

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

Held on December 21, 2009

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  
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  
Barbara Mitchell, Senior Vice President – HR and Marketing  
Robert Thompson, M.D., Vice President – Physician Recruitment  
Amin Hakim, M.D., Vice President/Chief Medical Director - Clinic Network  
David E. Smith – General Counsel  
Kim Blakeley, Public Relations Manager  
Sandra Sward, Assistant to CEO and Board of Commissioners

Those present for a portion of the meeting:

Elaine Lobdell, VP Quality Services  
Jeff Wong, Finance  
Cory Cappeletti, Citizen  
Cliff Clifford, Citizen

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Jacobson at 3:32 p.m. in the Board Room of Valley Medical Center. It was moved and seconded to approve the minutes of December 7, 2009. President Jacobson requested the following correction to the minutes:

Page 5, first paragraph, correction to the second sentence *in italics*: Cold Room construction *is complete*.

Community Affairs Ms. Blakeley reported on the annual Renton Chamber of Commerce Holiday Auction which was held on Thursday, December 10. Valley contributed two (2) holiday baskets to the silent auction and participated as a table sponsor.

Valley staff participated in the 22<sup>nd</sup> annual Christmas Rush 5K run/walk sponsored by the City of Kent on December 12. This event had a record-breaking 1600 participants.

Programs Specialized Annual Report – Quality Improvement Council

Elaine Lobdell presented an update on patient safety events in 2009 as reported to The Joint Commission (TJC) and/or Washington State Department of Health (DOH). VMC has reported thirty-eight (38) total events since 2006, including six (6) in 2009: 2 surgical events, 2 patient protection events, 1 care management event for a pressure ulcer and 1 environmental event secondary to a patient fall. There were no criminal or product/device events reported. Ms. Lobdell provided a detailed analysis of the reported events, including

the implementation of the action plans developed in response to the finding. Ms. Lobdell noted the on-line adverse event reporting system has been in place for almost one year and in this time, the number of reported events has increased almost four-fold. This increase reflects the improved confidence of the members of the organization in the culture of safety and is not a reflection of increase in the actual number of events occurring. This has been validated by the findings of VMC's 2009 culture of patient safety survey.

Resolution No. 929 – District Goals for 2010

MOTION

Mr. Hayes provided a summary of the draft 2010 goals, indicating that previously provided information to the Board had been adjusted to accommodate Board recommendations for goals 2 and 3, along with the addition of goal 11 regarding transparency. A summary of the draft goals was provided also, noting which goals were recommended for incentive award consideration. Award incentives for 2010 will be considered utilizing the current Board approved award framework, consistent with previous year's and will not exceed nor deviate from previous year's programs.

After some discussion, it was moved and seconded to adopt Resolution No. 929, District Goals for 2010 and Incentive Plan. The motion was unanimously approved.

Medical Affairs

Quality Management Update

Dr. Beattie reported average length of stay for inpatient services continues to be less than forecasted. The rate of readmissions within fifteen (15) days of discharge has been consistently close to the expected rate for the four (4) month period of June through September, 2009. Inpatient mortality remains significantly less than the expected mortality for our patient acuity levels. Hospital acquired infections and patient falls are both within control limits and trending downward.

Medical Executive Committee

Dr. Beattie reported the new Medical Staff Observation Policy was discussed. Officer positions were named by the Nominating Committee for positions being filled for the March 2010 – February 2012 term.

Credentials

MOTION

Recommendations dated December 2, 2009, from the Medical Executive Committee outlining appointments, reappointments, changes of staff status, change in privileges, and resignations were individually reviewed by Dr. Beattie. Following discussion, it was moved, seconded and unanimously carried to approve credentialing/privileging recommendations as presented. Copies are attached to and made part of these minutes.

Reports

Reports from Administration

Financials

Mr. Smith reported census was high for November and continues to look high for December. November income from operations was positive and over budget. Mr. Smith requested an amendment of the approved capital project amounts for those Board approved capital projects in process to reflect the costs of in-house (capitalized) labor associated with those projects, primarily the Tower, Renton Landing and IT projects. The

estimated impact of this change is approximately \$1.2 million. This request is the result of the recognition of labor associated with capital projects as a capital cost rather than an operating expense. The change will accurately reflect the total capital costs of the projects and is consistent with current acceptable accounting practice.

