

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

Held on February 16, 2010

Attendance:

Commissioner G. Sue Bowman, Commissioner-at-large
Commissioner Aaron Heide, M.D., Commissioner-at-large
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
Barbara Mitchell, Senior Vice President – HR and Marketing
Amin Hakim, M.D., Vice President/Chief Medical Director – Clinic Network
Robert L. Thompson, M.D., Vice President – Physician Relations
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:

Jeannie Burton, Medical Staff Office
Cory Cappelletti, Citizen
Ms. Celia Shields, Citizen
Dr. William Shields, Retina & Macula Specialists`

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Bowman at 3:30 p.m. in the Board Room of Valley Medical Center. It was moved and seconded to approve the minutes of February 1, 2010. Motion carried.

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

Ms. Blakeley reported recent headlines: Feb 4, *Covington/Maple Valley Reporter*, Emergency Department contract signed for free standing ED in Covington, February 11, *Renton Reporter*, Cancer Center Marks Anniversary, February 15, *KOMO News* and *Covington/Maple Valley Reporter*, VMC opens Urgent Care Clinic at the Renton Landing.

Dr. Cynthia Murphy and team from the Valley Stroke Center participated in Screenings for Heart Month at the Renton Uwajimaya on February 16.

Goldencare supported Heart Month by offering seminars for seniors that included CPR training, stroke information and how to use an automated external defibrillator.

**Changed by subsequent motion. See Minutes of March 1, 2010*

Commissioner Bowman noted the good job Superintendent Roodman did on the commercial running on KING 5.

Programs

Medical Staff

Services Department

Dr. Beattie introduced Jeannie Burton, Manager of the Medical Staff Office. Ms. Burton provided an overview of the credentialing and privileging process for all medical staff professionals. Ms. Burton explained the core elements of credentialing, including the five (5) Joint Commission requirements: education, training, licensure, competency and the ability to perform privileges as requested. The regulatory bodies involved in medical staff credentialing include The Joint Commission, the Department of Health, Centers for Medicare and Medicaid Services and the National Committee for Quality Assurance. Ms. Burton provided a process flow of the entire credentialing process which highlights the many facets and information points involved in the verification of privileges. Insurance, medical licensure, drug enforcement licensure, past professional experience as well as state and federal criminal records are reviewed during the credentialing process. Superintendent Roodman explained the professional aspects between physicians and how credentials often impact how services are provided. Dr. Beattie noted Valley does not review for economic credentials – which would entail reviewing the cost practices of services of physicians as well as the quality and work history practices of the physician.

Board Meeting

Time Change

Superintendent Roodman noted the discussion held at the previous Board meeting indicated it might be beneficial to move the start time of the Board meetings to 4:00 p.m. This would allow additional commute time for those Commissioners who are coming from work, while maintaining ample time for Board business before Public Comment. Superintendent Roodman explained that the Board bylaws would not need modification to adjust the Board meeting start time. The start time would become effective on March 15, 2010 to allow for two (2) weeks of public notification in local area newspapers.

MOTION

Resolution No. 935 Setting the Time and Date of Regular Meetings

It was moved and seconded to amend the Board of Commissioners meeting start time, held on the first and third Monday of each calendar month, to 4:00 p.m. The motion was approved unanimously.

President Bowman asked Commissioner Heide to try to avoid continuous use of his laptop during the Board meeting(s). She also mentioned that cell phone usage should occur during designated breaks.

Medical Affairs

Quality Management Update

Dr. Beattie reported updates from the Quality Improvement Council meeting February 2. South Tower transition metrics are being established to assure that efficiencies and patient safety are maintained as work flow changes occur following the move into the Tower. Metrics include transfer times, lab and radiology turn around times.

Findings from the second annual Association of Healthcare Research and Quality (AHRQ) survey of patient safety culture were reviewed. 78% of respondents rated either a good or excellent grade for overall patient safety at Valley. All domains showed improving scores. Linda Furkay, PhD, RN, Patient Safety Adverse Event Officer, Office of Community Health Systems at the WA Department of Health presented an in-service on adverse event

reporting and root cause analysis. Ms. Farkay graded Valley with an A+ for the root cause analysis submitted to date.

