

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

Held on November 3, 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  
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

Those present for a portion of the meeting:

Michael Pursley, Washington State Auditor's Office  
Brian Taylor, Washington State Auditor's Office

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Jacobson at 3:36 p.m. in the Board Room of Valley Medical Center. It was moved and seconded to approve the minutes of October 20, 2008. Motion carried unanimously.

Public Hearing                      Adoption of 2009 Budget and Resolution No. 890

President Jacobson announced that the required public hearing for the 2009 Capital and Expenditure Budget would be held at this time in accordance with RCW 70.44.060. Ms. Grinnell stated that the budget is nearly identical to the preliminary Capital and Expenditure Budget presented at the October 20, 2008, meeting.

MOTION

President Jacobson called for public comment. There being no input from members of the public, it was moved and seconded to adopt Resolution 890, fixing the 2009 Capital Expenditure Budget for Public Hospital District No. 1 of King County in the amount of \$436,738,319. There was brief discussion concerning growth in the primary care and urgent care clinics as well as charity care and bad debt. Motion carried unanimously.

President Jacobson declared the public hearing closed.

Community Affairs

Ms. Fowler reported on various community outreach activities of the Public Relations and Marketing Department as follows:

On October 20<sup>th</sup>, Dr. Suzanne Krell presented a consumer sleep seminar to 61 attendees. Also, five of the nine sleep seminars for primary care physicians have been completed which has resulted in increased volume.

Mr. Roodman presented an award at the Renton "Film Frenzy" event on October 28<sup>th</sup>, sponsored by the Renton Stakeholders and held at the Ikea Center for the Performing Arts.

A consumer joint seminar with Dr. William Barrett is scheduled for November 6<sup>th</sup> and a consumer neck pain seminar with Dr. Jason Thompson is scheduled for November 10<sup>th</sup>.

The Medic One Annual Award Dinner to support paramedic providers in King County will be held November 14<sup>th</sup> at the Seattle Sheraton.

In mid-November the *Seattle Times* will run an article on results of a survey of large Washington hospitals and their MRSA/infectious disease practices. Kathy Kessler, RN, Infection Control Coordinator, was interviewed for the story.

A story will run on KING-5 TV in November or December on MRI use in the detection of breast cancer. The story will feature our Breast Center and Dr. Steve Scallon.

Puget Sound Business Journal's October 24-30 healthcare issue ranked VMC ninth in the State based on net patient services revenue.

Planning is underway for tours of the new South Tower in conjunction with the senior flu shot program in October or November, 2009.

## Programs

### Exit Conference - Legal Compliance for 2007

Brian Taylor, Audit Manager, Washington State Auditor's Office, provided preliminary results of the legal compliance audit for the 2007 calendar year. He explained that the areas audited included accountability for public resources and compliance with laws and regulations, financial statements, and federal compliance. This was a clean audit with no findings or management letter. Michael Pursley, Assistant Audit Manager, reviewed five exit items, which are minor recommendations, including Prescription Pad cash receipting, main cashier overage, vaccine control, record of immunization, and program income. Status of prior recommendations from the 2006 audit, which have been resolved, were also reviewed. He also reported, as required by professional auditing standards, that there were no significant difficulties encountered or disagreements with management during the audit; there were no material misstatements corrected by management during the audit; and there were no additional uncorrected misstatements in the audited financial statements.

Mr. Taylor and Mr. Pursley confirmed that Public Hospital District No. 1 of King County, (Valley Medical Center) has had no audit findings for seven straight years and this will be reported within their audit report within the audit summary.

Ms. Grinnell also went through the SAO's exit document and discussed the various areas the auditors reviewed, including the three primary internal control structures of cash disbursements, cash receipting, and payroll and that the auditors did not cite any deficiencies related to our processes or procedures related to the payments of warrants and vouchers or payroll.

### Healthcare Economics 101

Dr. Beattie presented a comprehensive interactive, look at contemporary healthcare economics. She noted that \$2.1 trillion was spent on healthcare nationwide in 2006 which

equates to 16% of the gross domestic product or \$7,026 per person. Approximately 45% of all healthcare expenses are covered by government. Costs are expected to continue to rise. She compared national health expenditures and their share of the GDP from 1960 through 2006, as well as national health expenditures per capita and projected expenditures through 2017. She diagrammed where health care dollars went in 2006. The percentage of annual increase versus the CPI, private insurance administrative costs, and profitability of pharmaceutical manufacturers were reviewed. Source of healthcare dollars in 2006 were reviewed as well as healthcare dollars compared to federal spending.

The history of the Medicare program, Part A and Part B, and Medicare financing were reviewed. In 2007, 36.2 million Americans were covered by Medicare. That figure is projected to more than double by 2031. Medicare federal spending which was \$1.8 in 1966 has grown to \$386 billion in 2008. Future problems for Medicare including the aging population, higher costs, and a smaller fraction of the population contributing to revenue, are expected to result in program insolvency by year 2026.