## MOTION

Following discussion, the Board moved, seconded and unanimously approved the process changes recommended to allow for itemization of capitalized in-house labor expenses.

2010 Operational Budget

Mr. Smith provided an update on the development of the 2010 Operational budget. Budget amounts are consistent with information previously provided to the Board and reviewed with the Finance Committee. There being no additional Commissioner input at the meeting, Mr. Smith indicated staff would immediately begin the actions necessary to implement the budget as the management tool for 2010. Mr. Smith explained that the Board had previously approved the Expenditure Budget as well as the Tax Levy. The Operating Budget was created to be in compliance with the two board actions and to provide a financial map to fund 2010 goals. The operational budget is management's best attempt to reach the goals that have been identified and approved for fiscal year 2010.

Bills/Vouchers

## MOTION

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

Lydig Construction, Inc.		
VMC – Emergency Tower – App. No. 25		\$937,160.59
H.S. Builders, Inc.		
SPD Infill renovation – App. No. 6		72,997.96

	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	35886	35930	12/8/2009	86,077.70
ACCOUNTS PAYABLE	35931	36058	12/15/2009	88,525.04
ACCOUNTS PAYABLE	826501	826523	12/1/2009	4,059.09
ACCOUNTS PAYABLE	826524	826535	12/8/2009	1,108.77
ACCOUNTS PAYABLE	826536	826571	12/15/2009	5,083.22
ACCOUNTS PAYABLE	2133451	2133704	12/3/2009	2,719,728.49
ACCOUNTS PAYABLE	2133705	2133839	12/8/2009	1,253,496.12
ACCOUNTS PAYABLE	2133840	2134042	12/10/2009	959,849.43
ACCOUNTS PAYABLE	2134043	2134043	12/11/2009	9,481.25
ACCOUNTS PAYABLE	2134044	2134044	12/14/2009	1,000.00
ACCOUNTS PAYABLE	2134045	2134262	12/15/2009	3,117,948.84
TOTAL AP				8,246,357.95
WIRES OR EFT				3,436,731.36
WIRES OF EFT				679,293.61
GRAND TOTAL				\$13,372,541.47

Resolution No. 930 – Pension and 403(b) Plan Amendment

A policy memo explaining Resolution No. 930, which was included with the Board packets, was reviewed. Resolution No. 930 adopts certain modifications required in order to comply under federal law prescribed by the Pension Protection Act of 2006, the Heroes Earnings Assistance and Relief Tax Act of 2008 and the Worker, Retiree and Employer Recovery Act of 2008.

MOTION Following brief discussion, it was moved, seconded and unanimously carried to adopt Resolution No. 930, authorizing amendment to the Pension Plan.

Resolution No. 931 – Borrowing & Credit Agreements

A policy memo explaining Resolution No. 931, which was included with the Board packets, was reviewed. Resolution No. 931 authorizes certain officers of the District to enter into borrowing and other credit agreements with banking or lending institutions.

MOTION Following discussion, it was moved, seconded and unanimously carried to adopt Resolution No. 931, authorizing the Superintendent, Chief Financial Officer and Treasurer to enter into borrowing and other credit agreements with banking or lending institutions.

Resolution No. 932 - Authorizers of Investments

A policy memo explaining Resolution No. 932, which was included with the Board packets, was reviewed. Resolution No. 932 authorizes the Chief Financial Officer and Treasurer of the District to act on behalf of the District with respect to all matters concerning investments, as permitted under Washington State law.

MOTION Following discussion, it was moved, seconded and unanimously carried to adopt Resolution No. 932.

Resolution No. 933 – Surplus Property

MOTION It was moved and seconded to approve Resolution No. 933 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 the statute. The motion was approved unanimously.

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 \$2,827,111.39, of which \$2,820,763.45 has been referred to Collection. The balance of \$6,347.94 represents bankrupt accounts and cancellations.

Recess President Jacobson acknowledged a request for a recess at 4:05 p.m.

Reconvened The Board meeting reconvened at 4:30 p.m.

### Operations Update

Mr. Hayes shared the contents of a letter received from a patient who underwent knee replacement surgery by Dr. Barrett and was a patient in our Joint Center. The patient, an anesthesiologist for over 25 years and who traveled from Spokane, found the care and medical services at Valley to be outstanding.

Mr. Hayes reported there has been a consistent and dramatic decrease of influenza like illness incidence, both at Valley as well as throughout the country. Valley has re-evaluated our visitation practices, routine supplies of H1N1 vaccine are being received and the Clinic Network is planning a general vaccine clinic.

