

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

Held on June 21, 2010

Attendance:

Commissioner G. Sue Bowman, President; Commissioner-at-large
Commissioner Aaron Heide, M.D., Commissioner-at-large
Commissioner Anthony R. Hemstad, Commissioner, District No. 3
Commissioner Donald O. Jacobson, Secretary; Commissioner, District No. 1
Commissioner Carolyn V. Parnell, Vice-President; 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
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
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:

Dennis Box, Editor – *Covington/Maple Valley Reporter*
Chris Bryne, SEIU, Local 1199NW, Valley employee
Shannon Gilbert – Multicare
Laura Noon – Multicare
Lisa Thiel-Sloan, Carriage Crest Elementary PTSA President

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Bowman at 4:00 p.m. in the Board Room of Valley Medical Center. It was moved and seconded to approve the minutes of June 7, 2010. There were no suggested corrections or additions. Motion was approved with three in favor (Bowman, Jacobson and Parnell) and one abstention (Hemstad). (Commissioner Heide arrived at 4:20 p.m. after the motion and vote.)

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

The *Bellingham Herald* featured an article dated June 14 on the 2010 Association of Washington Business' Environmental Excellence winners. Valley Medical was featured as an award recipient for initiatives in plant airflow improvement, efficient lighting, reuse of existing facilities over new construction, replacing hybrid cars with courier cars and the use of light-colored roofing materials to absorb maximum energy/heat efficiency.

Valley participated in Covington's "Walk & Roll" event Saturday, June 19. The event had a good turn-out in spite of rainy weather.

Carriage Crest
Elementary:

Ms. Blakeley introduced Ms. Lisa Thiel-Sloan, Parent/Teacher/Student Association President with Carriage Crest Elementary School in Kent. Ms. Thiel-Sloan thanked Valley for sponsoring the school's recent fundraising walk-a-thon which emphasized health and fitness. Ms. Thiel-Sloan provided Valley with large banners that were signed by the student body, thanking Valley for participating in their event.

Programs

2010 Washington Legislative Update

Mr. David Smith provided an update on legislative changes related to healthcare that were passed during the Washington State Legislature 2010 Regular and Special Sessions and signed into law by Governor Christine Gregoire. Most of the statutes were effective June 10, 2010. The "Washington Way" for implementing Health Reform was reviewed, along with statutes involving clinical, financial and operational aspects of health care delivery. The legislative changes relating to healthcare reform primarily focus on maximizing Federal funds issued to the State and standardizing health care reform procedures over the next several years.

Medical Affairs

Quality Management Update

Dr. Beattie provided an overview of the topics covered at the June 1 Quality Improvement Council. Mortality rates were presented for acute myocardial infarction, pneumonia and heart failure covering a three (3) year period, June 2006 through June 2009. Dr. Beattie explained that monitoring mortality rates alert staff to out-of-range standards and how such rates compare between health care providers.

Non-acute days decreased in 2009 when compared to 2008. Concerted efforts between physicians, case managers, patient care services and all ancillary services have been directed at addressing delayed discharges. The demand for additional skilled nursing facilities also factors into timely discharge.

Patient complaints and grievance data were reviewed by the Quality Improvement Council. Underlying issues were discussed, along with efforts to advance the decreased number of complaints received.

Medical Executive Committee

Dr. Beattie noted the Informed Consent Policy and Form were reviewed and approved to ensure compliance with current regulatory standards. The Medical Staff lounge located on the first floor of the hospital has been updated. Multi-Disciplinary Peer Review Committee reviewed 2009 surgical cases identified as falling outside typical standards (due to readmissions, return to Operating Room or another complication).

Credentials

MOTION

Recommendations dated June 8, 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 the Physician Assistant Form and the Robotic-Assisted Surgery Privileges Form for review and approval. It was moved, seconded and unanimously carried to approve the Physician Assistant and Robotic-Assisted 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 2010 bond transaction and noted correspondence from Gottlieb Fisher, PLLC regarding same. In a tough economic climate, \$86M in bonds have been issued at a 5.8% interest rate. Given the financial market, this is a very good rate. Closing on the bonds is expected tomorrow, June 22.

