

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

Held on March 1, 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  
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  
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:

Shannon Gilbert, UW MHA  
Laura Noan, Good Samaritan/Multicare  
E. Rasmussen, Multicare Legal Counsel

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Bowman at 3:33 p.m. in the Board Room of Valley Medical Center. It was moved and seconded to approve the minutes of February 16, 2010. Commissioner Hemstad requested the following corrections:

Page 5, second paragraph: Strike the second sentence and replace it with: *Public Hospitals are required to properly surplus property no longer needed by the District and avoid an improper gifting of resources. There is a provision in the Washington Constitution for allowing donations to the "poor or infirm" after the property has been declared surplus.*

Page 6, last paragraph: Correct the second sentence as follows: *Mr. Smith has contacted Municipal Research and Services Center (MRSC).*

Commissioner Hemstad further requested the minutes reflect Commissioner Heide's response to President Bowman's request to avoid using his laptop and cell phone during Board meetings. Discussion followed. It was determined that no further adjustments to the February 16, 2010 minutes would be made.

The minutes of February 16, 2010 were approved as amended.

*\*Changed by subsequent motion. See Minutes of March 15, 2010.*

Commissioner Comment: Commissioner Hemstad requested the minutes reflect a comment made at the previous Board meeting regarding Commissioner Heide's use of a laptop. The laptop is used to take notes of the meeting and research meeting material. Commissioner Bowman indicated that these comments were not made during the meeting, but rather at a break and thus the comments would be reflected in these current minutes and not as an amendment to prior ones.

President Bowman provided Commissioner Heide with VMC's Board of Commissioner's Code of Ethics, dated December 1, 2007. Commissioner Heide was asked to review the policy and return Attachment A, *Receipt and Acknowledgement* to the Board Assistant, Sandra Sward.

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

Ms. Blakeley reported recent headlines: February 18, *Renton Reporter*, Valley Medical opens Urgent Care clinic at The Landing, February 22, *Kent Reporter*, Valley Medical opens State-of-the-art Emergency Room, February 22, *Renton Reporter* and *Seattlepi.com* feature articles regarding Valley's simulation training to ready to Emergency Department for opening February 25. Additionally, Q-13 *Fox News*, KIRO-TV and KCPO-TV ran coverage of the new Emergency Department opening on February 25.

Commissioner Hemstad requested that Ms. Blakely bring copies of future articles to Board meetings.

Programs Paul Larson introduced Jaime Nephew and Grace Casey, Occupational Health Services (OHS). Jaime and Grace provided a comprehensive overview of the services provided at Valley's OHS clinic in Renton. Scope of services, sources for new business and recent industry challenges were described. OHS represented over 2200 employers in 2009, but the volume of patient visits has decreased.

Medical Affairs

#### Quality Management Update

Dr. Beattie provided an informational update regarding quality measures. Inpatient average length of stay continues to be less than expected, while rate of readmissions within fifteen (15) days of discharge has consistently been at the expected rate for the acuity of patients treated in the past six (6) months. Inpatient mortality remains significantly less than expected, again based on acuity levels of patient populations. Core measure "perfect care compliance" for the fourth quarter of 2009 reflects an average of 90%. Rate of hospital acquired infections for the fourth quarter of 2009 remained below the national average of 0.003 per patient day for the third quarter in a row.

Reports

#### Reports from Administration

##### Financial Affairs

Mr. Smith reported census is below budget. Deliveries are 10% lower than last year, in some part attributable to the turnover in local obstetrical groups. Other area hospitals have reported similar drops from 2009.

Mr. Smith provided an update on the Hospital Assessment bill. We do not anticipate receiving additional reimbursement under the current plan, as proposed. Voting is anticipated for the end of March by the Legislature.