Commissioner Jacobson asked how the "walk in" patients will access the new Emergency Department. Dr. Beattie explained there are two routes during the interim transition until the main entryway is visible and fully operational.

Medical Executive Committee

Credentials

MOTION Recommendations dated February 9, 2010, from the Medical Executive Committee outlining appointments, reappointments, changes of staff status, change in privileges, and resignations were distributed and 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.

MOTION Dr. Beattie presented Advanced Registered Nurse Practitioner (ARNP) Privilege Form and Supervising Agreement for review and approval. It was moved, seconded and unanimously carried to approve the ARNP Privilege form as submitted. Copies are attached to and made part of these minutes.

MOTION Dr. Beattie presented Psychiatry and Addiction Medicine Privilege Forms for review and approval. It was moved, seconded and unanimously carried to approve the Psychiatry and Addiction Medicine Privilege forms as submitted. Copies are attached to and made part of these minutes.

Reports Reports from Administration

Financial Affairs

Mr. Smith provided an update on the preliminary financials recently released for fiscal year 2009. Moss Adams LLP is currently on-site conducting the annual financial audit. Income for 2009 is significantly over budget and cash balances are positive, in large part due to managing expenses arduously during an economically challenging year coupled with minimizing agency nursing expenses. Moss Adams audit of the financial statements is expected in early April.

Mr. Smith provided an update on statistics for January. Census is below budget. Births are down and outpatient services has experienced a significant drop in elective diagnostic testing. Neighboring hospitals are experiencing similar drops, which are attributed, in part, to recent headlines about overexposure to radiation.

Mr. Smith indicated concerted efforts are being expended to work out a financial plan that will ensure financial and operational strength for the next 3-5 years. The general decline of the economy raises the importance of concentrating on financial planning and ensuring cash reserves are secure and ample to meet the operational and growth needs of the medical center. Unemployment is expected to remain high, while healthcare reform is stalled and currently provides no understanding of where healthcare will go in the next several years. A financial plan addressing the securing of sufficient cash will be brought back to the Board within the March/April timeframe.

Mr. Smith explained the Hospital Assessment Tax bill currently moving through legislation and being reported in the press. Non-public hospitals will be taxed an additional 3-4% and the federal government will match this at a rate of two dollars for every one dollar of additional tax money. The monies will be distributed through the Medicaid program to those hospitals who pay the tax. Preliminary information relative to how this will affect public hospitals is expected to be minimal since PHD's like Valley will not be paying the tax.

Lastly, Mr. Smith reported on the processes and new systems in place to aid patients in identifying sources of payment for medical procedures. Valley's efforts to bring the patient billing practices back in-house, along with new staffing resources to help work with patients who are seeking help with medical costs has resulted in a positive impact on the community but will increase transitional expenses during the first two quarters of 2010.

Bills/Vouchers

MOTION

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

S.D. Deacon Crop. Of Washington Renton Landing Clinic – App. No. 4	\$239,853.98
Regency NW Construction, Inc. VMC Birth Center 1B – App. No. 6	18,040.61
Regency NW Construction, Inc. VMC Birth Center 1B – App. No. RT (Retention)	14,197.42

	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	36358	36434	2/2/2010	37,468.63
ACCOUNTS PAYABLE	826626	826654	2/2/2010	2,641.24
ACCOUNTS PAYABLE	2136923	2137067	1/28/2010	1,972,521.81
ACCOUNTS PAYABLE	2137068	2137069	1/28/2010	211,297.47
ACCOUNTS PAYABLE	2137070	2137306	2/2/2010	1,916,720.40
ACCOUNTS PAYABLE	2137307	2137309	2/2/2010	298,147.11
ACCOUNTS PAYABLE	2137310	2137621	2/4/2010	2,321,275.21
ACCOUNTS PAYABLE	2137622	2137622	2/5/2010	4,074.90
ACCOUNTS PAYABLE	2137623	2137794	2/9/2010	744,600.34
 TOTAL AP				 <u>7,508,747.11</u>
 WIRES OR EFT				 566,029.72
WIRES OR EFT				3,954,697.91
 GRAND TOTAL				 \$12,301,566.75

Resolution No. 936 – Surplus Property

MOTION

It was moved and seconded to approve Resolution No. 936 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.