Mr. Smith noted that the next order of business for VMC Finance will be initiation of the 2011 Forecasting and Budgeting process. Mr. Smith further reported that the State will face financial challenges financing Medicaid and other State health programs between now and 2014. Federal funding rates to states will decrease effective December 31, 2010, leaving four (4) additional years (of the State budget) for which alternate sources of reimbursement will be needed to cover public health care costs. In addition, Governor Gregoire's task force on health care reform is working to bridge the gap created by an increase in Medicare eligibility with a correlative decrease in Federal funding to states. Public hospitals are currently working with each other to address this upcoming shortfall in Medicaid reimbursement, which impacts them (as a group) greater than private, urban hospitals.

Bills/Vouchers

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

●CONSTRUCTION

Lydig Construction, Inc.	Emergency Svcs. Tower	\$292,331.52
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●WARRANT REGISTER

	WARRANT NUMBERS		DATED	AMOUNT
	FROM	TO		
ACCOUNTS PAYABLE	39645	39764	6/08/2010	93,628.59
ACCOUNTS PAYABLE	827059	827141	6/02/2010	7,010.59
ACCOUNTS PAYABLE	827142	827254	6/10/2010	17,446.67
ACCOUNTS PAYABLE	2144299	2144336	6/03/2010	479,079.27
ACCOUNTS PAYABLE	2144337	2144573	6/08/2010	1,440,048.12
ACCOUNTS PAYABLE	2144574	2144766	6/10/2010	760,907.14
ACCOUNTS PAYABLE	2144767	2144768	6/11/2010	1,500.00
TOTAL AP			Subtotal	2,799,620.38
ACH/EFT	5000706	5000726	6/15/2010	800,204.55

WIRES			3,308,919.04
TOTAL AP and EFT/WIRES		Total	\$7,201,075.49
●PAYROLL			
NET PAYROLL FOR JUNE 2010		Total	\$8,733,277.12
●ACCOUNTS RECEIVABLE WRITE-OFF			
	HOSPITAL	CLINIC	
BANKRUPTCY COLLECTION	15,438.89	4,130.00	19,568.89
REFERRALS	344,687.63	29,408.00	374,095.63
TOTAL WRITEOFF	360,126.52	33,538.00	Total \$393,664.52

Commissioner Hemstad indicated he would like to meet with Mr. Smith in July to discuss the budget process and timetable.

Resolution No. 946 – Surplus Property

- MOTION It was moved and seconded to approve Resolution No. 946 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. Motion passed unanimously.
- RECESS President Bowman acknowledged a request for a recess at 5:00 p.m.
- RECONVENED The meeting reconvened at 5:10 p.m.

Operations Update

Mr. Hayes provided an information update regarding skilled nursing facilities (SNF) in the region and how this service critically affects the overall continuum of care for our patients. VMC opened a 39-bed SNF in 1992 with a primary program goal of ensuring patients had access to skilled nursing, once discharge from acute hospital care was determined appropriate. In 2002, the decision was made to close this service line after extensive evaluations indicated there were appropriate options within the community for our patients and families. Over the past twelve months, many SNF facilities in the area have struggled with the provision of care and the many state inspections. Feedback from family members indicate the level of care is less than adequate and HealthGrades rates the majority of SNF’s in the area as a “one star” out of a possible of five. As current healthcare reform measures are becoming clear, along with concepts pertaining to Accountable Care Organizations (ACO), we are finding the ability to transfer our patients to a higher functioning group of SNF’s is critical. Mike Glenn, Larry Smith and Mr. Hayes have been working to explore new and innovative partnerships with current and prospective providers of skilled nursing. Most recently, they met with staff from The Chateau and discussed the potential of including skilled nursing as they begin design of an addition to their building adjacent to the medical center.

Mr. Hayes further reported that Mr. Roodman has directed the purchase and installation of the audio-visual equipment required to support taping of the Board of Commissioner

meetings as previously detailed and approved. It is anticipated taping will commence July 19.

Clinic Network

Mr. Larson provided information on the Professional Service Supplemental Payment Program, a twelve-month Federal program available to public health care entities who provide access for Medicaid and Medicare eligible patients. The program will provide improved healthcare access for Medicaid patients. Mr. Larson further reported that many healthcare organizations provide outpatient medical services through their clinics as departments of their hospital. This licensing nuance provides additional access for both Medicaid and Medicare patients.

