

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

Held on November 17-18, 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  
Kris Tiernan, Assistant to CEO and Board of Commissioners

An educational retreat was held November 17-18, 2008, beginning at 12:00 noon, at Renton Technical College, Room C110. Topics discussed at the retreat follow.

VMC Clinic Network Update

Mr. Larson updated the Board on activities within the Valley Clinic Network, specifically the emergence of the "Medical Home" model, the relationship to the IOM (Institute of Medicine) and the NCOA (National Committee for Quality Assurance). The "Patient-Centered Medical Home" criteria were explained. This includes the on-going relationship between the physician and patient with the physician coordinating appropriate care with other qualified professionals, active patient participation and feedback, and with quality and safety being hallmarks. The effect of declining numbers of primary care physicians was noted. Early research evidence on the effectiveness of the "medical home" was discussed. Participation in the Boeing Intensive Outpatient Care project and the Puget Sound Health Alliance were also reviewed as related to improving efficiency and quality care. Cost concerns were also addressed. It is anticipated that the VMC Clinic Network will lose more than expected from operations in 2008 due to decreased volumes related to market conditions, physician turnover and adding new physicians, unfavorable payer mix, decreased GME/IME funds for the Residency Program, and increased bad debt, write-offs and CBO costs. This does not take into account either the downstream revenue generated by these clinics, nor the vast access to care for the District enacted by their presence.

New Services and Business Development at VMC

Business development activity was reviewed by Mr. Glenn. He discussed Sleep Lab, Endoscopy, WNI, Cardiovascular Services and Ophthalmology, Newcastle and Covington Primary Care Clinics and skilled nursing facility beds.

- Sleep Lab volumes have increased 25% following scheduling and test result turnaround enhancements implemented in August.
- It is anticipated that the direct access colonoscopy program, instituted earlier this month, will increase endoscopy volumes by 10 to 20 per cent.

- Washington Neurosciences Institute (WNI) will work to reclaim lost market share and grow surgical volumes exponentially with current spine surgeons and a new neurosurgeon, Dr. Lundin.
- A cardiovascular services center is currently under development which potentially could be located in the vacated ED space. Different partnering relationships with Southlake Clinic are being explored. Also underway is the elective PCI Certificate of Need application. Other trends in cardiovascular services were also discussed.
- A business plan is being formulated for ophthalmology following an assessment of The Eye Center by a consulting group.
- Expansion plans for both Newcastle and Covington Primary Care are being considered.
- VMC has been approached about possibly selling the 25 skilled nursing facility beds which were banked when the Transitional Care Unit was closed. Possible placement of the beds at a location close to VMC is being studied.

#### Board Quality Primer

Dr. Beattie conducted an interactive quiz on Quality Management and Patient Safety at Valley Medical Center. Topics covered were reducing medication errors, evidence-based medicine, reducing ED wait times, availability of specialists to ED patients, the 100,000 Lives initiative, the medical response team program, medication reconciliation, reducing central line infections, reducing surgical site infections, incidents of ventilator-associated pneumonia, and prevention of pressure ulcers. The 5 Million Lives campaign was also discussed. The Surgical Care Improvement Program pay for performance was reviewed. The recent *Seattle Times* article on MRSA infection rates in local and national hospitals was discussed. High risk bacterial infections routinely monitored at VMC, including MRSA, were reviewed. Quality's relationship to finance was also discussed. ED call coverage shortages and recruitment were also noted.

#### Communicating and Connecting

Ms. Mitchell reviewed marketing and community relationship goals which focus on expanding market share, growing key service lines, building targeted marketing strategies and strengthening relationships with the community. Communication formats were reviewed including VMC website, media, provider directory, Golden Living, Valley Voices as well as a new annual report to be published in May. Mass marketing done today was compared to market segmentation planned for next year and relationship marketing planned for future years. The 2009 advertising plan and branding (logo) were highlighted. A telephone interview survey involving external and internal participants as a means to gauge perception of Valley's identity is planned for early 2009. Neighborhood healthcare forums, hosted by two or more primary care clinics, will be scheduled during the first and/or second quarter of 2009 to strengthen community relations and gain community input. Celebrations and open house events are being planned for the fall of 2009 in conjunction with the opening of the first phase of the new Emergency Services Tower.

Human Resource Goals for 2009 were also reviewed by Ms. Mitchell, including staffing needs, messaging, communication skills, retention of top performers, and improving competencies around cultural diversity. Recognition awarded to Valley Medical Center from 2004 to 2007 was reviewed, which includes many "Best Places to Work" awards and is the number-one recruitment tool. Awards received in 2008, including being named one of the "100 Best Places to Work in Healthcare in the nation" were also reviewed. The 2009 HR and Community Connection Goal was reviewed - *Improve competencies around cultural diversity*. It was noted that within the Renton School District, 81 languages are represented and 29% of home languages are non-English. Plans are underway to survey physicians/staff/managers regarding perceived needs as well as to locate a cultural diversity expert to assist in developing content and training methods. Commissioner Parnell expressed a keen interest in participating in cultural diversity activities.

