

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

Held on February 17, 2009

Attendance:

Commissioner Anthony R. Hemstad, Commissioner, District No. 3  
Commissioner Donald O. Jacobson, President, Commissioner, District No. 1  
Commissioner Carolyn V. Parnell, Secretary, Commissioner, District No. 2  
Richard D. Roodman, Administrator/CEO – Superintendent  
Kathryn D. Beattie, M.D., Senior Vice President - Chief Medical Officer  
Larry Smith, Senior Vice President – Chief Financial 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  
David E. Smith – General Counsel  
Pamela Fowler, Director – Marketing and Community Affairs  
Sandra Sward, Executive Assistant/Office Coordinator

Those present for a portion of the meeting:

Kris Tiernan, Assistant to CEO and Board of Commissioners  
Kerry Meyer, PhD, ARNP

Minutes 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 February 2, 2009. Commissioner Hemstad requested that discussion of Resolution 904 in the minutes be changed.

Mr. Hemstad requested to change the minutes to reflect statements he wanted added, but the other Commissioners did not recall all of the statements Mr. Hemstad said he made. Because only 3 of the 5 Board of Commissioners were present, the President of the Board of Commissioners decided to table this issue until the next meeting of the full commission, so all five members could discuss these issues and consider action, if appropriate, at that time.

MOTION The motion to approve the minutes as submitted carried, pending clarification of the proposed changes when all five commissioners are present.

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

Valley Medical Center has been nominated for a Kent Chamber of Commerce Best Practice Award for the IOC (Intensive Outpatient Care) Boeing program. Winners will be announced at the Kent Chamber President's Banquet and Business Leadership Excellence Banquet on March 14, 2009.

Valley Medical Center will be sponsoring a table at the King/Kitsap County Red Cross Heroes Breakfast on March 26th.

Valley Medical Center and Rich Roodman have been nominated for a healthcare leadership award by *Seattle Business Monthly*. The awards event is scheduled for February 26<sup>th</sup>.

The *Puget Sound Business Journal* featured Larry Smith in their Spotlight/Career Moves section in the February 6<sup>th</sup> issue.

Valley's OB/GYN Hospitalist program is currently being featured on the localhealthguideonline.com website along with two links to our VMC website.

The following stories have been provided, featuring Valley Medical Center physicians and services:

- Dr. Wynne Chen, Sleep Center – provided to a freelance reporter working on pediatric insomnia.
- Dr. Barry Stewart, Fairwood Primary Care Clinic – provided to EverydayHealth.com for a series on women's health issues.
- Melissa Egan, Children's Therapy – provided to *Exceptional Parent* magazine for a story on autism.
- VMC's Emergency Services Tower – provided to *US Business* for a story on healthcare infrastructure development in the northwest.
- *Covington and Maple Valley Reporters* have featured articles on Senior Health (issues dated February 18 and February 25).
- OB/GYN Hospitalist program – *425 Magazine* has indicated interest in featuring our new Hospitalist program. The magazine will also feature Dr. Lundin in the "Doctors Making a Difference" publication for the March/April issue.

## Programs

### Kerry Meyer, PhD, ARNP: Intensive Outpatient Care (IOC) Program

Dr. Meyer provided an overview of the IOC program and how primary healthcare services will be impacted in the future. This study is now two (2) years in the making and has grown from a small study to a large, integrated healthcare model with substantial outcomes indicating that are predicted to drive significant changes in the way healthcare is integrated and coordinated in the future. The IOC program is centered on a concept termed Medical Home. Medical Home is a way to manage logistics and segments of an individual's (often times vast) array of medical services in a way that ensures continuity and information sharing for\_all providers, ranging from the primary care provider to the specialty provider. This Medical Home model provides a way to promote and maintain multidisciplinary care services in both an accessible and timely way to the patient populations. Health information was cited as one example of how using the Medical Home model would improve continuity and communication; thus providing better patient care and diminished overhead for healthcare operations, overall. Ms. Meyer suggests that VMC apply for Level III Medical Home Provider Status.

Dr. Thomas noted that healthcare is on the precipice of a fundamental change in the way medicine is practiced. Currently, "everyone is in charge and no one is in charge." The Medical Home model is a way to provide congruent services in a way that both manages

health information while providing oversight and direction for overall patient care. This model also addresses the transition from inpatient to outpatient services, where current quality is declining due to lack of communication management once discharge planning has been complete.