MOTION

Resolution No. 937 – Declaring the District’s Intent to Reimburse Certain Capital Expenditures From the Proceeds of District Revenue Bonds

The background for adopting Resolution No. 937 was explained by Mr. Smith. In the event the District issues a revenue bond in 2010 for certain capital expenditures, Resolution No. 937 would allow Valley to be reimbursed for appropriate, allowable, bond-eligible expenditures. Mr. Smith explained the two (2) general bond options for addressing debt; Build America bonds and traditional tax-exempt revenue bonds. These types of bonds are pledged with the revenue generated by hospital operations. Mr. Smith noted that Valley is currently hiring a financial advisor to provide expertise in determining the type of bond design optimal for Valley, along with pricing bonds when they reach the market. Mr. Smith answered additional questions regarding the intention of Resolution No. 937 as well as the proper use of these funds, and any potential for prior bond re-financing, if appropriate. It was moved and seconded to approve Resolution No. 937 declaring the District’s intent to reimburse certain capital expenditures from the proceeds of District revenue bonds. The motion was approved unanimously.

Commissioner Hemstad stated his concern regarding moving forward with plans to build a Free Standing Emergency Department (FSED) in Covington. Commissioner Hemstad requested an Options Analysis be prepared, addressing pros and cons for this project, the reason(s) for choosing Covington over another site, and the best use of capital dollars. Commissioner Heide commented he was being asked to vote on an issue that has no background information and that was adopted prior to his taking office as Commissioner. Superintendent Roodman said Administration is not asking for a vote today and invited Commissioner Heide to spend some orientation time with Administration to understand the issues involved with the Board goals, including the goal related to this subject. He reminded the Board that several discussions led up to the Board-established goals for 2010, (adopted in December 2009) and that these discussions addressed the rationale as well as a plan to build a FSED in Covington, including preliminary ideas for accomplishing this project. He referenced Mr. Smith’s presentation as a possible alternative to fund the capital expenses to build the facility. He explained the decision was both mission related in terms of fulfilling the health care needs within the District as well as business related. He asked Commissioner Hemstad if there were specific aspects of the background work that he would be most interested in reviewing.

Mr. Glenn provided a general recap of the feasibility work accomplished over the last eighteen (18) months, explaining that service needs, demographic information and growth projections for the southeast King County area were extensively reviewed. Valley’s work has also been vetted by an independent consulting firm, ECG, who concurred with the findings developed by staff. Mr. Glenn indicated inpatient hospital utilization data currently indicates Valley is the market leader in Covington with over 13,000 Covington residents visiting VMC’s Emergency Room annually. Commissioner Hemstad asked what the “break even” figure is for the FSED in Covington. He questioned the volumes for a FSED in Covington since Multicare and others were planning FSED’s. Superintendent Roodman pointed out that while there may be some room for discussion about the precise amount of profit or loss for this project, the one thing he was confident about was that the amount of direct loss and down stream revenue loss would be bigger without a FSED in Covington as a result of abandoning this project because Multicare and/or Swedish might build FSED’s. He reported that Commissioner Hemstad’s suggestion that a FSED in Kent might be a

better alternative was an idea that had been looked into but rejected in light of the information reviewed by staff. David Smith reminded the Board that a contract to purchase land in Covington has been signed by the District based on due diligence work performed by staff, which has been routinely provided to the Board of Commissioners during the past year or more.

Commissioner Parnell stated she is confident in the proposed plan in Covington. She has carefully reviewed the financing and profit/loss analysis and does not require further information to help her form a decision on this subject. President Bowman suggested that any Commissioners who desired to review analysis work accomplished by Administration and the consultants should meet with Mike Glenn and others during the next two (2) weeks. She urged Commissioner Heide to pursue scheduling his orientation to the role of Commissioner and to become familiar with the Board Goals for 2010. Commissioner Jacobson advised that reviewing the information would be fine, but he would personally prefer a vote of the Board be taken at the next Board meeting regarding the finalization of this project so that we might avoid costly delays.

MOTION

After discussion, it was moved and seconded to provide an executive summary of the work previously prepared that reviews the pros and cons of building a FSED in Covington (as opposed to another part of the District) and addresses the question of whether there would be a better use of these capital funds. The motion passed unanimously.

