

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

Held on October 6, 2008

Attendance:

Commissioner G. Sue Bowman, Commissioner, Commissioner-at-large
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
Paul Larson, Senior Vice President – Clinic Network
Barbara Mitchell, Senior Vice President – HR and Marketing
Michael Glenn, Senior Vice President – Business Development
Robert L. Thompson, M.D., Vice President – Physician Relations
Jeannine Grinnell, Vice President - Finance
Todd Thomas, Vice President – Facilities
Pamela Fowler, Director – Marketing & Community Relations
Frank Thomas, M.D. – Chief of Staff
Caroline McGlasson, Executive Receptionist

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Jacobson at 3:37 p.m. in the Board Room of Valley Medical Center. It was moved and seconded to approve the minutes of the meeting of September 15, 2008. Motion carried.

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

September 18th was the Renton Chamber–2008 Legislative Reception was held September 18th. It was a very well attended event with over 55 participants, and included topical health discussions and networking opportunities. The 3rd Annual 'Connection with the Community Dinner' was held September 27th in Bellevue, supporting *Healthpoint*, formerly the *Community Health Centers of King County*. VMC's participation and sponsorship was highly visible.

On October 2nd, the Communities in Schools of Renton (CISR) held its Annual Benefit and Recognition Dinner at the Renton Senior Activity Center, where VMC had a full table. CISR provides referral services to families in need and a mentorship program that supports over 150 students.

The Renton Chamber will hold its Business Exposition on October 11th. VMC will be exhibiting health services to both the business community and the public through Eye Center and Breast Center exhibits.

Saturday, October 18th is Macy's Breast Cancer Survivor Fashion Show. VMC is a major event sponsor and a portion of the ticket price funds our Breast Center. Virginia Concannon, nurse educator/navigator, will speak about latest breast cancer treatments. Valley has two tables (20 seats) for this very popular event, with two Commissioners attending.

Ms. Fowler distributed a recent article "Renton Then & Now" published in the *Renton Reporter*. Community members and institutions were featured in the article, including

Valley Medical Center and Rich Roodman, noting some of the changes that have occurred from 1983 to 2008.

The *Covington Reporter* recently published the article "Best of 2008" - Shannon Markegard, D.O. won Best Physician; David Sweiger, M.D. and Lake Sawyer Primary Care were finalists for Best Physician and Best Medical Clinic respectively.

There was a brief discussion about the ongoing three-hospital performance audit, the Administration's plans for corrective action and its anticipated hearing. Commissioner Jacobson directed Administration to continue to prepare responses to the audit's probable suggestions before the next Board retreat.

Commissioner Jacobson initiated a brief follow-up discussion on unfinished business related to the Ethics Code, which had been discussed at a previous Board meeting. He reviewed the names of potential nominees that Board members have passed along to him for consideration for appointment to the Advisory Panel. There are five members being proposed today which will again be presented at the next Board meeting; if a majority concur, these people will be appointed in accordance with the Ethics Code. The suggestions were Chas DeLaurenti – King County District Court Judge, Jay Covington – City of Renton Chief Administrative Officer, John J. Greaney – Kent Attorney-at-Law and past president of the Kent Chamber of Commerce, Rich Hendrickson - Kent business owner, and John Dulcich, Newcastle councilmember.

Capital Expenditures/
Clinical Equipment/
Programs

Call for Bids – SPD Infill and Renovation Project

Mr. Thomas requested Board authorization to advertise for bid the SPD Infill and Renovation Project. The primary focus of this project includes tenant improvements to the SPD loading dock and warehouse shell spaces constructed as part of the Central Utility Plant project on the VMC campus; it will add HVAC equipment to assist existing, severely overloaded air handling systems. Construction work includes ceiling, carpet and floor finishes, fire protection, mechanical and electrical work, reception counter, upgraded gownned patient waiting area, wall protection and lighting upgrades. Construction is expected to take a total of 90 days for the project following the 45 day advertisement/award period. The estimated cost of this project is \$883,000, including construction, contingencies, equipment and fees, and is included in the FY2008 capital budget.

MOTION It was moved and seconded to approve advertising for bids the SPD Infill and Renovation Project, at an estimated cost of \$883,000, including construction, contingencies, equipment and fees. The motion carried unanimously.