Business Development

Mr. Glenn provided an update on the new (or expanded) services that are being explored to maximize space recently vacated by various units moving to the South Tower. Specifically, rehabilitation care, skilled nursing and ventilator care are a few of the options being explored for Northwest A and B, which was recently vacated by Spine and Neurology. Many potential partnerships are being explored in an effort to expand patient access and continually improve the continuum of care that Valley offers. Mr. Glenn noted that conversations are taking place with The Chateau, Children's Hospital and NW Kidney Center.

The Department of Health has scheduled a public hearing for the Certificate of Need applications submitted by Auburn Regional Hospital, Multicare and Valley. The hearing is scheduled for August 5 at the Kent Public Library.

HR & Marketing

Ms. Mitchell reported that the marketing department continues to support efforts to actively engage the Covington and Maple Valley areas. Public service and marketing calls will be made to the residents in that area to ensure they are aware of the dramatic improvements in the emergency room facilities and services here on campus, as well as updates on plans for our free-standing emergency room in Covington. Ms. Mitchell commented that when discussing potential partnerships with the public, concerning VMC, the mention of Seattle Children's Hospital is consistently met with great enthusiasm as a potential asset to serve community needs.

Ms. Mitchell displayed the award received June 17th from Seattle Business magazine. VMC has now received recognition as one of Washington State's Best 100 Companies To Work For. This is the ninth consecutive year Valley has won this award which is determined through confidential questionnaires of employees and assessment of an independent panel of judges. Ms. Mitchell commented that this award continues to be coveted by other employers, and continues to be a strong draw for recruitment of both staff and physicians.

Ms. Mitchell reviewed the rationale and process of development of a women's affinity program for Valley Medical Center. The GLOW program will be introduced to women throughout our market area with a formal launch program in September. Early announcements about the program have already resulted in over 600 women applying for membership in GLOW.

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Commissioner Comment President Bowman commented that the new GLOW program will fit a needed niche in the health care market.

Commissioner Jacobson commented on the gap in Skilled Nursing Facilities (SNF) and how the development of additional services will enhance the continuum of care and ultimately avoid readmissions to the hospital due to lack of (SNF's) in the area.

**Superintendent
Comments:**

Mr. Roodman provided an overview of hospitals located within the greater Puget Sound area. He noted there are several large hospitals that are intent on growing their market share by aligning and merging or partnering with other healthcare organizations in specific regions. The future of healthcare in terms of quality patient care, payer relations, physician recruitment and financial viability may largely reflect on a hospital's ability to partner with other healthcare providers. He explained how tax dollars remain within a hospital district in relation to public hospital mergers with specific reference to the recent merger between Swedish Hospital and Stevens Hospital. Additionally, Mr. Roodman indicated renewed focus is being placed on the Federal budget to help support the demands placed on healthcare organizations to provide services to patients who are either uninsured and/or underinsured since so many states are in a depressed situation. Public hospitals may be in a more advantageous position when it comes to some Federal programs and thus may be attracted to partner with tertiary service providers or specialty care providers in order to maximize services as well as meet eligibility criteria to receive Federal subsidies for enhanced Medicaid reimbursement. He said VMC is currently talking with several area health care facilities about potential partnerships and that although he had long felt that VMC might best be severed by a "Switzerland strategy" of working with competing systems, he did not know if this strategy would be best in the future under health care reform.

Mr. Roodman noted that among the many projects and partnerships being explored, the possibility of providing healthcare facility and operational consulting expertise to a firm in Vietnam had developed because someone in the local community had approached VMC. Some other countries are desirous of affiliating with American healthcare organizations to better understand how to operate a hospital. Commissioner Hemstad noted that it seems much more important to keep the resources and expertise at Valley contained to matters that directly involve the District of this hospital. Several Administrators commented that there are potential revenue streams available in third world consulting arenas that would provide Valley with the necessary income to continue to provide quality patient care for the residents of this District. Mr. Roodman indicated the discussions with the Vietnam representative were very preliminary.

Public Comment Public Comment

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

Adjournment There being no further business, motion was made to adjourn this meeting at 6:00 p.m.