#### Discussion of Status of 2008 Goals and Ideas for 2009 Goals

A dashboard summary of 2008 Board Goal performance criteria, status as of October 31<sup>st</sup>, and ideas for 2009, was reviewed and discussed.

Potential Policy Memoranda

Commissioner Hemstad reviewed his proposal concerning policy memos, part of the ongoing review of his 10 Point Governance Reform Proposal. Formats from five other agencies were attached.

Recess

President Jacobson announced a recess at 5:10 p.m.

The regular business meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Jacobson at 5:30 p.m. in the Board Room of Renton Technical College. It was moved and seconded to approve the minutes of November 3, 2008. Motion carried unanimously.

Community Affairs

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

She referenced a thank you letter from the City of Renton for sponsoring the 2008 Renton Teen Summit which was included in the packets.

Consumer seminars were held November 6<sup>th</sup> (Joints) with Dr. William Barrett and November 10<sup>th</sup> (Neck Pain) with Dr. Jason Thompson.

Valley sponsored a table at the November 14th Medic One Annual Award Dinner held at the Seattle Sheraton, in support of paramedic providers.

The Renton Chamber Annual Economic Forecast Luncheon is scheduled for November 19<sup>th</sup> at the Renton Holiday Inn.

Valley will have a team at the Annual Jingle Bell Run for Arthritis on December 6<sup>th</sup> in downtown Seattle.

Capital Expenditures/  
Clinical Equipment/  
Programs

Radiology Information System

Mr. Hayes requested Board approval for the purchase of the Horizon Radiology Management system, which will provide radiology patient registration, appointment scheduling, flow management, report signing and distribution and Radiology operations reporting for VMC's inpatient and Clinic Network imaging services. The current Radiology information system, MIDAS, does not meet the needs of the enterprise and is not sustainable for continued use. Three vendor products were evaluated through a request for proposal process. Following reference checks and a site visit, the final system selected was the McKesson Horizon Radiology Management system and the Board is requested to approve this purchase at a cost not to exceed \$1,481,706, including hardware, software, interfaces, implementation and taxes. The system is included in the 2008 Capital Budget.

MOTION

Following discussion it was moved and seconded to approve purchase of the Horizon Radiology Management system at a cost not to exceed \$1,481,706, including hardware, software, interfaces, implementation and taxes. Motion carried unanimously.

Award of Bid – SPD Infill and Renovation Project

Mr. Hayes also requested Board approval to award the bid for the SPD Infill and Renovation Project to H.S. Builders, the lowest responsible bidder. Eight bids were opened on November 12, 2008. H.S. Builders is currently finishing the Benson Urgent Care Clinic project and has completed the 3-North Remodel and the On-call Sleep Room projects at VMC. Their work has been found to be acceptable. Several reference checks have been positive. The construction estimate for this project was \$604,876.

MOTION Following discussion, it was moved and seconded to award a bid to H.S. Builders, the lowest responsible bidder, for the SPD Infill and Renovation Project, in the amount of \$466,240, including taxes and contingencies. Motion carried unanimously.

Medical Affairs Credentials

MOTION Recommendations dated November 11, 2008, from the Medical Executive Committee outlining appointments, reappointments, changes of staff status, change in privileges and resignations were individually reviewed by Dr. Beattie. It was moved, seconded and unanimously carried to approve credentialing/privileges recommendations as presented. Copies are attached to and made part of these minutes.

Financial Affairs Finance Update

Ms. Grinnell reported that the month of October is not closed as yet, but data should be available by early next week.

Resolution No. 892 – Authorizing Increasing Regular Levy

Mr. Smith stated that this is a routine resolution required annually by law regarding setting the District's tax levy. Discussion followed regarding lack of a background memo and also regarding the Supreme Court decision concerning the limit factor and "banking" allowable future increases to the extent allowable by law. It was then agreed to strike that portion of the resolution to make certain the resolution is consistent with state law.

MOTION Following considerable discussion, it was moved and seconded to adopt Resolution No. 892, as amended. Motion carried unanimously.

Bills/Vouchers

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

Absher Construction Co., Inc (Surgery Project – Application No. 29)	\$ 149,408.01
H.S. Builders, Inc. (Urgent Care Project – Application No. 4)	57,860.87
Lydig Construction, Inc. (Emergency Tower Project – Application No. 12)	4,726,253.04

	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	26400	26508	10/29/2008	73590.69

ACCOUNTS PAYABLE	26509	26510	11/5/2008	1,545.66
ACCOUNTS PAYABLE	825262	825286	10/30/2008	614.40
ACCOUNTS PAYABLE	2110899	2111090	10/28/2008	6,730,627.95
ACCOUNTS PAYABLE	2111091	2111091	10/29/2008	15,639.43
ACCOUNTS PAYABLE	2111092	2111293	10/30/2008	1,170,146.65
ACCOUNTS PAYABLE	2111294	2111294	10/30/2008	54,812.21
ACCOUNTS PAYABLE	2111295	2111296	10/31/2008	19,386.87
ACCOUNTS PAYABLE	2111297	2111490	11/4/2008	2,421,180.06
ACCOUNTS PAYABLE	2111491	2111718	11/6/2008	1,408,946.10
ACCOUNTS PAYABLE	2111719	2111719	11/7/2008	7,285.20
ACCOUNTS PAYABLE	2111720	2111899	11/11/2008	1,021,214.10
TOTAL AP				<u>12,924,989.32</u>
WIRES OR EFT				1,602,621.75
SEPTEMBER PAYROLL				7,778,200.94
GRAND TOTAL				<u>\$27,239,333.33</u>

Resolution No. 893 – Surplus Property

MOTION

It was moved and seconded to approve Resolution No. 893, 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.

