenda would need to be created within 24-48 hours following the last meeting. The current practice allows Administration to be fluid, dynamic and responsive to timely issues. Agendas could be published a week in advance, but it would change repeatedly by the following week making it irrelevant. Each commissioner voiced his/her opinion and the consensus was to leave the agenda publishing schedule as is. It was suggested, however, that advance publication of known issues requiring Board consideration would be helpful.

Other items which have yet to be considered from Commissioner Hemstad's proposal will be discussed at future meetings when all commissioners are present.

Community Affairs

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

The Renton Salvation Army benefit dinner was held June 26. Commissioners Jacobson and Hemstad attended along with members of the Administrative Team. The agency raised \$40,000 to support a variety of services and announced a new initiative to fund a children's shelter. The Rotocare Clinic was featured in the event brochure.

On June 28th, Valley participated in the City of Kent's Healthy City Day. One hundred pedometers were donated and a VMC physician spoke on healthy living to an audience of about 50 people.

VMC was a sponsor of the American Cancer Society Relay for Life in Maple Valley and Black Diamond on June 27th-28th.

On July 4th, VMC was a sponsor of the Kent 4th of July "Splash" event at Lake Meridian Park.

In upcoming events, VMC will participate as an event sponsor in Kent Cornucopia Days July 11th-13th; also as an event sponsor and judge in Ikea Renton River Days July 23rd-27th; and as a participant in Covington Days July 25th-27th.

Ms. Fowler also reported that the summer edition of *Golden Living* has been mailed to GoldenCare members. The summer edition of *Valley Voices* will be out soon.

There was a story in the July *South County Business Report* on the nursing shortage and featured a photo of six of our nurses on the front cover. Also, ads ran in the Kent, Renton, Auburn and Maple Valley Reporters on nursing statistics at VMC.

Resolution of PDC Complaint

Mr. Smith referenced a letter received earlier today from the Public Disclosure Commission (PDC) dismissing the complaint filed by Chris Clifford alleging use of public facilities to assist the re-election campaigns of incumbent hospital commissioners. When asked, he replied that the costs amounted to approximately \$75,000 in attorney fees for this issue and an additional \$100,000+ in attorney fees for the recall petition Mr. Clifford filed against Commissioner Jacobson.

Programs

South Tower Update

Todd Thomas, VP of Facilities, presented a comprehensive update of the South Tower Project. Project milestones were presented along with photographs of progress. Construction began 11/15/07. Top out of the structure is on target for February, 2009. The exterior of the building will be enclosed approximately August, 2009. The ED and 3rd floor parking will open January, 2010. ICU/CCU and 4th floor will open March, 2010, as will the Med/Surg 5th floor. The Lobby and entry drive will open June, 2010.

The project budget and variances, including architect fees, were reviewed and discussed. Change order status, significant cost item variations, a summary of pay applications to date and project cash flow by quarter were reviewed. Imaging equipment is not included in the construction budget. Allowances for information technology could change prior to completion. Commissioner Miller thanked Mr. Thomas for the update and requested that the Board be updated quarterly on this project.

IT Update

Rand Strobel, VP of Information Technology, updated the Board on the IT environment at Valley. He referred to his December, 2007, presentation to the Board, comparing what has transpired since that time. He gave an overall framework of what VMC needs to do to meet future IT needs, including technical support. It is the objective of the IT Department to make users more efficient, productive and satisfied with the technology they use to do their work. Also, the department strives to make the most of technology investments so

the organization realizes a positive return, becoming more successful clinically, competitively and financially.

Mr. Strobel reviewed how the department hopes to accomplish these objectives. He also discussed the departmental organizational chart and governance. He reviewed staffing levels and open positions, comparing current statistics to one year ago. Staff has increased from 45 to 66 with back-up now in place for network systems, database and interfaces. Server replacement is in process with focus on most risky services first. Upgrades are underway or completed on Mysis Lab, PMS, QS, STAR, Sentillion, Coverleaf, PHS/HSM, Portal, HED, Medhost and PFM/PMM. Core applications are now supported 24/7. All but 14 of the 102 projects backlogged one year ago are now completed or in process. A second data center is coming online for disaster recovery. The network core has been replaced and the wireless network and storage area are in process. Mr. Strobel also reviewed an activity summary which detailed the status of each project. Three of the five IT managers were introduced: Judy Maus, Director of Project Management Office, Drew Hunt, Manager of Technical Services, and Denise Bender, Manager of Clinic Ancillary Applications. There was a brief discussion of wireless issues within the main building as well as use of fiber-optic and copper wire materials.