Superintendent Roodman said Mr. Glenn and Mr. Smith would be available to review the information regarding this project before the next Board meeting with any member(s) of the Board and that Mr. Glenn would present material that would address the Motion at the next meeting.

Recess

President Bowman called for a brief recess at 4:55 p.m.

Reconvened

The meeting reconvened at 5:10 p.m.

Bills/Vouchers

MOTION

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

	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	36435	36472	2/9/2010	36,957.41
ACCOUNTS PAYABLE	36473	36557	2/16/2010	57,886.81
ACCOUNTS PAYABLE	826655	826678	2/10/2010	6,458.55
ACCOUNTS PAYABLE	826679	826690	2/16/2010	7,348.13
ACCOUNTS PAYABLE	826691	826692	2/19/2010	46.87
ACCOUNTS PAYABLE	826695	826698	2/23/2010	505.88
ACCOUNTS PAYABLE	2137795	2137946	2/11/2010	763,393.13
ACCOUNTS PAYABLE	2137947	2138160	2/16/2010	1,423,376.79
ACCOUNTS PAYABLE	2138161	2138412	2/18/2010	1,546,561.84
ACCOUNTS PAYABLE	2138413	2138555	2/23/2010	1,732,679.60
ACCOUNTS PAYABLE	2138556	2138556	2/23/2010	78.00

TOTAL AP	5,575,293.01
WIRES OR EFT	4,816,898.30
PAYROLL	<u>8,791,502.85</u>
GRAND TOTAL	\$19,183,694.16

Resolution No. 938 – Surplus Property

MOTION

It was moved and seconded to approve Resolution No. 906 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.

Operations Update

Mr. Hayes shared comments from a patient who was treated for a ruptured aneurism. She praised the staff at Valley and commended Dr. Balousek for his surgical skill.

Puget Sound Blood Center (PSBC) has expressed interest in collaborating on ways to improve blood transportation and increase performance measures. They will hire a Transfusion Safety Officer to educate and train all clinical staff related to blood product utilization, provide full retrospective review of utilization, support correct selection of components and drive enhanced transfusion committee utilization activities. Both Swedish and Harborview Medical Centers have similar programs and have seen impressive results. PSBC is reviewing the possibility of relocating their centralized transfusion service to VMC, which would significantly improve turnaround time for produce support, while reducing costs significantly. VMC is currently paying approximately \$75,000 annually to transport blood, along with \$40,000 in emergency testing.

Mr. Hayes provided an update on Valley's recent partnership with PacLab for laboratory services. Our advantages include greater opportunity for increased volumes, control over testing menus, reimbursement for tests and a share in revenue profits. PacLab's contribution margin for 2009 was 17.2% (\$15,072,000) after expenses. Valley's partnership with PacLab includes Providence, Franciscan, Evergreen, Overlake and Stevens. Valley's non-compete agreement with our previous laboratory vendor will expire in May, 2010.

Patient Care Services

Mr. Alleman provided a compilation of pictures detailing the new Emergency Department as it began operations Thursday, February 25. The weeks of training on processes, equipment, patient through-put and clinical protocols prepared the staff to quickly adjust and deliver patient care within the new setting in a timely and efficient manner. There was a water leak on the 5<sup>th</sup> floor that was quickly and safely addressed. Patient flow and entry point wayfinding are two areas that will require additional work in the coming weeks. Commissioner Hemstad congratulated Mr. Alleman and staff on a job that was enormous in complexity and executed in an excellent manner. Superintendent Roodman commented

that expanding the Emergency Department on the main campus, as well as the proposed Covington site, will increase inpatient and outpatient services.

#### Clinic Network

Dr. Hakim shared comments from a patient in the Eye Center who had cataract extraction and provided a letter thanking Valley for the services provided. The patient singled out two individual staff members who provided exemplary care.