Recess President Jacobson called for a ten minute recess at 4:40 p.m.

Reconvened The meeting reconvened at 4:50 p.m.

Marketing Overview

Pamela Fowler has been VMC's Marketing Director five months now and reviewed how she had spent the previous 20 years in the for-profit arena of business development for software, technology and healthcare equipment markets. Her desire is to make a difference applying her skills in the not-for-profit world at Valley Medical Center and she shared her vision for where she would like to lead our marketing department. The two main objectives are to (1) create an awareness and demand for health services through

cost-effective marketing and (2) enhance relationships through positive press and community involvement.

Two initiatives underway in 2008 are (1) the enhancement of media press relationships and management of high visibility events and (2) the launch of loyalty membership programs such as 'Kids Care,' including such activities as Bike Helmet fittings, Safety Camp, Flu Shots and Sports Physicals.

She reviewed the June – December Marketing Calendar which charts various events and campaigns for print, radio, TV and direct mailings, including recent Newcastle marketing efforts in targeting 6,000 households within a 2-mile radius from the clinic. Return on investment tracking and response analysis will be used to test the efficacy of direct mailers/advertisements to increase patient awareness, patient visits and outpatient charges.

Ms. Fowler introduced the concept of marketing to an individual based on their personal preferences "making the Right Offer to the Right Customer through the Right Channel at exactly the Right Time." In the past, mass marketing was widely used but was mostly non-targeted, with little or no research and primarily product-focused. In 2009 we intend our marketing efforts to be more group-focused, using smaller campaigns based on segment analysis of demographics. Then in the upcoming years, we will focus on relationship marketing, more customer-focused, targeted to individuals based on detailed customer behaviors.

Planned initiatives for 2009 include conducting a positioning/messaging study and testing efficacy through on-line marketing research to test consumer behaviors, preference and expectations via the Web. We want to emphasize our connectivity between our community, our providers and our patients.

Commissioner Jacobson questioned whether the Cancer Treatment Centers of America, whose marketing efforts have been seen in TV and radio spots, might be interested in a relationship with VMC's Cancer services.

Medical Affairs

Quality Management Update

Dr. Beattie distributed and discussed the Board Quality Report, noting that Average Length of Stay for All Inpatients (July 2008) continues to be less than expected; Readmissions Within 15 Days dropped to below the expected rate for June 2008. Inpatient Mortality (July 2008) was significantly less than the expected mortality for our patient population. Core Measures Perfect Care compliance continues to improve. Although there is still additional room for improvement to reach our goal of top 10% nationally, the constant trend upward for compliance to pneumonia and heart failure care for the first two quarters of 2008 is worth noting.

Hospital Acquired Infections and Inpatient Falls are within control limits but we continue to direct efforts to improve our practice. Left Without Treatment From the E.D. sharply increased in the month of August to just over the control limit of 5.5%. This is being addressed directly by our new patient throughput program, REACT (Rapid Entry Accelerated Care at Triage), starting today which aims to decrease wait times in the Emergency Department.

Dr. Beattie reported that VMC and the OB Hospitalist Group have selected all of the physicians for staffing our Laborist Program, and are working toward a late December or early January start.

Dr. Thompson noted that the trends on OB services are encouraging, and the Quality Improvement Council should be commended for the work done in the OB department under the leadership of Dr. Harding.

Reports

Reports from Administration

Operations Update

Mr. Hayes stated that the new REACT program (Rapid Entry Accelerated Care at Triage) which began today in the Emergency Department is our opportunity to increase performance with patient throughput and is aligned with patient placement and discharge planning. It should significantly decrease Leaving Without Being Seen, average wait times and length of stay. The strategy is to initiate primary diagnostic activity at the conclusion of triage, such as Lab work, X-rays, EKGs and some limited medications, and then the patient is directed to the appropriate location. The outcome is to have diagnostic information in hand by the time the physician sees the patient. Between 4:00-9:00 pm there will be an additional practitioner in proximity to the REACT zone who will work with the nurse regarding the order sets, check medications, start IVs, etc.