Mr. Smith explained the rationale of how and when Valley can provide surplus materials to the community. Public Hospitals are required to designate a "gift of public funds" to donate materials "to the poor or infirm". We have checked with established agencies such as the Red Cross and Doctors Without Borders regarding the disaster in Haiti. They responded that they are in need of money and do not want surplus equipment. When we have surplus equipment that does not have a commercial value, a third party can purchase that equipment for \$1 after it has been determined surplus property. Dr. Beattie noted the medical staff put together a fund that will collect physician-donated time and money to relief support in Haiti; this has been undertaken at the sole discretion of the medical staff.

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 \$2,628,803.97, of which \$2,597,934.11 has been referred to Collection. The balance of \$30,869.86 represents bankrupt accounts and cancellations.

Recess

President Bowman called for a brief recess at 5:06 p.m.

Reconvened

The meeting reconvened at 5:20 p.m.

Patient Care Services

Mr. Alleman provided an informational report on the many transitions currently underway to accommodate the "go live" date of February 25 for Emergency Department operations in the South Tower. There is a simulation process currently being performed in the new ED area, with the help of Seattle Actors Guild. This process uses actors who simulate patients in a variety of treatment stages, from traffic flow to trauma triage to equipment operations. This process will take place all week and has already identified many areas that, while planned for, have been enhanced with actual simulated patient interactions. Every level of patient care has been reviewed within this scenario of simulation and Mr. Alleman said the results have been extremely helpful. To date, schedules are on track for the many moves involved with this transition.

Clinic Network

Mr. Larson recapped a portion of a patient letter that was sent to Valley regarding outstanding treatment received at an Urgent Care clinic by a Physicians Assistant. The Renton Landing Urgent Care Clinic is making last minute adjustments identified as the clinic opened February 15. We will evaluate the transfer of services from the Highlands Urgent Care Clinic to the Renton Landing to adjust for added volume capacities in the Highlands Primary Care Clinic.

Mr. Larson noted four (4) contracts have been extended for physicians in Primary Care, two for the Highlands Primary Care Clinic and two for the Covington Clinic.

Business Development

Mr. Glenn provided an informational update on the steps involved with a possible affiliation with Seattle Cancer Care Alliance. Southlake Clinic supports this alliance and Valley plans to move forward as soon as our analysis is complete.

Planning and financial analysis continue on the Covington stand-alone emergency department project. Multicare is doing campus construction work to prepare for their emergency department project and they continue to work on their new hospital Certificate of Need (CON). Swedish has taken the next step to develop their stand-alone emergency department in Maple Valley and is meeting with the city in a pre-application process for their facility. Mr. Glenn noted competition activity in Covington and the surrounding area has not changed our long-range commitment to serve the Covington area. Covington is an important part of PHD No. 1's District and we are committed to providing care for this population as it continues to grow.

The Certificate of Need (CON) application process continues to be under review by the Department of Health. We anticipate screening questions will be received shortly. A comparative analysis will follow wherein the CON office judges the competing requests based on the content and context of each application. Mr. Glenn reminded the Board that Valley, Auburn Regional Hospital, St. Francis Medical Center and MultiCare are all making application for beds within the same planning area.

Recruitment Update

Dr. Thompson noted that recruitment needs are expanding and we are looking at adding or replacing retiring physicians throughout the medical center as well as where there is community need for growth. The crucial needs currently reside in family practice clinics and urgent care clinics. Superintendent Roodman and Dr. Thompson both indicated that recent awards like the *Modern Healthcare* Top 10 helps our recruiting efforts significantly.

HR & Marketing

Ms. Mitchell provided an informational update on the annual performance evaluation process for all staff. Forms have been developed to guide the process, addressing twenty-three (23) areas of assessment, including skill levels, quality, teamwork, communication and customer service. Ms. Mitchell stressed the importance of maintaining a high level of competent staff and noted performance evaluations help maintain standards and ensure accountability for both supervision and staff.

