

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

Held on January 5, 2009

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

Those present for a portion of the meeting:

Jacqueline Sinatra, WNI Administrative Director
David Vossler, M.D., WNI
David Lundin, M.D., WNI

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Jacobson at 3:35 p.m. in the Board Room of Valley Medical Center. It was moved and seconded to approve the minutes of December 15, 2008. Motion carried unanimously.

Election

Election of Officers for 2009

Motion

It was moved, seconded and unanimously carried to elect Commissioner Jacobson to the office of President for 2009.

It was moved, seconded and unanimously carried to elect Commissioner Miller to the office of Vice-President for 2009.

It was moved, seconded and unanimously carried to elect Commissioner Parnell to the office of Secretary for 2009.

Community Affairs

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

Dr. David Lundin, WNI neurosurgeon, will be introduced to the community at a dinner at Newcastle on January 22nd.

A December 17th front-page cover story in the *Renton Reporter* about the nursing shortage and growing demand was circulated. Tess Alviz, long-time VMC charge nurse, is featured in a photograph, and Scott Alleman is quoted.

A press release was issued on December 31st regarding Valley's new OB Hospitalist Program.

Valley Medical Center welcomed the first baby of 2009 in the Seattle area. KING and KOMO did features on the new baby and his parents.

Programs

Washington Neuroscience Institute Update

Mr. Glenn introduced Jacqueline Sinatra, Administrative Director, who updated the Board on the Washington Neuroscience Institute, which was initiated in 2005. She reviewed the mission and goals, programs and providers, diseases and conditions treated. Several milestones were reviewed, including recertification of the WNI Primary Stroke program in 2007 by The Joint Commission; A "Get with the Guidelines" award for exceptional quality improvement work for stroke patients featured in *U.S. News and World Report* last July; and a Bronze Award received in 2007 from National Healthcare Advertising for outstanding website. Other milestones include implementation of the Spine Center Patient Orientation Program, opening of a satellite office at Newcastle in 2008, hosting of neurology symposiums in 2007 and 2008, launching of an MS Steering Committee and partnering with The MS Foundation for fundraising events. Also, patient satisfaction scores have been consistently very high.

Performance during 2008 was reviewed including payor mix and the challenges experienced with the loss of two neurosurgeons and the addition of five new physicians and mid-levels. Significant overhead expense is experienced during practice start-up. Five-year market trends for various diagnoses were reviewed. The 2008-09 strategic plan for the WNI Spine Center was reviewed.

Dr. David Lundin, who joined VMC last November as Neurosurgery Medical Director of the Spine Center, was introduced and discussed minimally invasive and complex spinal surgery, including non-fusion techniques such as artificial disk replacement.

Medical Affairs

Medical Affairs Update

The next meeting of the Medical Executive Committee is scheduled for Tuesday, January 13th.

Quality Management Update

Dr. Beattie presented the Board Quality Report noting that of the seven metrics tracked on a monthly basis, only three have the updated values for November 2008 available as of today. The rate of Hospital Acquired Infections per patient days is creeping upward, although within control limits. Data on the hospital's healthcare infections rates for MRSA, C. Difficile, Central Line Sepsis, Ventilator Associated Pneumonia, and Catheter Associated UTI's were discussed in detail. Of note, there was one case of central line sepsis in November (after 4 months with zero) and ZERO episodes of ventilator associated infection were maintained for the sixth month in a row. The Inpatient Fall Rate remains within control limits. The "Left Without Treatment" rate from the Emergency Department has been well below target for three months.

OB Hospitalist Program

It was also reported by Dr. Beattie that the OB Hospitalist program, supported by OB Hospitalist Group, a national physician group specializing in obstetrical and gynecological care, was implemented January 1, 2009. She circulated information about the program, including a press release and photo roster. The program is the first in the greater Seattle/Tacoma area and will enhance patient safety and care by ensuring that a board certified physician specializing in obstetrics and gynecology is in the hospital and

immediately available at all times – 24 hours a day, 365 days a year. The OB Hospitalist will assure that every woman presenting for emergency obstetric or gynecologic care is examined and evaluated by a physician. In addition, they are immediately available for the ongoing medical needs or unexpected emergencies of hospitalized patients.

Financial and Budget Update

Ms. Grinnell reported that all data for December is not yet available. Preliminary figures indicate that volumes were down and the average daily census and gross revenue were below budget. Volumes in 2008 began strong, but ended much lower than anticipated. The state budget recently announced by Governor Gregoire includes 4% across the board Medicaid cuts. Administration continues to re-evaluate and refine the 2009 Operational and Capital Budget. Expense reduction continues to be a priority. Many programs are being assessed as well as potential staff reductions. Ms. Grinnell clarified that 2008 through November is \$1.9 million negative without taxes. There will be a positive bottom line with taxes, which is the most common and standard way that bond rating agencies view hospitals such as VMC.

Notification was received from King County last week that a tax levy resolution with specific language relating to the percentage increase in the amount levied between years excluding new construction, prior year's refunds, and annexations, if any, is required by January 31, 2009. A resolution will be prepared for the January 20th board meeting.