Mr. Hayes updated the Board on necessary enhancements to the optimization plan for 4% reductions. We have been operating at a loss of \$4.2 million for operations. The reduction plan has shaved \$700,000 of expenses off per month. Focusing on revenue, in VMC's Primary Care Network, Paul Larson is working with his practitioners to have them each increase their patient load by one patient per day, Children's Therapy and Speech Services are initiating new scheduling templates and new procedures, and the Sleep Center is increasing their capacity of study slots, all of which combined are estimated to add \$300,000 of additional revenue through the end of the year.

Focusing on the expense side, we are delaying filling some positions – staff, clerical and management; we have frozen hiring and have instituted a modification of allocation of resources within primary care services; we have switched to a single source for agency personnel, eliminating separate contracting with a myriad of staffing agencies; the pharmacy is looking into our drug utilization, rounding down on chemotherapy doses and Factor 7 Drug used in stroke cases; we are reducing inventory in FMNS, security services at the front drive, grounds keeping, and independent contractor I.T. service contracts. The hospital has modified its activities related to branding, media purchases and the fall newsletter. Our leaders are clearly working hard in optimizing our performance, and with the right-sizing of our staffing and a decrease in our monthly expenditures, coupled with the prior expense savings, we should see a further reduction in monthly expenditures.

Patient Care Services

Mr. Alleman reported that the 2nd Floor surgery suites opened today after a full effort the past few weeks in getting them supplied, cleaned and the punch list items completed. All the work that went into opening day ensured that the six cases today went smoothly.

Marketing and Human Resources Update

Ms. Mitchell said that consistent with the message throughout the organization to be frugal, we took a hard look at the annual Holiday Gala and decided to cancel it for this year. One complaint letter was sent to the Commissioners; Ms. Mitchell distributed an explanatory response she sent to the employee on the Board's behalf. She noted that the Annual Harvest Festival and Holiday Tea are scheduled.

This year's GoldenCare Flu Shot Campaign runs October 8-11 and 15-18th, putting it a little earlier than the campaigns at most area stores. Members enjoy refreshments, a

complimentary custom VMC calendar and opportunity to meet Eye Center physicians/staff. Over 5,000 attendees are anticipated. Ms. Mitchell thanked the Commissioners for their plans to attend the event.

GoldenCare will also offer support to our seniors during the Medicare Advantage and Part D open enrollment period in early November. Representatives from the Washington Insurance Commissioner's office will be available in our lobby for assistance.

The annual community perception telephone survey will again be conducted by Elway Research. Stuart Elway recommends we wait until after elections, so we will conduct the survey the second week of November.

Open enrollment for 2009 health benefits is being held earlier this year – November 3rd through 14th to accommodate the decision to change the self-insurance network from Regence to First Choice, change our plan administrator from HMA to First Choice, and change our Pharmacy benefit management group from Caremark to Medco. We have run disruption reports to show fewer than 15 enrollees will need to change physicians to remain in network. She noted that we continue to offer the Group Health plan coverage although there are fewer than 30 employees who choose that option. Group Health annual plan increases are passed along in the employee premiums.

Financial Affairs

Finance Update

Ms. Grinnell was pleased to report that our regular state audit has finished their field work and will be issuing a draft report next week, and the official report by the end of the month – we expect no findings. This information may be sent to district residents in the next hospital newsletter.

Volumes were down in September, but up from August. Volumes are down 1-1/2% from September, 2007.

Ms. Grinnell distributed an article about another hospital not getting out of their variable-rate bonds in time, which is having a direct impact on their ability to finance debt.

The budgeting process is underway and a Preliminary Expenditure Budget will be presented at the next Board meeting in addition to the 5-year forecast. At the November 3rd Board meeting, the required public hearing will be held on the 2009 Preliminary Expenditure Budget.

There was a very brief discussion about reports provided to Commissioners with information about the hospital district's bills, warrants and electronic funds transfers along with copies of the check registers. Ms. Grinnell confirmed that she has been providing reports of the hospital district's bills, warrants and electronic funds transfers along with copies of the check registers to Commissioners who have requested them, and has met with any Commissioner to answer any questions about financial affairs.

Public Comment

Comments from the Public

At 6:00p.m., President Jacobson called for public comment. There was none.

Comments from Commissioners

President Jacobson called for Commissioner comments. There were none.