Ms. Mitchell introduced two commercials for the Commissioners to view; the Valley Medical Center commercial that is airing on KING 5 during the two week period coinciding with the Olympics and the City of Renton promotion of the Renton *Ahead of the Curve* program.

Board Bylaws

David Smith provided an update to the Board Bylaws that were presented at the January 19, 2010 Board meeting. As Commissioner Hemstad requested, Mr. Smith has contacted Municipal Research Services (MSR) about reviewing bylaws for public hospitals. The Executive Director indicated they do not have any experience with public hospital bylaws, but were willing to review Valley's current bylaws. Mr. Smith will report back if there are any recommendations provided by MSR. Mr. Smith noted that he has not received any questions or requests for update from the Board regarding potential Bylaw changes.

Taping Board Meetings

Mr. Smith responded to the request made by Commissioner Hemstad at the January 19, 2010 Board meeting concerning the taping of Board minutes. A polling of the 53 public hospitals in Washington State indicated six (6) record minutes, however none of the six retains the tapes. The tapes are used to develop the meeting minutes, then they are destroyed.

Public Comment

Public Comment

At 6:00 p.m. President Bowman called for public comment.

President Bowman read directions for offering public testimony during Board of Commissioner meetings:

Public testimony is offered to be placed into record, not as a dialogue with Board of Commissioners during meetings. Board members take all comments into consideration and will work with the Superintendent to address issues presented during public testimony. If comments made by others are similar to yours, please consider not repeating those concerns or comments. Please start by stating your name and address for the record. Public comments are generally limited to three (3) minutes per person.

Cory Cappelletti, citizen – commented on a letter David Smith sent to him in response to his letter to the Board of Commissioners dated January 13, 2010. Mr. Cappelletti thanked Valley for providing the response, however not all his questions were addressed. Further, Mr. Cappelletti referred to the January 4, 2010 Board of Commissioners meeting wherein President Bowman made a statement “hoping the Board could work together for the good of the medical center and not use the Commissioner’s office for a political platform”. Mr. Cappelletti asked the Commissioners to remember they are elected by the public and should represent the public and work in response to public concerns. He stated it is important to remember who “put you here”. If the tax payers have questions, it’s important to answer those questions, or else there is no reason to “be here”. Mr. Cappelletti said he hopes it is an omission and that the Board really does know it’s the tax payers who are represented by the Board. He returned to the response Mr. Smith provided, stating that only two (2) Board members remain from the original group that voted for the Retirement Fund contributions to the Superintendent. He asked how the public would be aware of decisions that are made in Executive Session, stating that the passing of a resolution or motion in the minutes does not provide the background information as to why the decision was made. Mr. Cappelletti said the State Auditor’s Report contained a recommendation to not repeat the practice made in December, 2003 concerning the Retirement Fund payout. He asked the Board to remember the tax payers are your “boss” and “these people” work for you.

Dr. William Shields, Retina & Macula Specialists Clinic, read a letter he provided to the Board, addressing his understanding of recent events surrounding the leasing of office space. Dr. Shields informed the Board that his practice has been at Valley for over seventeen (17) years and he is now being “displaced”. Dr. Shields asked for more substantive communication, noting he has been attempting to engage Valley in conversation for over six (6) weeks. Commissioner Heide asked if Dr. Shields had been provided with any alternate office space on Valley’s campus that he could lease for his practice. Dr. Shields indicated he has documented all correspondence and conversations with Valley, and was notified on January 7 that his lease would not be renewed. Dr. Shields asked for time to work out the details of his office relocation and asked Valley to collaborate with his office in the next several weeks. David Smith said the lease is expiring and communication between Valley and Dr. Shield’s office should be through the landlord, which is not VMC.

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Mr. Smith said it has always been Valley's intention to work with Dr. Shields to ensure he has ample time to relocate his practice.

Recess President Bowman acknowledged a request for a recess at 6:10 p.m. following which the Board convened in Executive Session for approximately thirty minutes for the purpose of discussing specific 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 6:45 p.m.

Adjournment There being no further business, motion was made to adjourn this meeting at 6:45 p.m.