Medicaid funding and expenditures by service were also reviewed. In 2007 nearly 40 million Americans were enrolled. The State Children's Health Insurance Program, part of the Balanced Budget Act of 1997, resulted in expanded coverage for 1.5 million children. The impact of unemployment growth on Medicaid and SCHIP was reviewed. The uncompensated care contribution was also diagrammed.

Private insurance pricing strategies, participation/exclusion, payment to cost ratios and employer coverage was also summarized.

The decrease in hospitals (17%) and beds (31%) since 1980 were reviewed.

## Medical Affairs

### Medical Affairs Update

Dr. Beattie noted the Medical Executive Committee will meet November 11<sup>th</sup>. She presented an update on the collaborative work of Patient Care Services and Medical Staff leadership (specifically Emergency physicians and Intensivists) to develop algorithms for planning on how to continue to care for additional patients when either the CCU is at physical or staffing capacity. Planning is individualized according to the source of the patient, i.e., surgery patients, direct admit patients, patients presenting for admission from the ED, patients from the general medical/surgical floors who are requiring a higher level of care and patients from interventional radiology or the cardiac cath lab. In addition to having developed this plan, improved baseline staffing in the CCU has been put into place. Finally, fewer beds are out of service for construction this year. Overall, Dr. Beattie said that it is anticipated that VMC is well-prepared to handle a surge in the number of patients requiring acute care this winter.

### Quality Management Update

It was also noted by Dr. Beattie that the next Quality Improvement Council meeting is scheduled for November 4<sup>th</sup>. She updated the Board on infection prevention, noting three areas of success to report from the Infection Control Committee:

- Deep incisional surgical site infections have decreased in frequency from the 2007 rate of 3.3/1000 patient days. As of the end of the 3<sup>rd</sup> quarter 2008, the rate of deep incisional surgical site infection is 1.6 per 1000 patient days YTD.

- There has been a significant effort by our quality performance improvement teams to decrease the incidence of ventilator-associated pneumonia by consistent use of a VAP prevention bundle and to reduce the incidence of central line sepsis by consistent use of a CLS prevention bundle. Both efforts have been successful as there have been ZERO (0) cases of ventilator associated pneumonia or central line sepsis in the months of July, August, or September. The National Nosocomial Infection Surveillance (NNIS) Incidence Rate is 4.1 per 1000 patient days for Central Line Sepsis and 7.3 per 1000 patient days for Ventilator Associated Pneumonia.

- Finally, a quality performance improvement team has been chartered to address catheter associated urinary tract infections. It is anticipated that there will be a reduction in this category of infections resulting from the efforts of this group.

#### Basic Good Government Reform Proposal

President Jacobson said this topic was placed on the agenda so that items on Commissioner Hemstad's list of *Basic Good Government Reform* that have not been discussed at a Board meeting could be vetted. He requested that Commissioner Hemstad give the Board secretary any background information related to the remaining items on his list of ten reform ideas in order that this may be included on the Board Retreat agenda.

## Reports

### Reports from Administration

#### Operations Update

Recognition: Mr. Hayes stated that over the past ten years Valley has worked at creating a culture of employee-centric engagement. The goal was to achieve a level of best practices in not only wages and benefits, but also employee participation, communication and engagement. These efforts have now been recognized nationally and Valley has been acknowledged by Modern Healthcare as one of the top one hundred hospitals in the *Best Places to Work* category.

Communication: Valley continues to strive in the area of employee communication through publications such as *This Week at Valley*, *Today at Valley*, home mailings, FACTS Quiz, employee staff meetings, administrative rounding and quarterly Employee Forums. Another type of communication, a "podcast" will be initiated in the near future. Based on questions provided by staff, this format will include Mr. Roodman and Mr. Hayes recording updates on the economy, hospital activity and progress with organizational goals and construction for broadcast via desktop computer monitors. The updates will be available 24/7 and all staff will be provided access via computer, a DVD or television services. The effectiveness of this type of communication will be evaluated.

PacLab Update: The assessment of transitioning laboratory outreach business to PacLab has been impressive and a Letter of Intent has now been signed to determine the true impact of this initiative. The relationship would provide Valley with an equity share of lab outreach business, provide greater integration with IT systems and create an expanded testing menu adding new revenue.

#### Patient Care Services

Mr. Alleman updated the Board on the patient throughput initiative and recommendations from Sg2 Consultants. For the past 30 days, ED nurses have been trialing an initiative of facilitating pre-treatment studies for patients in triage. The results have been exceptional

in speeding up throughput in the Emergency Department and at the same time increasing patient satisfaction.