Mr. Hayes provided an update on the planning efforts regarding development and deployment of the hospital's Electronic Health Record (EHR). An inter-disciplinary planning process will be conducted mid-January through early February to identify the strategic vision for evaluating our current capabilities and identify present and future requirements for the use of an EHR at Valley. The focus of this planning will include development of guiding principles for the EHR, creation of a clinical strategic vision, develop and build a consensus around a new clinical workflow and identification of gaps with our current software capabilities along with a risk assessment of those gaps. Mr. Hayes noted this next stage in the EHR development will be challenging as we identify gaps in our clinical and operational processes and financially plan for meaningful use of the stimulus funds.

### Patient Care Services

Mr. Alleman provided an update on recent media coverage concerning overuse of CT scans and variations in radiation doses which have been linked to increased cancer risk. The CT scans used at Valley are set to "reset" to normal radiation after each encounter with a patient, precluding the potential for operator error and inadvertent over-radiation. The new 256 slice CT scan exposes patients to 60-70% less radiation than the older machines. Mr. Alleman noted the advantage of placing the new 256 slice CT scan in the Emergency Services South Tower, as the majority of CT scans occur in the ED.

### Clinic Network

Dr. Hakim indicated the Electronic Medical Record implementation schedule is on track with the Cascade Clinic currently transitioning to the electronic medical record. Recruitment efforts continue for Primary Care providers, with several interviews being conducted in the last two (2) weeks. Dr. Hakim met with providers in the specialty network last week; topics included an overview of projects for 2010, citizenship and compliance with all patient safety standards

### Business Development

Mr. Glenn reported on the status of Valley's licensed bed count with the Certificate of Need (CON) office. The office recently changed its method of counting hospital licensed beds thereby reducing the number of beds at Valley from 303 to 243. Because of this change in methodology resulting in fewer licensed beds at Valley, the CON office has determined there is now need for additional beds in the planning area. Multicare has submitted a CON application for these additional beds and plans to build a 30-50 bed hospital in Covington. Mr. Glenn indicated representatives from Valley have scheduled a meeting with the CON office to better understand the methodology behind reducing its bed count from 303 to 243. Valley intends to do everything possible to reclaim these beds. Further, Valley

intends to submit a CON application for the additional beds to make sure that if any additional beds are added within the South King County planning area, they become part of Valley Medical Center's campus. Mr. Glenn reminded the Board that their decision to build a seven story tower was the result of a plan aimed at meeting both the immediate and the long term health care needs of our community.

The Stand Alone Emergency Department (SAED) project is continuing to develop. Commissioner Miller and Mr. Glenn met with the Covington City Manager and a community developer involved with Covington City planning earlier in the month. Commissioner Miller noted the property use proposed by Valley is being viewed favorably by Covington officials, however, there is a process which must be followed.

#### Physician Recruitment

Bob Thompson reported on current recruiting efforts. Applicants are responding to critical need positions within Valley and physician groups in the area continue their efforts to recruit providers to meet increased access and service needs in the upcoming year.

#### HR & Marketing

Ms. Mitchell provided a recap of successes achieved by Human Resources in 2009 and key challenges for 2010. Success indicators for HR included a RN vacancy rate drop to less than one-half percent, increased retention rates with an overall average tenure of 7.33 years, subsidized education for 293 employees who are pursuing career development and 304 internal promotions. HR challenges include strategic planning that meets demands of an aging workforce and finding enhanced avenues to promote cultural diversity and communication avenues within a diverse workforce.

#### Superintendent/CEO

Mr. Roodman reported on the monthly Management team meeting, held on December 16. Each manager shared one area they were most proud of in 2009; the list included a variety of positive achievements and represented values such as teamwork and collaboration. Mr. Roodman expressed his appreciation for their hard work, their sacrifice and their results in 2009.

Mr. Roodman shared his thoughts on the outstanding leadership and performance of the Administrative team in 2009:

Paul Hayes provided oversight of the hospital's master plan while simultaneously managing facility and operational transitions that, while affecting multiple systems and department functions, were completed on time and under budget. The Information Technology department has been transformed in the last few years under Paul's leadership, evidencing a major strength in operational information that continues to positively impact the medical center. Mr. Roodman noted the incredibly good relationship Paul has with the staff at Valley and his success in overseeing all medical center operations.