Recess President Jacobson called for a brief recess at 4:50 p.m.

Reconvened The meeting reconvened at 5:00 p.m.

Medical Affairs Quality Management Update

Dr. Beattie introduced Dr. David Vossler, Medical Director of WNI, who then reported on the outcome of a patient seen in the Emergency Room a few weekends ago. The patient had experienced stroke symptoms at a church picnic, including visual loss and weakness, was seen within two hours in our ED and was treated with intravenous TPA. By the next morning, the patient had completely recovered.

Dr. Beattie followed up on the report given June 16 concerning provision of emergency healthcare in compliance with EMTALA. Part of the EMTALA Act requires on-call specialty physicians to respond to the ED within a reasonable period of time. With continuing decline in reimbursement from third party payers, physicians ask that hospitals reimburse them for the requirement of availability for ED call as well as for uncompensated care provided. Valley has had several arrangements or programs in place, depending on the specialty, over the past several years. Recently, an ED Call Compensation Task Force was appointed to evaluate the work involved in each specialty. They created "burden factors" based on numbers of patients, numbers of physicians and payer mix. On-call compensation is now augmented based on this "burden." The cost associated directly with ED call is estimated at \$4 million and total cost including inpatient and ancillary services required to fully met the needs of patients presenting to the ED is about \$5.3 million.

Changes to the general surgery component will be reported on in the weeks to come. A possible general surgery hospitalist program is being researched. An OB hospitalist or "laborist" program is on target for implementation in October. Potential Laborist groups are being interviewed at this time.

Dr. Thomas stated that the general surgery ED call program is extremely important. General surgeons are the backbone of inpatient care and are essential to quality medical

centers. Providing competitive reimbursement for ED call is fundamental in attracting top physicians.

Dr. Beattie distributed and reviewed the Monthly Board Quality Report, noting that the Average Length of Stay is creeping up, but has decreased since April. Readmissions Within 15 Days from Discharge has increased and is being constantly monitored. Inpatient Mortality remains lower than the expected rate. Core Measures "perfect care" is being carefully monitored. Hospital Acquired Infection Rate remains within the control limits, but is constantly monitored. Inpatient Fall rate is within control limits, but is also constantly monitored. Left Without Treatment from the ED has dropped for the second month in a row and is now at the 4% benchmark.

Reports

Reports from Administration

Financial Affairs

Ms. Grinnell reported that the May financials were provided with the Board packets. Net income for May was \$337,000, which is below budget for May and prior year. Year to date net income from operations is approximately 33% below budget and nearly 51% down from 2007 YTD performance. Preliminary statistics for June indicate patient days trailing slightly, although births are on target to hit 4,000.

The Performance Audit is now in the third phase, which is compiling the report. The final and fourth phase is the report itself which is on target for 4th quarter.

We have been notified that the annual regulatory audit by the State Auditors Office will begin August 11 and go through November. The report for 2007 will be issued in January, 2009. In response to a question, Ms. Grinnell confirmed that some type of auditor is onsite (sometimes more than one) at least 300 days per year.

Bills/Vouchers

MOTION

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

Lydig Construction, Inc. (Emergency Tower – Application No. 7)	\$2,177,449.75
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	WARRANT NUMBERS	DATED	AMOUNT
	FROM	TO	
ACCOUNTS PAYABLE	13872	13899	6/9/2008 5,880.80
ACCOUNTS PAYABLE	25401	25446	6/19/2008 12,861.34
ACCOUNTS PAYABLE	25447	25544	6/27/2008 47,903.13
ACCOUNTS PAYABLE	2102880	2103098	6/12/2008 1,348,556.65
ACCOUNTS PAYABLE	2103099	2103288	6/17/2008 1,032,643.76
ACCOUNTS PAYABLE	2103289	2103289	6/17/2008 630.00
ACCOUNTS PAYABLE	2103290	2103520	6/19/2008 1,552,268.97
ACCOUNTS PAYABLE	2103521	2103674	6/24/2008 1,723,663.72

ACCOUNTS PAYABLE	2103676	2103677	6/25/2008	43,566.69
ACCOUNTS PAYABLE	2103678	2103702	6/26/2008	147,866.84
ACCOUNTS PAYABLE	2103703	2103875	6/26/2008	1,585,250.41
ACCOUNTS PAYABLE	2103876	21041810	7/1/2008	2,315,453.86
TOTAL AP				9,816,546.17
WIRES OR EFT				1,557,045.08
TOTAL JUNE PAYROLL				7,205,267.44
GRAND TOTAL				\$20,756,267.44

Resolution No. 884 – Surplus Property

MOTION

It was moved and seconded to approve Resolution No. 884 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.