Bills/Vouchers

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

PCL Construction Services \$ 16,948.36
 (Linear Accelerator – App. No. 4)

	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	26114	26265	9/22/2008	179,465.52
ACCOUNTS PAYABLE	2108209	2108435	9/11/2008	1,170,836.31
ACCOUNTS PAYABLE	2108436	2108591	9/16/2008	1,366,1021.84
ACCOUNTS PAYABLE	2108592	2108803	9/18/2008	1,139,739.78
ACCOUNTS PAYABLE	2108804	2109024	9/23/2008	6,659,185.86
ACCOUNTS PAYABLE	2109028	2109212	9/25/2008	882,428.93
ACCOUNTS PAYABLE	2109213	2109344	9/30/2008	881,433.67
TOTAL AP				12,279,192.91
WIRES OR EFT				2,259,344.74
GRAND TOTAL AP and EFT/WIRES				\$14,555,486.01

Resolution No. 889 – Surplus Property

MOTION It was moved and seconded to approve Resolution No. 889 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.

Clinic Network

Mr. Larson reported that we made all arrangements to formally close the Bariatric Clinic as of Friday, October 10, 2008. The staff has been offered other open positions and the furnishings were distributed to other clinics or will go to Dr. Alperovich's office.

Mr. Larson confirmed that efforts at revenue generation are being made by having primary care physicians open their schedules up to see one additional patient per day. We have looked at the physician practice side of our relationship with the Perot Group. Ms. Grinnell and Mr. Larson will be meeting soon with one of the Perot physician practice-side executives in order to look at what significant progress can be made related to a new set of metrics different from the incentives/focus currently offered. We want to see a reduction in accounts receivable days for the four segments of our clinic system: primary, specialty, outpatient/psychiatric and residency, with new targets for them to hit by the end of the year.

We are looking at resolving problems with tracking held charges, in other words a fee slip is generated, revenue is accrued, but the slips may be held before being sent to payors. The increase in held charges has partially contributed to the increase in accounts receivable days. Bad debt and write-offs have also seen a significant increase since we've contracted with Perot.

Mr. Larson reported that the Benson Urgent Care Clinic is set to open November 10th; two physicians have been hired to staff the clinic.

Mr. Larson also noted that Mr. Roodman received a letter from the American Diabetes Association congratulating VMC on being awarded Education Recognition for VMC's Diabetes Self-Management Program at VMC, which has been under the management of Katie Farrell, Diabetes Educator and Program Coordinator and Anne Grimes, Wellness Director.

Recruitment Update

Dr. Thompson said that the newly recruited physicians (Lundin, Thai, Piker, Kauffman) have been very busy; Dr. Diana Kraemer, Neurosurgeon, is performing her first brain tumor resection today in the newly opened second floor Neurosurgery suite. With our Birth Center delivering nearly 4,000 babies a year, our laborist/obstetric planning is well underway; Sound Inpatient Physicians group has recruited new physicians to staff their current daytime teams (5) and provide two in-house physicians to cover overnight; our Urgent Care clinics have new physicians coming on board; we are starting recruitment to grow our intensivist program for the new ICU opening early in 2010.

Business Development Update

Mr. Glenn noted that the WNI physicians are committed to the hospital-wide reduction plans while managing and building surgical volumes – they looked at the clinic scheduling system and plan to reduce first visit times from 60 minutes to 40 minutes which will add to capacity without adding cost. We are working with Southlake Clinic physicians to design and implement an open access scheduling system for the Endoscopy department with an anticipated November 1st launch date to improve physician efficiency in the unit. It will include efforts to identify, manage and treat more colonoscopy patients.

VMC's Cancer Program was recently surveyed by the American College of Surgeons. The preliminary report was for continued accreditation with commendation. Mr. Glenn thanked Rose Guerrero and her staff and noted that they were a positive reflection on our program and on the hospital.

Recess President Jacobson acknowledged a request for a recess at 6:17 p.m., following which the Board would convene in Executive Session for approximately 20 minutes for the purpose of discussing specific personnel issues permitted by RCW 42.30.110(g), litigation issues permitted by RCW.42.30.110(1) and real estate issues permitted by RCW.42.30.110(b) and (c).

Reconvened The meeting reconvened at 6:50 p.m.

MOTION Commissioner Excused

It was moved, seconded and carried to excuse Commissioner Hemstad from this meeting.

Adjournment There being no further business, motion was made to adjourn this meeting at 6:51 p.m.