Scott Alleman directed the front-line staff within Patient Care Services in a seamless and cohesive manner, while managing the paramount work of transitioning clinical services to the new Emergency Services South Tower. Mr. Alleman has managed through-put challenges resulting from an overcrowded ER and high census ED while maintaining good patient safety outcomes with patient volumes way above those forecasted.

Paul Larson managed the continuum of clinic operations for ten (10) months without a Medical Director. Paul maintains an excellent relationship with the clinic physicians and staff while volumes increased by about eight percent for Urgent Care and Primary Care. Mr. Roodman noted that Paul oversees a growing group of positive medical staff.

Larry Smith has been very instrumental in achieving a profitable operating margin, in the midst of an economic crisis unparalleled in fifty years. Mr. Roodman congratulated Mr. Smith and his staff on a flawless State Auditors Office report, noting \$1.2 million was spent by the State conducting the performance audit of three (3) public hospital districts over two years, with no potential savings attributed to Valley Medical Center. Mr. Smith has provided leadership in reshaping revenue enhancement and has had a significant impact on billings and collections as well as material management activities and contracting.

Dr. Thompson has been significant in coordinating the development and services for the DaVinci robotic surgical system, including recruitment of specialists. Dr. Thompson has provided support as an acting Medical Director during the year, in addition to providing invaluable direction and interface related to physician office space. Mr. Roodman noted that while office space is at a premium; Dr. Thompson's efforts working with the physicians, the clinical programs and lease agreements along with our legal counsel has been exceptional.

Barbara Mitchell's leadership excelled in the midst of an arduous year of several inaccurate and politically motivated media events. Valley's commitment to patient care and expanding community access was evidenced by the increased volumes experienced in 2009. Mr. Roodman attributed the positive image Valley maintains in the community to the ongoing work Ms. Mitchell and her staff maintain through diligent work pertaining to patient safety and quality of care. Valley's rating in Modern Healthcare as the tenth best place to work in healthcare nationally, is reflective of our workforce's pride and respect for the patient care and work environment we maintain at Valley.

Mike Glenn has made significant improvements with new business ventures in the midst of a financially challenging year, with reduced capital. Mr. Roodman noted the excellent relationships that Mr. Glenn has forged with key community leaders and recognized Mr. Glenn's participation in the ongoing efforts to develop enhanced cardiology services at Valley. Mr. Glenn's work with Scott Alleman, David Smith and others on a new ER in Covington has been helpful as well as his success with a Certificate of Need for Elective PCI's.

Dr. Beattie was recognized for the significant improvement she has achieved in patient care with the development of the many hospital-based physicians. Our labor and delivery volumes have continued to grow with the Laborist program, which follows on the success of the general Inpatient and Pediatric hospitalist programs. Dr. Beattie provided administrative oversight for the physician groups and medical directors and has been successful in maintaining excellent relationships within the Valley provider groups as well as the medical staff leadership. She has made tremendous progress addressing issues related to ED Call coverage.

David Smith has been successful in working with our insurance partners, managing claims and maintaining economic interests. Mr. Roodman noted that the many state and governmental audits that happen each year within a medical center provide a wide-range of potential litigious activity, yet Valley has consistently maintained an excellent record of compliance with all regulatory requirements.

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Superintendent Roodman concluded with the observation that 2009 has been a banner year statistically, financially and operationally. He commended his executive team for their leadership and diligence during a financially and politically challenging year.

Commissioner Comment

Commissioner Parnell indicated she concurred with the report provided by Superintendent Roodman. She is proud of the work Valley has accomplished and is humbled to be on the Board and serve with the Valley team. Commissioner Parnell thanked the executive staff for their commitment and continued hard work to serve the community.

President Jacobson reported that Commissioner Hemstad had inquired about attending Board meetings telephonically, earlier in November. President Jacobson noted that a public organization may have different priorities than those of private Boards to ensure the public has access to and is fully represented by the elected Commissioners. He asked the other Board members to think about Commissioner Hemstad's request and indicated it should be addressed at another meeting with Commissioner Hemstad present.

Recess

President Jacobson acknowledged a request for a recess at 5:32 p.m. following which the Board convened in Executive Session for approximately thirty minutes for the purpose of discussing 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 6:00 p.m.

Public Comment

Public Comment

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

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 6:05 p.m.