The Washington State Auditor's Office still has no timeline for the Performance Audit report.

Bills/Vouchers

MOTION

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

	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	26753	26789	12/16/2008	14,508.86
ACCOUNTS PAYABLE	825302	825317	11/19/2008	155.00
ACCOUNTS PAYABLE	825318	825322	11/26/2008	95.00
ACCOUNTS PAYABLE	825323	825341	12/16/2008	410.16
ACCOUNTS PAYABLE	2113518	2113795	12/11/2008	1,301,176.51
ACCOUNTS PAYABLE	2113796	2113910	12/16/2008	496,530.09
ACCOUNTS PAYABLE	2113911	2114144	12/18/2008	1,398,839.82
ACCOUNTS PAYABLE	2114145	2114234	12/22/2008	170,041.03
ACCOUNTS PAYABLE	2114235	2114265	12/23/2008	5,341,153.68
TOTAL AP				<u>8,722,910.15</u>
WIRES OR EFT				8,009,299.58
GRAND TOTAL AP and EFT/WIRES				<u><u>\$16,732,209.73</u></u>

Resolution No. 898 – Surplus Property

MOTION

It was moved and seconded to approve Resolution No. 898 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 unanimously approved.

Reports

Other Administrative Reports

Operations Update

Mr. Hayes reported on a new approach to communicating with employees with the goal of reaching a wider audience. During the past several years, quarterly Employee Forums have been attended by approximately 400 employees per quarter. The "Podcast" format introduced in December may be viewed either by personal computer or DVD. Positive feedback has been received on this new format which was viewed last month by over 750 staff members.

The December snowstorm resulted in weather-related challenges at VMC necessitating operating in internal disaster mode. There was no adverse effect on provision of care. Staff were present and some used the closed Joint Center for sleeping quarters. There were no issues with deliveries of supplies. Security staff made over 100 trips to transport key staff to and from the hospital in a rented SUV. Also, Brotherton Motors of Renton generously loaned an Escalade to help transport discharged patients.

The 2009 operating and capital expenditure budget continues to be refined in view of the continuing economic downturn. The budgeted average daily census has been decreased from 157 to 145 patients per day. This will impact anticipated revenue and necessitate further review of programs, possible charging for on-campus parking, consolidation of units, and continued scrutiny of expenses as well as potential staff reductions.

Patient Care Services

Mr. Alleman commented on challenges facing Patient Care Services in view of the current economy and continued fine-tuning of the budget. Jean Durnin, Nurse Manager of the Joint Center, will also manage the Neuro/Spine Unit. General Surgery and Oncology Unit management will be combined under the leadership of Donna Haught.

HR & Marketing

New Employee Orientation Kits were distributed and reviewed by Ms. Mitchell. She also said she had two personnel items for Executive Session.

Clinic Network

Mr. Larson compared decreasing volumes for Occupational Health Services, Valley Family Medicine and primary care clinics from November 2007 to November 2008. He also reviewed increased volumes in Behavior Health Services during the same period. He is meeting with departments and services with decreased volumes to discuss ways to significantly reduce costs. The primary care clinics suffered reduced hours and volumes during the December snowstorm. Urgent Care Clinics, on the other hand, were very busy at the times they were open and roads were clear enough for patients to travel.

Dr. Robby Riddle, Primary Care Medical Director for the past two years, has left VMC to accept a position with a large physician group in Vancouver, Washington. A search for his replacement has begun.

Business Development

In follow-up to Ms. Sinatra's presentation, Mr. Glenn noted that practice start-up costs are significant and clinic optimization is a primary focus in order to contain costs.

He also announced that last month the Department of Health adopted new rules, which are favorable to Valley Medical Center, for adult percutaneous coronary interventions (PCI) without on-site surgery. A Certificate of Need will be filed. Projected start date is October, 2009.

Recruitment Update

Dr. Thompson commented that the downturn in the economy has impacted retirement-age physicians with more doctors choosing to delay retirement for a few years. The national housing crunch has also affected the ability to recruit. The main focus in recruitment continues to be in family medicine and urology.

He also reported that the new orthopedic clinic for uninsured and Medicaid patients, which is part of Project Access, will open Thursday next to our Emergency Department. Valley Orthopedic Associates physicians will staff the clinic with VMC providing ancillary resources.

New Chief Financial Officer

Mr. Roodman announced that Larry Smith will begin as Chief Financial Officer one week from today on January 12, 2009. Jeannine Grinnell, Vice-President – Finance, was acknowledged for her contributions while the CFO search was underway.

Recess President Jacobson acknowledged a request for a recess at 5:35 p.m. following which the Board convened in Executive Session for approximately 45 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).

Public Comment Public Comment
At 6:00 p.m., President Jacobson returned to open session and called for public comment. There was none. Executive Session then continued.

Reconvened The meeting reconvened at 6:32 p.m.

Adjournment There being no further business, motion was made to adjourn this meeting at 6:35 p.m.