Medical Affairs

Credentials

MOTION

Recommendations dated February 10, 2009, from the Medical Executive Committee outlining appointments, reappointments, changes of staff status, change in privileges and resignations were 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.

Recommendation dated February 10, 2009 from the Medical Executive Committee to approve the recommendation regarding Free Microvascular Flaps procedure was detailed. It was moved, seconded and unanimously carried to approve the recommendation as presented.

Recommendation dated January 13, 2009 from the Medical Executive Committee outlining the background of performing routine TEVAR procedures on pre-existing open thoracoabdominal surgical cases. It was moved, seconded, and unanimously carried to approve the recommendation as presented.

Medical Executive Committee

Initiative 1000: Dr. Beattie provided an update on discussions regarding Washington State Death with Dignity Act. A summary was provided to the Medical Executive Committee who discussed the ramifications of Valley Medical Center in response to this initiative. Dr. Beattie noted that the "attending" physician, if participating, holds the primary responsibility for compliance with the law and all documentation. Hospital participation would likely have little impact on inpatient populations as most patients meeting all requirements and deciding to exercise the right to "die with dignity" would most likely not be inpatients. Several physicians present at the Medical Executive Committee meeting indicated, for their independent practice, not to participate; as requirements for compliance are exceedingly onerous. Dr. Beattie stressed the importance of coming to a clear policy decision to avoid confusion in the future. She suggested that VMC, as a public hospital, determine this decision based on the public's intention to participate or not participate with the Initiative. David Smith provided informal polling that was conducting on neighboring hospitals, which indicates that more are opting "out" on participation with the Initiative.

Quality Management Update

Dr. Beattie provided statistics from the 3<sup>rd</sup> quarter of 2008 HCAHPS Patient Satisfaction survey results. 64% of the respondents surveyed scored the overall Hospital rating as a 9 or a 10 (on a scale of 1-10). The overall Hospital rating by treatment area was highest for the Joint Center (74.2% of the respondents gave VMC a score of 9 or 10) and 3E General Medicine (71.4% of respondents gave VMC a score of 9 or 10).

Patient Safety topics discussed included the preliminary results of the AHRQ Culture of Patient Safety Survey of staff. 92% of the VMC staff surveyed gave their work area/unit an overall grade on patient safety of either excellent, good or acceptable. Results demonstrated that one of VMC's greatest assets in promoting patient safety is teamwork within units.

Reports

Reports from Administration

Financial Affairs

Mr. Larry Smith reported that Moss Adams will be on-site conducting the annual financial audit through April 2009. The 2009 budget is currently being revised, due to low census in January.

Bills/Vouchers

MOTION

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

Lydig Construction (Emergency Tower – Application No. 15)	\$ 5,864,071.03
H.S. Builders (SPD Infill Renovation – Application No. 1)	147,214.54

	FROM	TO	DATED	AMOUNT
ACCOUNTS PAYABLE	26856	26938	1/23/2009	36,360.33
ACCOUNTS PAYABLE	26939	27004	2/6/2009	40,941.95
ACCOUNTS PAYABLE	825371	825391	1/28/2009	999.81
ACCOUNTS PAYABLE	2115899	2116086	1/27/2009	6,367,058.90
ACCOUNTS PAYABLE	2116087	2116334	1/29/2009	1,337,310.56
ACCOUNTS PAYABLE	2116355	2116539	2/3/2009	2,016,736.31
ACCOUNTS PAYABLE	2116540	2116747	2/5/2009	1,083,617.69
 TOTAL AP				 10,883,025.55
 WIRES OR EFT				 1,454,367.77
 GRAND TOTAL				 \$18,348,678.89

Write-off of Accounts Receivable

MOTION

It was moved and seconded to approve write-off of hospital and clinic accounts receivable in the amount of \$5,146,049.62, of which \$5,036,607.21 has been referred to Collection. The balance of \$109,442.41 represents bankrupt accounts and cancellations.

Resolution No. 905 – Surplus Property

MOTION

It was moved and seconded to approve Resolution No. 905 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.