Payer Contracting

Mr. Roodman reviewed the status of contract negotiations of the top five commercial payers. He explained the variables depending upon demographics, noting the insurance providers have stated that Tacoma and Seattle both receive higher rates than Valley. He reviewed the expected negotiations with the various carriers and discussed the possibility of canceling one carrier.

Operations Update

Mr. Hayes reported that during last week’s meeting, the Building Committee received an update on the South Tower project. Other project updates include the following:

Surgery: The second floor remodel is nearing completing with installation of clinical and operational equipment, and staff lounges and support space. Certification of elevators is expected later this month. Orientation of staff and stocking of supplies will take place in August. “Go-live” is anticipated after Labor Day.

Central Utility Plant: Project is nearing completion and a switch over is anticipated with “chilled water” which will aid in cooling functions. In August, new generators for emergency power will be installed.

Urgent Care: Benson Square Urgent Care is progressing. Target date for opening is August 23.

Campus Signage: Updated signage is in production with installation scheduled to begin in August. This will not only update aesthetics, but should improve way-finding.

Espresso Bar/Cafeteria Expansion: Bids have been received and are under review.

Linear Accelerator Project: Room preparation is underway with the pouring of the concrete floor, which must be precise in order for the equipment to operate properly.

3-North Remodel: The unit was decommissioned and divided into two separate units with separate nursing stations and is now operational with occupancy completed.

Birthcenter: Expansion of 1B as an overflow area is out to bid which will be opened July 17th.

He also reported that a one year project has been completed related to National Patient Safety Goals (NPSG). This enterprise was initiated across our organization to ensure mindfulness of all employees and staff to adhere to patient care techniques and methods to ensure safety. The campaign included computer wallpaper on all in-house computers, rewards for staff with latte cards, weekly messaging, video information and an end-of-year patient safety quiz. Over 500 participated in the quiz and over 80% received marks of 85% correct or higher. Additional safety standards will be deployed in 2009.

Patient Care Services

Mr. Alleman reported on the 362 births in June, which was a record number for Valley Medical Center. He distributed a graph covering January 2003 to present which indicated the increase in births during that time frame. He also noted current numbers underscore the welcoming of a laborist program in October.

Electronic charting which will be enhanced at the end of July was noted. This will positively impact patient care in that physicians will be able to see IV meds and flow sheets through the physician portal.

HR & Marketing

Ms. Mitchell reported the results of an audit of dependants on Valley's employee medical plan. A similar audit was performed by Boeing and the result was that 10% of dependants covered were not legitimate. Unions representing VMC employees were notified and approved the audit. Proof of dependant eligibility became mandatory for new employees January 1, 2008. Current employees were given until March to provide proof of eligibility. The result was 115 people who had been covered as dependents were not legitimate. With the cost of each dependent averaging \$4300 per year, the resulting savings is \$380,000.

Business Development

Mr. Glenn discussed the status of the Department of Health's PCI Rulemaking process. A public hearing is scheduled for Tuesday, July 8th. Mr. Glenn plans to attend the hearing and offer testimony in favor of revising the proposed tiebreaker language and proposing alternative language. If the DOH accepts this revision Valley Medical Center will be a strong candidate for gaining the CON to provide elective PCI cases. This will be a significant benefit to the residents of our district.

Mr. Glenn also updated the board on discussions with GI and Cardiology physicians related to possible partnership opportunities.

At 6:00 p.m., President Jacobson called for Public Comment. There was none.

Commissioner Comment

There was no Commissioner Comment.

Recruitment Update

Dr. Thompson noted that Frank Fox is currently updating the Physician Needs Assessment, and is conducting interviews with 45-50 members of the Medical Staff. It will be a couple of months before the assessment is completed.

Practice development plans are underway for two Ob/Gyn groups. There is on-going recruitment in primary care. One of the Southlake Clinic interventional cardiologists is returning to office cardiology. In August, a new urologist, an oncologist and an ophthalmologist will be joining Valley's staff. Dr. David Lundin, neurosurgeon, joins VMC one week a month in July and full time January 1, 2009.

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| Recess | President Jacobson acknowledged a request for a recess at 6:10 p.m. following which the Board convened in Executive Session for approximately 30 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). |
| Reconvened | The meeting reconvened at 6:40 p.m. |
| Adjournment | There being no further business, motion was made to adjourn this meeting at 6:41 p.m. |