Implementation of the electronic bed-board system begins tomorrow. This system of electronic "whiteboards" placed strategically throughout the hospital will allow for easy identification of patients and pending orders, discharge status, and room availability. The easy access to information will enable all caregivers to continually work toward optimally treating patients, while moving them efficiently toward discharge.

HR & Marketing

Ms. Mitchell expressed appreciation to the commissioners for attending last week's annual Volunteer Appreciation Dinner. There are over 300 VIA members volunteering 4 hours per week.

She also reported that the Operating Engineers 5-year contract has a built-in wage opener January 1, 2009, the fourth year of the contract.

Staff training needs are assessed annually and a variety of basic training classes are made available. Training in communication skills has been made available in the past couple of years and is still the number one requested training which is a positive indication for self-improvement.

Planning is underway for a grand opening series of events in October or November next year when the South Tower is ready for occupancy. President Jacobson suggested a "topping off" ceremony for the South Tower later this month.

The annual community reputation survey will be done the second week of November. Results of this telephone poll of community residents should be available in December.

Financial Affairs

Ms. Grinnell reported that financials for October were not yet available. There were strong cash collections for the month. Moss Adams is currently onsite completing interim audit work.

The SAO Performance Audit draft report is not yet available.

Bills/Vouchers

MOTION

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

HS Builders	\$ 142,106.64
(Urgent Care Project – Application No. 3)	
HS Builders	10,220.85
(3N Nursing Station – Retainage)	

	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	26361	26382	10/17/2009	61,034.71

ACCOUNTS PAYABLE	26383	26399	10/22/2008	17,221.47
ACCOUNTS PAYABLE	825226	825251	9/18/2008	4,726.73
ACCOUNTS PAYABLE	825252	825255	9/30/2008	2,595.51
ACCOUNTS PAYABLE	825256	825256	10/20/2008	42.60
ACCOUNTS PAYABLE	825257	528261	10/22/2008	439.95
ACCOUNTS PAYABLE	2109982	2109983	10/10/2008	6,355.04
ACCOUNTS PAYABLE	2109984	2110159	10/14/2008	1,181,791.60
ACCOUNTS PAYABLE	2110160	2110409	10/16/2008	1,403,005.32
ACCOUNTS PAYABLE	2110410	2110632	10/21/2008	1,429,732.81
ACCOUNTS PAYABLE	2110633	2110898	10/23/2008	1,979,811.92
TOTAL AP				<u>6,086,757.66</u>
WIRES OR EFT				1,176,645.02
WIRES OR EFT				11,565.01
GRAND TOTAL				<u>\$7,415,730.17</u>

Resolution No. 891 – Surplus Property

MOTION

It was moved and seconded to approve Resolution No. 891 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 a meeting with the Renton Landing Architects is scheduled for tomorrow.

He also updated the Board on the possible move of the Kent Clinic to space which had become available in East Kent, and moving the Family Medicine Residency program to the current Kent Clinic site. This, in turn, would free up the current residency space which could be used for Cascade Primary Care, thus creating additional space in the MAC for specialists. Following lengthy due diligence, it was concluded that moving the residency program would not be beneficial. At this point, there are no moves contemplated unless a new unforeseen opportunity turns up. A brief discussion followed on strategic real estate information.

Business Development

Mr. Glenn reported that work continues with Southlake Clinic on implementation of a direct access scheduling system for colonoscopy patients. The pilot project was implemented today. The system allows for direct scheduling of patients, who meet strict patient screening protocol, to the VMC Endoscopy Center for screening colonoscopies. This program will improve colon cancer screening in the community, meeting an important Board goal.

Development of a cardiac program is underway and will include a clinical design process with Southlake Clinic. This topic will be further discussed at the Board Retreat.

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Dr. David Lundin begins his neurosurgery practice at WNI (Washington Neuroscience Institute) on November 10. The addition of Dr. Lundin will increase community access to neurosurgeons - also a Board goal.

Recess President Jacobson acknowledged a request for a recess at 5:20 p.m. following which the Board convened in Executive Session for approximately 25 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 5:55 p.m.

Advisory Panel

Mr. Smith reported that he is in the process of scheduling an orientation meeting for the Advisory Panel.

Public Comment Public Comment

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

Update on Goals

Mr. Roodman noted that a matrix on the status of 2008 Board goals will be prepared for presentation at the Board Retreat.

Commissioner Discussion

President Jacobson excused staff and the commissioners held a discussion concerning combined responses on the Board's self-evaluation forms. Criteria items 4, 6, 10, 13, 18, 21, and 33 were discussed by all commissioners. Commissioner Hemstad will bring forth suggestions regarding criteria item 6 at a future meeting.

Adjournment There being no further business, motion was made to adjourn this meeting at 8:05 p.m.