### HR & Marketing

Mr. Roodman provided comments on behalf of Barbara Mitchell (who could not be present today) regarding the recent economic downturn with specific regard to the recent national media frenzy being focused on executive compensation. He said that Ms. Mitchell wanted to point out:

- VMC has not received any federal compensation “bail out” money.
- Mr. Roodman has voluntarily withheld his contractually obligated pay raise for 2009 and his salary is frozen at the 2008 level.
- The VMC Administration has also frozen all salary adjustments in 2009 for all managers and executives, in spite of an estimated \$8M of operating profit for 2008 (which is the level of profit needed for an A- rating from *Standard & Poor.*) Additionally, despite the Medical Center’s profit during 2008, no incentive awards will be paid to any Administrator or Manager in 2009.

Additionally, on February 3, 2008 (the day following the last Board of Commissioners meeting), the State Auditors office called for the first time since their consultant’s report on the Performance Audit was turned over to them in October 2008. (The Auditors actually finished their work at VMC and the two (2) other Public Hospital Districts being simultaneously audited in August 2008, and turned in their report to the SAO in October 2008.) The SAO Auditors have now requested materials in response to one additional portion of these performance audits: Executive Compensation and Severance. At the entrance conference held last week, the SAO officers indicated they have no experience in performing an audit on Executive Compensation since they have not performed this type of audit in any of their other Performance Audits throughout the state. Mr. Smith, VMC General Counsel, challenged the statutory authority to request this type of audit. The SAO officials said they would research this. Mr. Roodman said that no matter how the statute is written, this Administration would welcome such an audit, to include an inspection of all contractual documents. Mr. Roodman said that he expects the anticipated outcome of an audit of VMC’s policies and compensation practices will reflect VMC performing *Best Practices* in this area. Concurrent with being contacted on February 3<sup>rd</sup> by the SAO for an additional component of the audit, *The Seattle Times* submitted a request to review Executive Compensation documents. The Evergreen Freedom Foundation also requested the same documents. Mr. Roodman then said that Ms. Mitchell wanted everyone to be provided with a copy of Daily Tax RealTime dated February 12, 2009 titled: “*IRS Tax-Exempt Hospital Study Shows Top Compensation Exceeds \$1M, but Allowable*” (see attached), since this information was just released and seems very timely to these requests.

Finally, Mr. Roodman said that Ms. Mitchell wanted to mention all of this aforementioned to the Board because she thought the timing of these three calls might be a little more than coincidental.

### Patient Care Services

Scott Alleman reported that much effort is being made in reviewing staffing ratios which will result in a re-bid of all Patient Care Services nursing positions on Med/Surg units. The re-bid will occur following the consolidation of two (2) nursing units and realigning staffing ratios. Layoffs may follow the staffing plan revision. Staffing ratio changes are expected

to have a direct correlation to reduced traveler expenses for agency nurse expenses. Mr. Alleman provided an update on the Quality Management Tracking (QMT) incident reporting since adopting the Quantros on-line reporting software. There has been an increase in event reporting since the software was implemented, though not necessarily an increase in events.

#### Clinic Network

Paul Larson reported that the new Benson Urgent Care Clinic opened February 16, 2009. There was a good turn-out on the first day, in spite of the national holiday. Design work continues on The Landing project, with an anticipated completion date of June 2009, followed by three (3) months of construction; with opening of the clinic currently slated for late fall/early winter, 2009.

#### Business Development

Mike Glenn advised that the PCI Certificate of Need application will be submitted February 27, 2009. A response is anticipated by the fourth quarter of 2009.

#### Recruitment Update

Dr. Beattie provided a report on the da Vinci robotic demonstration that took place in the main hospital surgery last week. There was great interest and turnout by the physician groups, with significant interest. Surgical capability is particularly advantageous for urological and gynecological procedures. Dr. Thomas encouraged VMC leadership to pursue this technology with vigor, as patients will be seeking out surgical procedures in facilities that operate this equipment.

Recess President Jacobson acknowledged a request for a recess at 5:30 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), 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 6:15 p.m.

#### MOTION Commissioner Excused

It was moved, seconded and carried to excuse Commissioners Mike Miller and Sue Bowman from this meeting.

Adjournment There being no further business, motion was made to adjourn this meeting at 6:20 p.m.