Public Comment

Public Comment

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

Commissioner Comment

Commissioner Hemstad stated that at this time he is considering running for Director of King County Elections, an elected position recently approved by the voters via King County Charter Amendment. The filing period is in December and a special election is scheduled for February 3, 2009.

Recess

President Jacobson acknowledged a request for a recess at 6:02 p.m. following which the Board and Mr. Roodman convened in Executive Session for approximately 60 minutes for the purpose of evaluating the performance of a public employee pursuant to RCW 42.30.110(1)(g).

The business meeting reconvened at 7:00 p.m. President Jacobson then indicated that the executive session would be continued tomorrow following the conclusion of the educational retreat. Therefore, the business meeting will be in recess until tomorrow immediately following the conclusion of the educational retreat, at approximately 12:00 noon, Tuesday, November 18, 2008.

The educational retreat reconvened on November 18, 2008, at 8:30 a.m., (same attendees) at Renton Technical College, Room C110. Topics discussed follow.

#### Performance Audit Update and Financial Information

Ms. Grinnell reviewed the history and purpose of performance audits, which were authorized by Initiative 900 passed by voters in 2005. The audits are conducted by the Washington State Auditor's Office (or a contractor as determined by SAO) and are funded through state sales tax. Valley is one of the three largest public hospital districts in the state being audited concurrently by contractor Ernst and Young, on behalf of SAO. The components of this audit are Administration, Capital Projects, Communication (Citizen Accountability) and Procurement. SAO has confirmed today that the audit is nearly complete, but there is no timeline on the draft report yet. Ms. Grinnell reviewed the preliminary areas of issue and estimated cost quantifications. Once the draft report is received, there will be a period of review and a response will be prepared by management to the various findings/recommendations for inclusion in the report. Final performance audit reports are available to the public. The district must hold a public hearing within 30 days of the report's issue to consider findings and receive comments from the public. The hearing may be a regularly scheduled Board meeting. Ms. Grinnell also explained the collegial audit experience and the tremendous amount of staff time spent on this initiative.

#### Patient Safety

Valley Medical Center's patient safety culture was reviewed by Mr. Alleman. He also outlined each of the 2009 National Patient Safety Goals which include:

- Improving the accuracy of patient identification
- Improving the effectiveness of communication among caregivers
- Improving the safety of using medications
- Reducing the risk of health care associated infections
- Accurately reconciling medication across the continuum of care
- Reducing the risk of patient falls
- Encouraging patient involvement in their own care as a patient safety strategy
- Improving recognition and response to changes in patient condition
- Universal protocol (pre-procedure verification; marking procedure site; time-out immediately prior to starting procedure)

Valley's efforts in addressing these goals were reviewed. The professional collaboration model between labor and management was discussed. Patient Care Services Goals for this year were also reviewed.

#### "Innovations with Bricks and Clicks"

Mr. Hayes presented a "snapshot" of Valley's transformation over the past 18 months, including slides of the new Lobby, Surgery Suites and Emergency Services Tower project. Project schedule milestones were also reviewed. Construction began one year ago on November 15, 2007. Tomorrow afternoon, on November 20, 2008 at 4:00 p.m. there will be an event commemorating "topping off" of the structure. Enclosure of the exterior is scheduled for April 1, 2009. The ED and parking floors are expected to be finished by November 1, 2009. Several community events are in the planning stages for next fall, including tours and open houses for the community anticipated to occur just prior to the opening of the new ED. Mr. Hayes also reviewed slides of the completed Central Utility Plant which was required prior to building the Tower. Other construction projects including Covington Clinic expansion, new linear accelerator, and the new Lake Sawyer Clinic were reviewed.

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VMC strategic IT alignment, including quality, people, patient safety, growth, service and finance objectives was reviewed by Mr. Hayes. A snapshot of accomplishments during the past 12 months was also reviewed. A project status report was also discussed.

Discussion of Status of 2008 Goals and Ideas for 2009 Goals, continued

There was a follow-up discussion concerning the dashboard summary of 2008 Board Goal performance criteria and ideas for 2009. These issues will be further reviewed at future Board meetings.

The educational retreat adjourned at 12:00 noon at which time the business meeting was re-opened. At 12:01 p.m., President Jacobson announced the continuation of the executive session for the continuance of the performance evaluation in accordance with RCW 42.30.110(1)(g), for approximately one hour.

At 12:59 p.m., the regular business meeting reconvened. There being no further business, the meeting was adjourned at 1:00 p.m.