Dr. Hakim reported on 4<sup>th</sup> Quarter, 2009 Patient Satisfaction scores related to the Clinic Network. 89% of those polled were either very satisfied or completely satisfied with the services received. These statistics are particularly significant because of the Electronic Medical Record transition that occurred during the latter part of 2009, as well as the H1N1 outbreak; both issues affected clinic capacities. Washington Neuroscience Institute (WNI) received a Certificate of Achievement for its satisfaction results. Similarly, high satisfaction scores were reported among Behavioral Health patients.

#### Business Development

Mike Glenn provided an informational update on the Covington project. Minor facility design tweaks are being adjusted to reduce the size of the footprint, while maintaining the features of the lab, diagnostics, pharmacy and full-service programmatic aspects of the facility. Based on anticipated community growth over the next five (5) years, facility designs include shelling in a 2<sup>nd</sup> floor that will accommodate physicians and ancillary services. Entitlement and permitting is expected to be complete by the end of the summer, building completion could be October 2011.

Mr. Glenn provided an update on the Department of Health Certificate of Need application for sixty (60) additional beds. Currently, the applications for additional beds by Multicare, Auburn Regional Hospital and VMC collectively exceed the allocation available for this service area.

#### Recruitment Update

Dr. Thompson reported two (2) Family Practice physicians have recently signed with Valley, filling service needs at the Highlands and Covington Primary Care Clinics. Primary Care, Ear/Nose/Throat and Urology recruitment efforts will continue. Valley is in final negotiations with a pediatric neurologist who will provide necessary pediatric services to the Sleep Center.

#### HR & Marketing

Ms. Mitchell reported that Valley's "Top 10" advertisement aired a number of times during the Olympic closing ceremonies, above and beyond what Valley had purchased, due to last minute scheduling opportunities at KING. President Bowman commented on the number of positive remarks she has received regarding the commercial. Commissioner Parnell echoed President Bowman's comments.

Ms. Mitchell provided a handout on the Tangerine Wellness program that will be offered to all management, physicians and non-represented employees effective April 1. The program assists employees in achieving and maintaining a healthy weight by providing free on-line tools that allow participants to log their weight, count calories, track exercise and communicate with other participants. The intention in choosing this program is to help our

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staff make healthy choices that promote overall wellness and weight management that should, over time, positively impact our employee medical plan costs.

**Commissioner Comment** Commissioner Hemstad commented on David Smith's report at the February 16, 2010 Board meeting regarding how six (6) other public hospitals handle the taping of Board meetings for transcription assistance. He thanked Mr. Smith for providing the report and stated he would like to see Valley's Board meetings taped in the interest of good governance and transparency.

**MOTION** Commissioner Hemstad moved that meetings of the Board of Commissioners be taped. The motion was seconded. The motion failed with three (3) opposing and two (2) in favor.

Commissioner Jacobson pointed out Commissioner Hemstad attended the Estes Park audio-conference on healthcare reform and asked if any significant points were discussed. Commissioner Hemstad said one point of interest was the trend in breaking up centralized healthcare industries in favor of smaller, more localized delivery centers. Commissioner Hemstad noted this trend would present positive data for a FSED like the one currently being planned for Covington.

Commissioner Parnell advised that WalMart has opened a "Minute-Clinic" healthcare facility in Auburn. She congratulated Mr. Allmen and Mr. Hayes for outstanding leadership in the many facets and processes involved in transitioning to the new Emergency Department.

**Public Comment** Public Comment

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

**Recess** President Bowman acknowledged a request for a recess at 6:05 p.m. following which the Board convened in Executive Session for approximately ten minutes at the request of the Superintendent for the purpose of discussing specific litigation issues permitted by RCW.42.30.110(i) and a personnel issue permitted by RCW.42.30.110(g). No action would follow the Executive Session.

**Reconvened** The meeting reconvened at 6:15 p.m.

**Adjournment** There being no further business, motion was made to adjourn this meeting at 6:15 p.m.